

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 20-F/A  
Amendment No. 1 to Form 20F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

OR

☐ SHELL COMPANY PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 001-35173

YANDEX N.V.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name in English)

The Netherlands

(Jurisdiction of incorporation or organization)

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Schiphol 1118 BG, The Netherlands

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Class A Ordinary Shares

YNDX

NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. Class A Ordinary Shares

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.(1)

Title of each class

Number of shares outstanding

Class A

292,719,508

Class B

37,138,658

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note—checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (322) 405 of this chapter during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☒

Accelerated filer

☐

Non-accelerated filer

☐

Emerging growth company

☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standards" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

☒

International Financial Reporting Standards ☐

as issued by the International Accounting Standards Board

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(1) In addition, we had 808,147 Class A shares held in treasury and nil Class C shares issued and fully paid as of December 31, 2019. Our Class C shares are issued from time to time solely for technical purposes, to facilitate the conversion of our Class B shares into Class A shares. They are held by a Conversion Foundation managed by members of our Board of Directors. For the limited period of time during which any Class C shares are outstanding, they will be voted in the same proportion as votes cast by holders of our Class A and Class B shares, so as not to influence the outcome of any vote.

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**EXPLANATORY NOTE**

This amendment No.1 (the "Amendment No. 1") to the annual report on Form 20-F of Yandex N.V for the fiscal year ended December 31, 2019, which was originally filed with the Securities and Exchange Commission on April 2, 2020 (the "2019 Annual Report"), is being filed solely for purposes of including the XBRL files which were not included in the initial submission.

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In this Annual Report on Form 20-F (this "Annual Report"), references to "Yandex," the "company," "we," "us," or similar terms are to Yandex N.V. and, as the context requires, its consolidated subsidiaries.

Our consolidated financial statements are prepared in accordance with U.S. GAAP and are expressed in Russian rubles. In this Annual Report, references to "rubles" or "RUB" are to Russian rubles, and references to "U.S. dollars" or "\$" are to United States dollars.

Our fiscal year ends on December 31 of each year. References to any specific fiscal year refer to the year ended December 31 of the calendar year specified.

This Annual Report includes market data reported by Yandex.Radar (March 2020), the Association of Russian Communication Agencies (AKAR) (March 2020) and the Russian Federal State Statistics Service (Rosstat) (March 2020).

#### **Forward-Looking Statements**

This Annual Report contains forward-looking statements that involve risks and uncertainties. Words such as “project,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “should,” “would,” “could,” “will,” “may” or other words that convey judgments about future events or outcomes indicate such forward-looking statements. Forward-looking statements in this Annual Report may include statements about:

- the impact of macroeconomic and geopolitical developments in our markets, including the economic, social and political impact of the current COVID-19 pandemic;
- the expected growth of the internet search and advertising markets and the number of internet and broadband users in the countries in which we operate;
- competition in the internet search market in the countries in which we operate;
- our anticipated growth and investment strategies;
- our future business development, results of operations and financial condition;
- expected changes in our margins and certain cost or expense items in absolute terms or as a percentage of our revenues;
- our ability to attract and retain users, advertisers and partners; and
- future advertising supply and demand dynamics.

The forward-looking statements included in this Annual Report are subject to risks, uncertainties and assumptions. Our actual results of operations may differ materially from those stated in or implied by such forward-looking statements as a result of a variety of factors, including those described under Part I, Item 3.D. “Risk Factors” and elsewhere in this Annual Report.

We operate in an evolving environment. New risks emerge from time to time, and it is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **Item 1. Identity of Directors, Senior Management and Advisors.**

Not applicable.

#### **Item 2. Offer Statistics and Expected Timetable.**

Not applicable.

#### **PART I.**

#### **Item 3. Key Information.**

##### **A. Selected Financial Data**

The selected consolidated balance sheet data as of December 31, 2019 and consolidated statements of income data for the year ended December 31, 2019 are derived from our audited consolidated financial statements included elsewhere in this Annual Report.

The selected consolidated balance sheet data as of December 31, 2018 and consolidated statements of income data for the years ended December 31, 2017 and 2018 are derived from our audited consolidated financial statements included elsewhere in this Annual Report, after adjustment for the retrospective adoption of ASC 842.

The selected consolidated balance sheet data as of December 31, 2017 are derived from our audited consolidated financial statements that are not included in this Annual Report, after adjustment for the retrospective adoption of ASC 842. The selected consolidated balance sheets data as of December 31, 2015 and 2016 and consolidated statements of income data for the years ended December 31, 2015 and 2016 are derived from our audited consolidated financial statements that are not included in this Annual Report, after adjustment for the retrospective adoption of Accounting Standard Updates 2015-03 and 2015-17.

Ruble amounts have been translated into U.S. dollars at a rate of RUB 78.8493 to \$1.00, the official exchange rate quoted as of March 25, 2020 by the Central Bank of the Russian Federation. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of Russian rubles at the dates indicated, and have been provided solely for the convenience of the reader. See "Risk Factors—The principal markets in which we operate are generally subject to greater financial, economic, legal and political risks than more developed markets. Such risks may have a material adverse effect on our business, financial condition and results of operations."

The following selected consolidated financial data should be read in conjunction with our "Operating and Financial Review and Prospects" and our consolidated financial statements and the related notes appearing elsewhere in this Annual Report. Our consolidated financial statements are prepared in accordance with U.S. GAAP. These historical financial results are not necessarily indicative of the results to be expected in any future period.

	Year ended December 31,					
	2015	2016	2017*	2018*	2019	
	RUB	RUB	RUB	RUB	RUB	\$
(in millions, except share and per share data)						
<b>Consolidated statements of income data:</b>						
Revenues:	59,792	75,925	94,054	127,657	175,391	2,224.4
Operating costs and expenses:						
Cost of revenues(1)	16,810	19,754	23,952	35,893	55,788	707.5
Product development(1)	13,421	15,832	18,866	22,579	29,209	370.4
Sales, general and administrative(1)	11,601	17,885	27,155	36,206	50,155	636.1
Depreciation and amortization	7,791	9,607	11,239	12,137	14,777	187.4
Goodwill impairment	576	—	—	—	762	9.7
Total operating costs and expenses	50,199	63,078	81,212	106,815	150,691	1,911.1
Income from operations	9,593	12,847	12,842	20,842	24,700	313.3
Interest income	3,037	2,863	2,909	3,382	3,315	42.0
Interest expense	(1,293)	(1,208)	(897)	(945)	(74)	(0.9)
Effect of Yandex Market deconsolidation	—	—	—	28,244	—	—
Income/(loss) from equity method investments	98	205	353	(194)	(3,886)	(49.3)
Other income/(loss), net(2)	2,161	(3,600)	(1,110)	1,130	(1,200)	(15.2)
Income before income tax expense	13,596	11,107	14,097	52,459	22,855	289.9
Income tax expense	3,917	4,324	5,016	8,201	11,656	147.9
Net income	9,679	6,783	9,081	44,258	11,199	142.0
Net loss attributable to noncontrolling interests	—	15	120	1,726	1,627	20.6
Net income attributable to Yandex N.V.	9,679	6,798	9,201	45,984	12,826	162.6
Net income per Class A and Class B share:						
Basic	30.39	21.19	28.33	140.77	39.21	0.50
Diluted	29.90	20.84	27.77	137.20	38.21	0.48
Weighted average number of Class A and Class B shares outstanding:						
Basic	318,541,887	320,788,967	324,747,888	326,667,118	327,127,314	327,127,314
Diluted	323,713,437	326,136,949	331,243,961	335,162,062	335,428,137	335,428,137

(1) These amounts exclude depreciation and amortization expense, which is presented separately, and include share-based compensation expense of:

	2015	2016	2017	2018	2019	
	RUB	RUB	RUB	RUB	RUB	\$
Cost of revenues	168	193	178	180	293	3.7
Product development	1,860	2,238	2,477	4,450	6,294	79.8
Sales, general and administrative	690	991	1,538	1,922	3,268	41.5

- (2) A major component of other income/(loss), net is foreign exchange gains and losses generally resulting from changes in the value of the U.S. dollar compared with the Russian ruble. Because the functional currency of our operating subsidiaries in Russia is the Russian ruble, changes in the ruble value of these subsidiaries' monetary assets and liabilities that are denominated in other currencies (primarily U.S. dollar-denominated cash, cash equivalents and term deposits maintained in Russia) due to exchange rate fluctuations are recognized as foreign exchange gains or losses in our statement of income. For example, in 2019, other loss, net includes RUB 1,294 million of foreign exchange losses arising mainly from the appreciation of the Russian ruble compared to the U.S. dollar in that year. In 2018, other income, net included a RUB 1,169 million gain arising mainly from the significant depreciation of the Russian ruble compared to the U.S. dollar in that year. Although the U.S. dollar value of our U.S. dollar denominated cash, cash equivalents and term deposits are not impacted by these currency fluctuations, they result in upward and downward revaluations of the ruble equivalent of these U.S. dollar denominated monetary assets.

\* Restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases.

	As of December 31,					
	2015	2016	2017*	2018*	2019	
	RUB	RUB	RUB	RUB	RUB	\$
<b>Consolidated balance sheets data(1):</b>						
	(in millions)					
Cash and cash equivalents	24,238	28,232	42,662	68,798	56,415	715.5
Term deposits (current and non-current)	33,549	31,769	28,045	—	31,891	404.5
Total assets	111,818	114,108	144,432	259,097	291,126	3,692.2
Total current liabilities(2)	11,669	14,622	37,065	29,755	46,540	590.2
Total non-current liabilities(2)	30,052	20,894	14,295	14,701	15,151	192.2
Redeemable noncontrolling interests	—	1,506	9,821	13,035	14,246	180.7
Total shareholders' equity	70,097	77,086	83,251	201,606	215,189	2,729.1

- (1) Balances as of December 31, 2017 and 2018 have been restated to reflect current period presentation for the retrospective adoption of ASC 842 Leases, which required the recognition of right-of-use assets and lease liabilities for operating leases.

- (2) The total non-current liabilities as of December 31, 2015 and 2016 and the total current liabilities as of December 31, 2017 mainly result from our convertible bond offering.

\* Restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases. See Note 2, Summary of Significant Accounting Policies, Recently Adopted Accounting Pronouncements, for further information. The financial data for other historical periods have not been restated and are reported under the lease accounting standard in effect for those periods.

#### Exchange Rate Information

Our business is primarily conducted in Russia and the majority of our revenues are denominated in Russian rubles. We have presented our most recent annual results of operations in U.S. dollars for the convenience of the reader. Unless otherwise noted, all conversions from RUB to U.S. dollars and from U.S. dollars to RUB in this Annual Report were made at a rate of RUB 78.8493 to \$1.00, the official exchange rate quoted by the Central Bank of the Russian Federation as of March 25, 2020. On March 30, 2020, the official exchange rate quoted by the Central Bank of the Russian Federation was RUB 77.7325 to \$1.00.

See "Risk Factors—The principal markets in which we operate are generally subject to greater financial, economic, legal and political risks than more developed markets. Such risks may have a material adverse effect on our business, financial condition and results of operations." for a discussion of the foreign currency exchange rate risks and uncertainties our business faces.

## B. Risk Factors

*Investing in our Class A shares involves a high degree of risk. The risks and uncertainties described below and elsewhere in this Annual Report, including in the section headed “Operating and Financial Review and Prospects”, could materially adversely affect our business. These are not the only risks that we face; additional risks and uncertainties of which we are unaware, or that we currently deem immaterial, may also become important factors that affect us. Any of these risks could adversely affect our business, financial condition and results of operations. In such case, the trading price of our Class A shares could decline.*

### Risks Related to the Current Global Political, Regulatory and Economic Environment

*The principal markets in which we operate are generally subject to greater financial, economic, legal and political risks than more developed markets. Such risks may have a material adverse effect on our business, financial condition and results of operations.*

Financial, economic, banking, legal and political risks in our markets, or an increase in the perceived risks associated with investing in emerging economies, could dampen foreign investment and adversely affect the economies of the countries in which we operate. For example, the current geopolitical situation, as well as volatility in oil prices (to which the Russian economy is particularly sensitive), may continue to have negative macroeconomic and other effects on the regions in which we operate, including increased volatility in currency values and a weaker overall business environment. In general, the Russian economy has experienced a high degree of volatility in the local currency, periods of high inflation rates and fluctuations in oil prices. Economic conditions continue to be uncertain and future changes may have negative effects on our business.

The value of the Russian ruble has fluctuated significantly in recent periods. Although our revenues and expenses, including our personnel expenses, are both primarily denominated in Russian rubles, we may have to increase our personnel expenses from time to time in order to better compete with other companies that denominate their personnel expenses in currencies which appreciate in relation to the Russian ruble. Also, the lease for our Moscow headquarters, are denominated in U.S. dollars, and a major portion of our capital expenditures, primarily for servers and networking equipment, although payable in rubles, is for imported goods and therefore can be materially affected by changes in the value of the ruble. In addition, our expenses related to the development of our business internationally, and, in some cases, for acquisitions, are often denominated in other currencies, including U.S. dollars and Euros. If the Russian ruble were to experience a prolonged and significant decline in value against foreign currencies, we could face material foreign currency exchange exposure, which may materially adversely affect our business, financial condition and results of operations. See “Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures About Market Risk”.

### *We face risks related to health epidemic and related crisis.*

In recent years, there have been outbreaks of epidemics in various countries throughout the world. The current outbreak of a novel strain of coronavirus (COVID-19) has spread rapidly to many parts of the world, including Russia. The epidemic has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities. In March 2020, the World Health Organization declared COVID-19 a pandemic.

Our results of operations may be adversely and materially affected, to the extent that COVID-19 or any other epidemic harms the Russian and global economy in general. Any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by government authorities and other entities to contain COVID-19 or treat its impact, almost all of which are beyond our control. Potential impacts include, but are not limited to, the following:

- temporary closure of offices, travel restrictions or suspension of services of our customers and suppliers have negatively affected, and could continue to negatively affect, the demand for our services;
- our customers in industries that are negatively impacted by the outbreak of COVID-19, including the healthcare, travel, offline education, transportation and real estate sectors, may reduce their budgets on

online advertising and marketing, which may materially adversely impact our revenue from online advertising services;

- our customers may require additional time to pay us or fail to pay us at all, which could significantly increase the amount of accounts receivable and require us to record additional allowances for doubtful accounts;
- any disruption in the network access provided by third parties or any failure by them to handle current or higher future volumes as a result of COVID-19 may cause our customers to lose access for a period of time to our platforms, which may harm our business and may also lead to loss of customers, as well as reputational, competitive and business harm to us;
- certain of our customers, distributors, suppliers and other partners may be particularly vulnerable to the slowing macroeconomic conditions arising from COVID-19 and may not be in a position to resume business as usual after a prolonged outbreak, which may have a material adverse impact on our revenues and business operations; and
- the global stock markets have experienced, and may continue to experience, significant decline from the COVID-19 outbreak and the private and public companies that we have invested in could be materially adversely affected, which may lead to significant impairment in the fair values of our investments and in turn materially adversely affect our financial condition and operating results.

Because of the uncertainty surrounding the COVID-19 pandemic, the financial impact related to the outbreak of and response to the coronavirus cannot be reasonably estimated at this time, but our consolidated results for the first quarter of and full year 2020 may be adversely affected. We expect our total revenues in the first quarter of 2020 to increase year over year, but there is no guarantee that our total revenues will grow or remain at the similar level year over year in the next three quarters of 2020. We may have to record downward adjustments or impairment in the fair value of investments in the first quarter of 2020, if conditions have not been significantly improved and global stock markets have not recovered from recent declines.

In general, our business could be adversely affected by the effects of epidemics, including, but not limited to, the COVID-19, avian influenza, severe acute respiratory syndrome (SARS), the influenza A virus, Ebola virus, severe weather conditions such as a snowstorm, flood or hazardous air pollution, or other outbreaks. In response to an epidemic, severe weather conditions, or other outbreaks, government and other organizations may adopt regulations and policies that could lead to severe disruption to our daily operations, including temporary closure of our offices and other facilities. These severe conditions may cause us and/or our partners to make internal adjustments, including but not limited to, temporarily closing down business, limiting business hours, and setting restrictions on travel and/or visits with clients and partners for a prolonged period of time. Various impacts arising from a severe condition may cause business disruption, resulting in material, adverse impact to our financial condition and results of operations.

***The adoption and maintenance of international embargo, economic or other sanctions against Russia may have a material adverse effect on our business, financial condition and results of operations.***

The United States, the European Union and certain other countries have imposed economic sanctions on certain Russian government officials, private individuals and Russian companies, as well as “sectoral” sanctions affecting specified types of transactions with named participants in certain industries, including named Russian financial institutions, and sanctions that prohibit most commercial activities of U.S. and EU persons in Crimea and Sevastopol. In 2018 and 2019, these sanctions were prolonged and extended. There is significant uncertainty regarding the extent or timing of any potential further economic or trade sanctions or the potential easing of such measures. Political and economic sanctions may affect the ability or willingness of our international customers to operate in Russia, which could negatively impact our revenue and profitability. Sanctions could also impede our ability to effectively manage our legal entities and operations in and outside of Russia. Although neither our parent company nor our principal operating subsidiary or other subsidiaries are targets of U.S. or EU sanctions, our business has been adversely affected from time to time by the impact of sanctions on the broader economy in Russia. In addition, Yandex.Money, our joint venture with Sberbank, in which we hold an approximately 25% minority stake, is subject to U.S. sectoral sanctions.



Since May 2017, Yandex LLC and Yandex.Ukraine LLC, both subsidiaries of Yandex N.V., have been subject to Ukrainian sanctions, which have blocked Ukrainian users from accessing our services and websites. The applicable sanctions, which were extended in March 2019 for a further three years with regard to Yandex LLC, ban all trade operations and require blocking of all assets, including bank accounts.

In January 2018, pursuant to the Countering America's Adversaries through Sanctions Act of 2017, the U.S. administration presented the U.S. Congress with a report on senior Russian political figures, "oligarchs" and "parastatal" entities. Our founder, executive director and substantial shareholder, Arkady Volozh, is one of nearly 100 persons included in one part of the so called "Kremlin List", on the basis of his reported net worth, and Herman Gref, a member of our Board of Directors and the CEO and Chairman of Sberbank, was included on the "List of Senior Political Figures." Although we are not aware of any intention on the part of the U.S. government to impose sanctions on Mr. Volozh or Mr. Gref, if Mr. Volozh or Mr. Gref were to become a target of sanctions, it could have material adverse effect on our business.

The applicable sanctions rules, or the authoritative interpretation of current rules by the relevant authorities, could change at any time. In particular, OFAC (or other regulators) could:

- add additional parties to the sectoral sanctions list;
- designate parties with whom we have significant business relationships as "specially designated nationals", meaning that all dealings with them by U.S. and/or EU persons would be prohibited; or
- expand current or new sanctions to cover entities that are less than 50% owned by a listed party, which could adversely affect our Yandex.Market joint venture.

Many U.S. and EU parties typically take a cautious approach to compliance matters, given the ambiguities of some of these rules and the approach taken by the regulators. Some parties, in particular some U.S. and EU financial institutions, have adopted internal compliance policies that are more restrictive than are strictly required by the applicable rules and have, for example, declined to engage in any dealings with parties on the sectoral sanctions list (including dealings that are not prohibited by the rules applicable to such parties) or with entities closely affiliated with such entities (even if such affiliated entities are not themselves a target of sanctions).

***We rely on the continued availability, development and maintenance of the internet infrastructure in the countries in which we operate. Any errors, failures or disruption in the products and services provided by third-party providers of our principal internet connections and the equipment critical to our internet properties and services, or any regulatory limitations on the internet in Russia, could materially adversely affect our brand, business, financial condition and results of operations.***

Our success depends on the continued availability, development and maintenance of the internet infrastructure globally and particularly in the countries in which we operate. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet services. Any disruption in the network access provided by third parties or any failure by them to handle current or higher future volumes of use may significantly harm our business. We have experienced and expect to continue to experience interruptions and delays in service from time to time. Furthermore, we depend on hardware and software suppliers for prompt delivery, installation and service of servers and other equipment to deliver our services. Public health concerns or epidemics, such as the recent coronavirus outbreak, may affect the production capabilities of our suppliers and resulting quarantines or closures could further disrupt our supply chain. The internet infrastructure may also be unable to support the demands placed on it by growing numbers of users and time spent online or increased bandwidth requirements. Government regulation may also limit our access to adequate and reliable internet infrastructure. Any outages or delays resulting from inadequate internet infrastructure or due to problems with our third-party providers or new regulatory requirements could reduce the level of internet usage as well as our ability to provide our services to users, advertisers and network partners, which could materially adversely affect our business, financial condition and results of operations.

A recent law, which partly came in force in November 2019, introduced tighter regulation of traffic routing in the Russian internet. While it is not entirely clear yet how this regulation will be applied in practice, its implementation, among other things, may lead to a requirement that Russian internet traffic should be routed through Russian

communication centers. This could reduce data transfer speed significantly and even result in interruptions and delays of the online services in the Russian internet.

***The principal markets in which we operate offer uncertain environment for investment and business activity that could have a material adverse effect on the value of our Class A shares, our business, financial condition and results of operations.***

The legal framework in which we operate continues to evolve. The current geopolitical environment could increase the risk of new legislative initiatives that could be seen as protecting a country's national security and/or limiting foreign influence over the sector.

In addition, there can be contradictions between different laws and regulations, and the enforcement of laws can be selective or unpredictable. At the same time, there is sometimes a perceived lack of judicial and prosecutorial independence from political, social and commercial forces.

These factors could have a material adverse effect on our Class A shares and our business, financial condition and results of operations. The fact that we are a high-profile company may heighten these risks.

***There has been increased scrutiny in recent periods of technology businesses across the globe. Should our operating environment become more challenging because of a change in the regulation or perception of technology companies, our business, financial condition and results of operations may be materially and adversely affected.***

Around the world, technology companies are operating in an increasingly uncertain and challenging environment, in part due to increased scrutiny from policymakers, regulators and the general public. Such scrutiny has included concerns about business practices, market presence and strategic direction. A number of our competitors, including Google and Facebook, have received scrutiny in different jurisdictions over business practices, including the application of targeted advertising and data processing. Our partner in our Taxi joint venture, Uber, has received scrutiny over labor practices and licensing in many of the jurisdictions in which it operates. Our businesses have also been subject to increasing scrutiny in the markets in which we operate.

Restrictive trade practices in many jurisdictions, including the United States, have also made doing business more difficult for technology companies. For example, governments in a number of jurisdictions have been considering the possibility of excluding Huawei from participating as a supplier in 5G networks based on perceptions of the Chinese government's influence over Huawei. Should our business practices, market presence or strategic direction receive adverse scrutiny or experience increased regulation in any material market in which we operate, we may experience a material adverse effect on our business, financial condition and result of operations.

***If existing limitations on foreign ownership were to be extended to our business, or if new limitations were to be adopted, it could materially adversely affect our group and the value of our Class A shares.***

Applicable law restricts foreign (non-Russian) ownership or control of companies involved in certain strategically important activities in Russia as well as companies that are classified as "mass media" businesses. Currently, technology, the internet and online advertising are not industries specifically covered by this legislation, but proposals have from time to time been considered by the Russian government and the State Duma, which, if adopted, would impose foreign ownership or control restrictions on certain large technology or internet companies.

A draft law which was proposed in mid-2019, for example, was aimed at restricting foreign ownership of "significant" internet companies and, if adopted, could have been applied to Yandex. A number of parties, including representatives of the Russian government, identified concerns with the draft law, and the proposal was withdrawn in November 2019. Notwithstanding the restructuring of our corporate governance approved in December 2019, we cannot assure you that similar legislation will not be proposed and adopted. If any such legislation were to be adopted and were applicable to Yandex, it could have a material adverse effect on our business and the value of our Class A shares. See also "Item 4. Information on the Company – Governance Structure".

In addition, we believe that our Yandex.Money joint venture is subject to restrictions on foreign ownership because this business currently holds an encryption license covered by the strategic enterprises law. We have also recently obtained an encryption license for our Yandex.Cloud service in order to expand this business. Therefore, the restrictions imposed by the strategic enterprises law have become applicable to Yandex as a whole. In particular, a third-party non-Russian investors would be required to obtain prior approval from the competent Russian authority in some cases if it seeks to acquire more than 25% of the voting power in Yandex or seeks to enter into an agreement that would establish direct or indirect control over Yandex. Such investors would also be required to notify the competent Russian authority if it acquires more than 5% of the voting power in Yandex (which would represent more than 33.3 million Class A shares). In addition, foreign states and international organizations, or entities controlled by them are prohibited from entering into agreements to establish direct or indirect control over Yandex.

Further, draft legislation was introduced in 2018 that would restrict foreign ownership of news aggregators. The draft legislation is broadly worded and, if adopted, might be applied to Yandex.News and other services. At this time, we cannot anticipate if the draft legislation will be adopted or, if it is adopted, whether such restrictions will be applied to us. See also “Item 4. Government Regulation”.

Any restrictions on non-Russian ownership or control could require us to take significant steps to modify our operating, corporate governance or ownership structure, which could have a material adverse effect on our operations or the value of our Class A shares.

#### **Risks Related to Our Governance Structure**

*Although we have recently implemented a restructuring of our corporate governance, we may not be compliant with any legislation limiting foreign ownership or control in our sector that might ultimately be adopted. Any such non-compliance could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as on the trading price of our Class A Shares.*

Even following our recent corporate governance restructuring, we cannot assure you that our business will not become subject to any law that might ultimately be adopted with the goal of limiting foreign ownership or control of businesses in our sector. If our business becomes subject to, and is found not to be compliant with, any such legislation, we cannot assure you that enforcement actions against Yandex or our business by the Russian authorities will not be imposed. The imposition of such enforcement actions could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as on the trading price of our Class A Shares. See also “Item 4. Information on the Company – Governance Structure”.

*The Public Interest Foundation that was formed in connection with our recent restructuring has important rights in our corporate governance structure. These rights could be exercised in a manner that is different from what we expect or that is not in the interests of our Class A shareholders.*

The Public Interest Foundation has limited and targeted rights, through the powers associated with its holding of the Priority Share in Yandex N.V. and a so-called “Special Voting Interest” in Yandex LLC. The board of the Public Interest Foundation, as well as the designated directors on the Yandex N.V. board and any interim General Director of Yandex LLC appointed by the Foundation in the circumstances set out in the charter of Yandex LLC, may take actions, however, that are not in the interests of our stakeholders, including our Class A shareholders, or decline to approve actions that would be in the interests of our Class A shareholders. These actions could include exercising the veto right over the nomination of four members of our Board in such a way as to prevent the nomination of persons whom the other members of our Nominating Committee and Board believe would best serve the interests of our company and our shareholders. Moreover, these directors, together with the two designated directors, could act in a manner that results in Board deadlocks on material matters, such as budget approvals, that restrict our flexibility or ability to operate. Further, if the Public Interest Foundation exercised its right to use the Special Voting Interest in Yandex LLC in a manner that is inconsistent with our expectations, or if it did so repeatedly, it could disrupt our operations and materially adversely affect the public perception of our business. Any such actions could have a material adverse effect on our business, financial condition and results of operations and cash flows, as well as on the trading price of our Class A Shares. The impact and perception of such actions could also make it difficult or impossible for us to access the public capital markets going forward.

In addition, no foundations have previously been formed under the newly adopted in Russia legislative framework under which the Public Interest Foundation has been incorporated. We may therefore face new issues in connection with the untested mechanics of the Foundation legislation and supporting regulations.

See also “Item 4. Information on the Company – Governance Structure”.

***Our recently implemented restructuring has introduced new elements of our corporate governance with which we have no experience, and the rights granted may be exercised in unexpected ways.***

Although our restructuring was designed to provide targeted and precise governance rights, some of these rights are not precisely defined. For instance, what may constitute an “Special Situation” is not defined, although it is our understanding, based on our discussions with the relevant authorities, that such “Special Situations”, if they ever arose, would relate to an action, failure to act or practice by Yandex that was deemed to be materially adverse to the national security interest of Russia. However, it is possible that the Foundation, by approval of at least seven of its directors, may interpret the scope of national security broadly and determine that there is a Special Situation in circumstances that we cannot foresee or reasonably consider to be related to the national security. It is possible that the powers granted to the Public Interest Foundation, the designated directors, the Public Interest Committee and any interim General Director may be exercised in unexpected ways, which may be adverse to the interests of Class A Shareholders and result in a decline in the trading price of our Class A Shares. See also “Item 4. Information on the Company – Governance Structure”.

#### **Risks Related to Our Business and Industry**

***We face significant competition from major global and local companies, including Google, Mail.ru and Sberbank, which could negatively affect our business, financial condition and results of operations. If our competitors start to more rapidly develop their technologies, we may need to increase R&D investments to defend our market share.***

We face strong competition in various aspects of our business from global and Russian companies that provide internet services and content, including search services. Currently, we consider our principal competitors in our core business to be Google and Mail.ru.

Out of the large global internet companies, we consider Google to be our principal competitor in the market for desktop and mobile internet search, and for performance-based advertising, online advertising network revenues, advertising intermediary services, distribution arrangements and other services. According to Yandex Radar, Google’s share of the Russian search market, based on search traffic generated, was 40.1% for the full year 2019 and 40.0% in 2018, compared with our market share of 57.0% in 2019 and 56.3% in 2018. Google conducts extensive online and offline advertising campaigns in Russia. In recent years, Google has actively marketed its products and services, including its mobile and voice search, YouTube, and advertising products for businesses, leading to increased competition.

With Android, its popular mobile platform, Google exerts significant influence over the increasingly important market for mobile and location-based search and advertising. Pursuant to a settlement between FAS and Google reached in April 2017, Google is prohibited from arrangements prohibiting pre-installation of rival applications and is required to provide a choice to users in selecting their default search engine in Russia. Following this settlement, our search share on the Android platform increased in 2018 and 2019. Nevertheless, we expect that Google will continue to use its brand recognition and global financial and engineering resources to compete aggressively with us and can provide no assurance that Google is fully complying or will fully comply with the settlement. In addition to Google, we also face competition, albeit less intense, from the Russian and international business of Microsoft.

On the domestic side, our principal competitor is Mail.ru Group. Although we power paid search on Mail.ru Group properties and monetize a number of Mail.ru Group properties through our Yandex Advertising Network, we also compete with Mail.ru Group for online advertising budgets, allocated between social networks and search. In addition, Mail.ru Group offers a wide range of internet services, including the most popular Russian web mail, and other services that are comparable to ours. Mail.ru’s search market share was 2.2% and 1.6% in 2018 and 2019, respectively. Also, in December 2019 Mail.ru announced the formation of the O2O joint venture with Sberbank, pursuant to which Sberbank and Mail.ru Group will contribute approximately 47 billion rubles at closing and an additional investment of up to 17.6 billion rubles if certain performance targets are met. The joint venture is well

capitalized and focused on the expansion of food delivery (where our FoodTech business competes with Mail.ru Group's Delivery Club service), ride-hailing (where our Yandex.Taxi business competes with Citymobil) and other services.

Our Taxi business, which is a joint venture with Uber which we completed in February 2018, also faces competition from Gett, Vezet and a variety of other ride-hailing and food delivery operators and dispatch services. We may also face new competitors as the ride-hailing and food delivery industries are highly competitive, with comparably low barriers to entry and switching costs.

We also view a number of social networking sites as increasingly significant competitors. In light of their large audiences and the significant amount of information they can access and analyze regarding their users' needs, interests and habits, we believe that they may be able to offer highly targeted advertising that could create increased competition for us. The popularity of such sites may also reflect a growing shift in the way in which people find information, get answers and buy products, which may create additional competition to attract users.

In addition, our business units, which include Media Services, Classifieds and our e-commerce joint venture, face significant competition in their respective business areas.

On the Media Services front, our KinoPoisk service faces competition from Ivi, Okko (operated by Rambler Group) and other online cinemas, while Yandex Music competes with VK Music and Boom (both operated by Mail.ru) and Apple Music.

Our Classifieds business faces competition from a range of online and offline classified services, including Avito (in real estate and automobile sales), CIAN (in real estate), and Drom (in automobile sales); and Yandex.Market's e-commerce business faces competition from online retailers and marketplaces, including Wildberries, Ozon, AliExpress Russia (operated through a JV between Mail.ru, MegaFon, RDIF, and Alibaba), Avito and others.

We understand that Sberbank, with whom we operate joint ventures in e-commerce and e-wallet services, has announced plans to expand its digital ecosystem, including in e-commerce and ride sharing (as described above). At the same time, we have non-compete obligations with Sberbank in e-commerce and fintech business areas which limits our as well as Sberbank's business expansion in these spheres.

We cannot guarantee you that we will be able to continue to compete effectively with current and future companies that may have greater ability to attract and retain users, greater name recognition, more personnel and greater financial and other resources. If our competitors are successful in providing similar or better search results or other services compared with those we offer, we could experience a significant decline in user traffic or other business. Any such decline could negatively affect our business, financial condition and results of operations.

***We expect the rate of growth of our revenues to be lower in the future and we may experience downward pressure on our operating margin.***

We expect that the rate of growth of our online advertising revenues will decline over time as a result of a number of factors, including continuing macroeconomic challenges in Russia, challenges in maintaining our growth rate as our revenues increase to higher levels, increasing competition, changes in the nature of queries, the evolution of the overall online advertising market, the declining rate of growth in the number of internet users in Russia as overall internet penetration increases and the COVID-19 pandemic. For example, in connection with current macroeconomic factors, Aeroflot, an advertising partner of ours, terminated all of its contracts for marketing, advertising and information services. A decline in our online advertising revenue growth rate may negatively impact the rate of growth of our revenues on a consolidated basis.

Other factors which may cause our operating margin to fluctuate or decline include:

- changes in the proportion of our advertising revenues that we derive from the Yandex ad network compared with our own websites. In periods in which our Yandex ad network revenues grow more rapidly than those from our own sites, our operating margin generally declines because the operating margin we realize on revenues generated from partner websites is significantly lower than the operating margin generated from

our own websites, as a result of traffic acquisition costs (TAC) that we pay to our partner websites. Over the several past years our partner TAC was above 50% of our online advertising network revenues. The margin we earn on revenue generated from the Yandex ad network could also decrease in the future if we are required to share with our partners a greater percentage of the advertising fees generated through their websites;

- investments we make in our businesses, in particular our experimental businesses within Other Bets and Experiments, our Taxi segment, which includes our food delivery business and self-driving solution, investments in content in Media Services as well as our initiatives related to the Internet of Things;
- increased depreciation and amortization expense related to capital expenditures for many aspects of our business, particularly the expansion of our data centers to support growth in both our current and new markets;
- relatively higher spending on advertising and marketing to further enhance our brand and promote our services in Russia, to build and expand brand awareness in other countries where we operate and to respond to competitive pressures, if these efforts do not drive revenue growth in the manner we anticipate;
- expenses in connection with the launch of new products and related advertising and marketing efforts, which may not result in the anticipated increase in revenues or market share;
- the possibility of higher fees or revenue sharing arrangements with our distribution partners that distribute our products or services or otherwise direct search queries to our website. We expect to continue to expand the number of our distribution relationships in order to increase our user base and to make it easier for our existing users to access our services;
- costs incurred in our international expansion efforts until we succeed in building the user base necessary to begin generating sufficient revenues in these markets to earn accretive operating margins there; and
- increased costs associated with the creation, support and maintenance of mobile products and services to maintain and expand our offering and competitive market position, which may not result in the anticipated increases in revenues or market share.

*As the Russian internet market matures, our future expansion will increasingly depend on our ability to generate revenues from new businesses, from new business models or in other markets. If we do not continue to innovate and provide services that are useful and attractive to our users, we may be unable to retain them and may become less attractive to our advertisers, which could adversely affect our business, financial condition and results of operations.*

As internet usage has spread in Russia, the rate of growth in the number of internet users has been declining. Our success depends on providing search and other services that make using the internet a more useful and enjoyable experience for our users. As search technology continues to develop, our competitors may be able to offer search capabilities that are, or that are seen to be, substantially similar to, or better than, ours. As our core market matures, we will need to provide new services, further exploit non-core business models, such as our Taxi, Classifieds and Media Services business units and our e-commerce joint venture, or expand into new geographic markets in order to continue to grow our revenues at previously achieved levels. The cost we incur in these efforts, both in terms of product development expenses and advertising and marketing costs, could be significant.

If we are unable to continue to develop and provide our users with high-quality, up-to-date services, and to appropriately time the services with market opportunities, or if we are unable to maintain the quality of such services, our user base may not grow, or may decline. Further, if we are unable to attract and retain a substantial share of internet traffic generated by mobile and other digital devices, or if we are slow to develop services and technologies that are compatible with such devices, our user base may not grow or may decline.

If our users move to our competitors, we will also become less attractive to advertisers and therefore to Yandex ad network partners. This could adversely affect our business, financial condition and results of operations.

***The competition to capture market share on mobile devices is intense, and if we are not successful in maintaining substantial reach among users and monetizing search and other services on mobile devices, our business, financial condition and results of operations could be adversely affected.***

Users are increasingly accessing the internet through mobile and other devices rather than desktop and laptop personal computers, including through smartphones, wearable devices, and handheld computers such as tablets, as well as through video game consoles, smart TVs and television set-top devices. Such devices have different characteristics than desktop and laptop personal computers (including screen size, operating system, user interface and use patterns). Tailoring our products and services to such devices requires particular expertise and the expenditure of significant resources. The versions of our products and services developed for these devices, including the advertising solutions we offer, may be or become less attractive to users, advertisers, manufacturers or distributors of devices than those offered by our competitors or than our desktop offerings. The percentage of our total search traffic that was generated from mobile devices increased from approximately 49% in the fourth quarter of 2018 to approximately 58% in the fourth quarter of 2019, while the percentage of our search revenues generated from mobile devices increased from approximately 41% to approximately 49% between those periods.

Each manufacturer or distributor of mobile or other devices may establish unique technical standards for its devices, and as a result our products and services may not work or be viewable on these devices. Some manufacturers may also elect not to include our products on their devices, or may be prohibited from doing so pursuant to their agreements with other parties. Although Google is prohibited from arrangements restricting pre-installation of rival applications and is required to provide a choice to users in selecting their default search engine in Russia, it is difficult to anticipate the long-term effects of such changes on our market shares in its Chrome browser and Chrome widget. In addition, consumers are increasingly accessing content directly via applications, or “apps”, tailored to particular mobile devices or in closed social media platforms, which could affect our share of the search market over time. As new devices and platforms are continually being released, it is difficult to predict the challenges we may encounter in adapting our products and services and developing competitive new products and services. See also “—As the internet evolves, an increasing amount of online content may be held in closed social networks, mobile apps or proprietary document formats, which may limit the effectiveness of our search technology, which could adversely affect our brand, business, financial condition and results of operations.”

We expect to continue to devote significant resources to the creation, support and maintenance of mobile products and services for all major operating systems including Android and iOS. If we are unable to attract and retain a substantial number of device manufacturers, distributors and users to our products and services, or if we are slow to develop products and technologies that are more compatible with such devices and platforms, we will fail to capture the opportunities available due to consumers’ and advertisers’ transition to a dynamic, multi-screen environment. Furthermore, given the importance of distribution and application pre-installation arrangements with the most popular device manufacturers to the successful operation of our business, failure to reach such arrangements may adversely affect our business, financial condition and results of operations.

***We generate a substantial part of our revenues from advertising, which is cyclical and seasonal in nature, and any reduction in spending by or loss of advertisers would materially adversely affect our business, financial condition and results of operations.***

In the past three years, we generated on average 79% of our revenues from advertising. Expenditures by advertisers tend to be cyclical, reflecting the overall economic conditions and budgeting and buying patterns, and can therefore fluctuate significantly. According to AKAR, the rate of growth in online advertising expenditures was 20% in 2019, compared to 22% in each of 2018 and 2017. Any decreases in online advertising spending due to economic conditions, or other reasons, could materially adversely impact our business, financial condition and results of operations.

Advertising spending and user traffic also tend to be seasonal, with internet usage, advertising expenditures and traffic historically slowing down during the months, when there are extended Russian public holidays and vacations, and increasing significantly in the fourth quarter of each year. For these reasons, comparing our results of operations on a period-to-period basis may not be meaningful, and past results should not be relied upon as an indication of future performance. Furthermore, as our business becomes more diversified, seasonal changes may have different effects on various lines of business.

*Any decline in the internet as a significant advertising platform in the countries in which we operate could have a material adverse effect on our business, financial condition and results of operations.*

We have significantly diversified our revenue streams in the recent years; however, the sale of online advertising in Russia still accounts for a sizeable portion of our overall revenue. Although the use of the internet as a marketing channel in Russia is already mature, the internet continues competing with traditional advertising media, such as television, print, radio and outdoor advertising. Although advertisers have become more familiar with online advertising in recent years, some of our current and potential customers still have limited experience with online advertising and have not historically devoted a significant portion of their marketing budgets to online marketing and promotion. As a result, they may be less inclined to consider the internet effective in promoting their products and services compared with traditional media.

Any decline in the appeal of the internet generally in Russia or the other countries in which we operate, whether as a result of increasing governmental regulation of the internet, the growth in popularity of other forms of media, a decline in the attractiveness of the internet as an advertising medium or any other factor, could have a material adverse effect on our business, financial condition and results of operations.

*Several of our businesses operate through joint ventures with third parties, which involves risks that we do not face with respect to our core business.*

Our Yandex.Taxi business operates as a joint venture with Uber, while our Yandex.Money and Yandex.Market businesses operate as joint ventures with Sberbank. We hold an approximately 61% interest in our Yandex.Taxi joint venture. We hold an approximately 25% interest in Yandex.Money and we and Sberbank each hold a 45% interest in Yandex.Market. Herman Gref, the chief executive officer and chairman of Sberbank, serves as one of our non-executive directors. Our joint venture partners have certain shareholder and contractual rights in respect of the management of these joint ventures, and therefore we do not have sole control over the management or operations of our joint ventures. The level of control exercisable by us depends on the size of our interest and the terms of the contractual agreements, in particular, the allocation of control among, and continued cooperation between, the participants.

We may face financial, reputational and other exposure (including regulatory actions) in the event that any of our partners fail to meet their obligations under the arrangements, encounter financial difficulty, or fail to comply with local or international regulation and standards. A temporary or permanent disruption to these arrangements, such as through significant deterioration in the reputation, financial position or other circumstances of the third party or material failure in controls, could adversely affect our results of operations.

The formation and operation of joint ventures involve significant challenges and risks, including:

- difficulties in integrating operations and managing the large and diverse number of personnel, products, services, technology, internal controls and financial reporting of constituent components of our joint ventures, and any unanticipated expenses relating to business integration;
- disruption of our ongoing business, distraction of our management and employees and increase of our expenses;
- departure of skilled professionals as well as the loss of established client relationships of the businesses we invest in or acquire;
- unforeseen or hidden liabilities or additional operating losses, costs and expenses that may adversely affect us following the transactions;
- potential impairment charges or write-offs due to changes in the fair value of our business units as a result of market volatility or other reasons that we may not control which could have a material adverse effect on our financial results;
- regulatory hurdles including in relation to the antimonopoly and competition laws;



- the risk that any future proposed transaction fails to close, including as a result of political and regulatory challenges and protectionist policies; and
- challenges in maintaining or further growing our business units, or achieving the expected benefits of synergies and growth opportunities in connection with these transactions.

Additionally, if we or one of our joint venture partners fail to maintain and enhance the Yandex brand, or if we incur excessive expenses in our efforts to do so, our business, financial condition and results of operations could be materially adversely affected.

***We rely on partners for a material portion of our revenues and, in particular, for expanding our user base via distribution arrangements. Any failure to obtain or maintain such relationships on reasonable terms could have an adverse effect on our business, financial condition and results of operations.***

Revenues from advertising on our ad network partner websites represented 20.9% of our online advertising revenues in 2019 compared with 23.4% in 2018. We consider our ad partner network to be important for the continued growth of our business. Our agreements with our network partners, other than our agreement to power paid search results on Mail.ru, are generally terminable at any time without cause. Our competitors could offer more favorable terms to our current or potential network partners, including guaranteed minimum revenues or other more advantageous revenue-sharing arrangements, in an effort to take market share away from us. Additionally, some of our partners in the Yandex ad network, such as Mail.ru and Microsoft Bing, compete with us in one or more areas and may terminate their agreements with us in order to develop their own businesses. If our network partners decide to use a competitor's advertising services, our revenues would decline.

Many of our key network partners operate high-profile websites, and we derive tangible and intangible benefits from this affiliation, such as increased numbers of users, extended brand awareness and greater audience reach for our advertisers. If our agreements with any of these partners are terminated or not renewed and we do not replace those agreements with comparable agreements, our business, financial condition and results of operations would be adversely affected.

The number of paid clicks and amount of revenues that we derive from our partners in the Yandex ad network depends on, among other factors, the quality of their websites and their attractiveness to users and advertisers. Although we screen new applicants, favor websites with high-quality content and stable audiences, and strive to monitor the quality of the network partner websites on an ongoing basis, these websites are operated by independent third parties that we do not control. If our network partners' websites deteriorate in quality or otherwise fail to provide interesting and relevant content and services to their users, this may result in reduced attractiveness to their users and our advertisers, which may adversely impact our business, financial condition and results of operations.

To expand our user base and increase traffic to our sites and mobile applications, we enter into arrangements with leading software companies and device manufacturers for the distribution of our services and technology. In particular, we have agreements, on a co-marketing basis, with certain internet browsers. As new methods for accessing the internet become available, including through new digital platforms and devices, we may need to enter into new or amended distribution agreements. See also "—The competition to capture market share on mobile devices is intense, and if we are not successful in maintaining substantial reach among users and monetizing search and other services on mobile devices, our business, financial condition and results of operations could be adversely affected."

Our most significant distribution partners in 2019 were Samsung, Opera and Huawei, which preinstall our applications on their devices in Russia and/or offer mobile and desktop browsers, where Yandex is the default search in certain search entry points. Original equipment manufacturers have become increasingly important partners due to mobile traffic growth over the last few years. Each of our other distribution partners constitutes less than 10% of our total distribution traffic acquisition costs. If we are unable to continue our arrangements with current key distribution partners, or maintain existing or enter into comparable arrangements with new distribution partners, particularly for the distribution of our search and other services on mobile devices, this would likely have a negative effect on our search market share over time. In the future, existing and potential distribution partners may not offer or renew distribution arrangements on reasonable terms for us, or at all, which could limit our ability to maintain and expand our user base, and could have a material adverse effect on our business, financial condition and results of operations.

Our business units and joint ventures face comparable risks. For example, if we are unable to attract or maintain a critical mass of Taxi partners, consumers, couriers, restaurants, grocery stores and convenience stores, whether as a result of competition or other factors, our ride-hailing and food delivery services could become less appealing to users, and our financial results could be adversely impacted.

***Our business (in particular, Search&Portal and Media Services) depends on our ability to license, acquire or create compelling content at reasonable costs. Failure to offer compelling content would harm our ability to expand our base of users, advertisers and network partners.***

We license much of our content from third parties, such as music, news items, weather reports and TV program schedules. If we are unable to maintain and build relationships with third-party content providers, this would likely result in a loss of user traffic. In addition, we may be required to make substantial payments to third parties from whom we license or acquire such content. An increase in the prices charged to us by third-party content providers would adversely affect our business, financial condition and results of operations. In addition, many of our content licenses with third parties are non-exclusive. Accordingly, other websites and other media such as radio or television may be able to offer similar or identical content. If other companies make available competitive content, the number of users of our services may not grow as anticipated, or may decline. This increases the importance of our ability to aggregate compelling content in order to differentiate Yandex from other businesses.

***Our business benefits from a strong brand. Failure to maintain and enhance our brand would materially adversely affect our business, financial condition and result of operations.***

We believe that the brand identity that we have developed through the strength of our technology, our user focus, our independence from political considerations and, in particular, our ability to deliver compelling content, has significantly contributed to the success of our business. We also believe that maintaining and enhancing the Yandex brand, including through continued significant marketing efforts, is critical to expanding our base of users, advertisers, advertising network partners, and other business partners. As described below, several of our business units operate as joint ventures. Although we have sought to implement appropriate controls and protections, depending on specific terms of joint venture arrangements we may have more limited ability to ensure that these businesses are operated in a manner that is consistent with the broader Yandex brand.

Maintaining and enhancing our brand, especially in relation to mobile services, will depend largely on our ability to continue to be a technology leader and a provider of high-quality, reliable services, which we may not continue to do successfully.

***If we fail to manage effectively the growth and increasing complexity of our operations, our business, financial condition and results of operations could be adversely affected.***

We have experienced, and continue to experience, growth in our operations, which has placed, and will continue to place, significant demands on our management and our operational and financial infrastructure.

We operate certain of our services through separate business units in order to facilitate the growth of those services. Management of these separate business units, some of which now operate as joint ventures with third-party partners, requires additional administrative effort, which may put strain on our management and other resources. If we do not effectively manage our growth and the operation of our business units, the quality of our services could suffer, which could adversely affect our brand, business, financial condition and results of operations.

As our user and advertiser bases expand, we will need to continue to increase our investment in technology, infrastructure, facilities and other areas of operations, in particular product development, sales and marketing. As a result of such growth, we will also need to continue to improve our operational and financial systems and managerial controls and procedures. We will have to maintain close coordination among our technical, accounting, finance, marketing and sales personnel. If the improvements are not implemented successfully, our ability to manage our growth will be impaired and we may have to make significant additional expenditures, which could harm our business, financial condition and results of operations.

***Growth in our operations internationally may create increased risks that could adversely affect our business, financial condition and results of operations.***

We have limited experience with operations outside Russia, and in 2019 derived only approximately 7.1% of our revenues from international markets. Part of our future growth strategy is to expand our operations geographically on an opportunistic basis. Our geographic expansion efforts (including the expansion efforts of our business units and joint ventures) generally require the expenditure of significant costs in the new geography prior to achieving the market share necessary to support the commercialization of our services, which allows us to begin generating revenues from our core services in the new geography. Our ability to manage our business and conduct our operations across a broader range of geographies will require considerable management attention and resources and is subject to a number of risks relating to international markets, including the following:

- challenges caused by distance, language and cultural differences;
- managing our relationships with local partners should we choose to adopt a joint venture approach in our international expansion efforts;
- credit risk and higher levels of payment fraud in certain countries;
- pressure on our operating margins as we invest to support our expansion;
- currency exchange rate fluctuations and our ability to manage our currency exposure;
- foreign exchange controls that might prevent us from repatriating cash earned in certain countries;
- legal risks, including potential of claims for infringement of intellectual property and uncertainty regarding liability for online services and content;
- adoption of new legislation and regulations, which may adversely impact our operations or may be applied in an unpredictable manner;
- potentially adverse tax consequences;
- deleterious changes in political environment;
- unexpected changes in preferences and perceptions of our users and customers; and
- higher costs and greater management time associated with doing business internationally.

In addition, compliance with complex and potentially conflicting foreign and Russian laws and regulations that apply to our international operations may increase our cost of doing business and may interfere with our ability to offer, or prevent us from offering, our services in one or more countries. These numerous laws and regulations include import and export requirements, content requirements, trade restrictions, tax laws, economic sanctions, internal and disclosure control rules, data protection, data retention, privacy and filtering requirements, labor relations laws, U.S. laws, such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to governmental officials. Violations of these laws and regulations may result in fines; criminal sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; and damage to our reputation. Although we have implemented policies and procedures designed to ensure compliance with these laws, we cannot assure you that our employees, contractors or agents will not violate our policies. Any such violations may result in prohibitions on our ability to offer our services in one or more countries, and may also materially adversely affect our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, financial condition and results of operations.

*Our corporate culture has contributed to our success, and if we cannot maintain the focus on teamwork and innovation fostered by this environment, our business, financial condition and results of operations would be adversely affected.*

We believe that a critical contributor to our success has been our corporate culture, which values and fosters teamwork and innovation. As our business matures, and we are required to implement more complex organizational management structures, including those introduced in connection with our recently implemented corporate governance changes, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture. We operate a number of our services through separate business units, in order in part to maintain the “start-up spirit” and provide greater strategic and operational focus for these units. We also operate several of our business units as joint ventures with other parties and may establish new joint ventures in future. In such situations our efforts in maintaining our corporate culture may not be successful, which would adversely affect our business, financial condition and results of operations. In particular, the spin-off of certain business units or further establishing of joint ventures and partnerships may cause the loss of some of our clients, or disruption in the provision of the services that are being carved out, and may require additional attention from our management.

*The loss of any of our key personnel, or a failure to attract, retain and motivate qualified personnel, may have a material adverse effect on our business, financial condition and results of operations.*

Our success depends in large part upon the continued service of key members of our management team and technical personnel, as well as our continued ability to attract, retain and motivate other highly qualified engineering, programming, technical, sales, customer support, financial and managerial personnel.

Although we attempt to structure employee compensation packages in a manner consistent with the evolving standards of the markets in which we operate and to provide incentives to remain with Yandex, including equity awards under our employee incentive plans, we cannot guarantee that we will be able to retain our key employees. Although we grant additional equity awards to management personnel and other key employees from time to time, employees may be more likely to leave us after their initial award fully vests. Decline of the market value of our shares could also make such equity awards less effective in retaining our key employees, especially for options issued above the current trading price. If any member of our senior management team or other key personnel should leave our group, our ability to successfully operate our business and execute our business strategy could be impaired. We may also have to incur significant costs in identifying, hiring, training and retaining replacements for departing employees.

The competition for software engineers and qualified personnel who are familiar with the internet industry in Russia is intense. We may encounter difficulty in hiring and/or retaining highly talented software engineers to develop and maintain our services. There is also significant competition for personnel who are knowledgeable about the accounting and legal requirements related to a NASDAQ listing, and we may encounter difficulty in hiring and/or retaining appropriate financial staff needed to enable us to continue to comply with the internal control requirements under the Sarbanes-Oxley Act and related regulations. Any inability to successfully retain key employees and manage our personnel needs may have a material adverse effect on our business, financial condition and results of operations.

*If our security measures are breached, malicious applications interfere with or exploit security flaws in our services, or our services are subject to attacks that degrade or deny the ability of users to access our products and services, our products and services may be perceived as not being secure, users and customers may curtail or stop using our products and services, and we may incur significant legal and financial exposure.*

Third parties have in the past attempted, and may in the future attempt, to use malicious applications to interfere with our services and may disrupt our ability to connect with our users. Such interference often occurs without disclosure to or consent from users, resulting in a negative experience that users may associate with Yandex. Such an attack could also lead to the destruction or theft of information, potentially including confidential or proprietary information relating to Yandex’s intellectual property, content and users. For example, if a third party were to hack into our network, they could obtain access to our search code. Because the techniques used to obtain unauthorized access, disable or degrade service,

or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users and customers.

Although we maintain substantial security measures, such measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, fraudulent actions of outside parties, or otherwise. Such security breaches may expose us to a risk of loss of this information, litigation, remediation costs, increased costs for security measures, loss of revenue, damage to our reputation, and potential liability.

In addition, we offer applications and services that our users download to their devices or that they rely on to store information and transmit information to others over the internet. These services are subject to attack by viruses, worms and other malicious software programs, which could jeopardize the security of information stored in a user's device or in our computer systems and networks. These applications may be difficult to remove or disable, may reinstall themselves and may circumvent other applications' efforts to block or remove them. If our efforts to combat these malicious applications are unsuccessful, or if our services have actual or perceived vulnerabilities, our reputation may be harmed, our user traffic could decline, and our communications with certain users could be impaired, which could adversely affect our business, financial condition and results of operations.

***Our business depends on the accuracy and reliability of our search results and dependability of our other services. A systems failure, technical interference or human error could prevent us from providing accurate search results or ads or reliably deliver our other services, which could lead to a loss of users and advertisers and damage our reputation and materially adversely affect our business, financial condition and results of operations.***

Our business depends on our ability to provide accurate and reliable search results, which may be disrupted. For example, because our search technology ranks a webpage's relevance based in part on the importance of the websites that link to it, people have attempted to link groups of websites together to manipulate search results. If our efforts to combat these and other types of "index spamming" are unsuccessful, our reputation for delivering relevant results could be harmed. This could result in a decline in user traffic, which may adversely affect our business, financial condition and results of operations.

We seek to ensure the speed and reliability of our services regardless of the user's location by operating our own Content Delivery Network (CDN) in points of presence in major cities throughout Russia and other countries in which we operate. This network allows us to support reliable 24/7 operations, including server-based computations, research and development work, and user and advertiser services. We use proprietary computer architecture to link these clusters of servers, as well as proprietary computational software that operates across these distributed servers, including software that enables us to deploy and monitor software across our systems. This allows us to use relatively inexpensive off-the-shelf servers as the foundation of our robust and effective systems for redundant, distributed data storage, retrieval and distributed calculations. Geographic distribution of our servers decreases the cost of internet usage for our users, increases the access speed for our services and increases the stability and dependability of our service offerings. This structure provides redundant fail-safe capacity such that the failure of a single facility would not cause our websites to stop functioning.

Nevertheless, although we maintain robust network security measures, our systems are potentially vulnerable to damage or interruption from terrorist attacks, denial-of-service attacks, computer viruses or other cyber-attacks or attempts to harm our system, power losses, telecommunications failures, floods, fires, extreme weather conditions, earthquakes and similar events. Our data centers are also potentially subject to break-ins, sabotage and intentional acts of vandalism, and to potential disruptions. The occurrence of a natural disaster or other unanticipated problems at our data centers could result in lengthy interruptions in our service, or a pandemic or an outbreak of disease or similar public health concern,

such as the recent coronavirus outbreak, or fear of such an event, could result in reduced customer traffic and consumer spending or labor shortages and delays in manufacturing and shipment of products. In each case, such events which could reduce our revenues and profits, and our brand could be damaged if people believe our services are unreliable.

From time to time, we have experienced power outages that have interrupted access to our services and impacted the functioning of our internal systems. Although we maintain back-up generators, these may not operate properly through a major sustained power outage or their fuel supply could be inadequate. Any unscheduled interruption in our services places a burden on our entire organization and would result in an immediate loss of revenue. If we experience frequent or persistent system failures on our websites, our reputation and brand could be permanently harmed. The steps we have taken to increase the reliability and redundancy of our systems are expensive, reduce our operating margin and may be insufficient to reduce the frequency or duration of unscheduled downtime.

Although we test updates before implementation and there were no significant downtime periods in recent years, errors made by our employees in maintaining or expanding our systems may damage our brand and may have a materially adverse effect on our business, financial condition and results of operations.

***We may not be able to prevent others from unauthorized use of our intellectual property rights, which may adversely affect our competitive position, our business, financial condition and results of operations.***

We rely on a combination of patents, trademarks, trade secrets and copyrights, as well as nondisclosure agreements, to protect our intellectual property rights. Our patent department is responsible for developing and implementing our group-wide patent protection strategy in selected jurisdictions, and to date we have filed more than 750 patent applications, of which more than 400 have resulted in issued patents. The protection and enforcement of intellectual property rights in Russia and other markets in which we operate, however, may not be as effective as that in the United States or Western Europe. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant infringement of our intellectual property rights could harm our business, our brand and/or our ability to compete, all of which could adversely affect our competitive position, our business, financial condition and results of operations.

***We may be subject to intellectual property infringement claims, which are costly to defend, could result in significant damage awards, and could limit our ability to provide certain content or use certain technologies in the future.***

A number of internet, technology, media and patent-holding companies own or are actively developing patents covering search, indexing, electronic commerce and other internet-related technologies, as well as a variety of online business models and methods. We believe that these parties will continue to take steps to protect these technologies, including, but not limited to, seeking patent protection in certain jurisdictions. As a result, disputes regarding the ownership of technologies and rights associated with online activities are likely to arise in the future. In addition, use of open-source software is often subject to compliance with certain license terms, which we may inadvertently breach.

With respect to any intellectual property rights claim, we may have to pay damages or compensation and/or stop using technology found to be in violation of a third party's rights. We may have to seek a license for the technology, which may not be available on commercially reasonable terms or at all, and may significantly increase our operating expenses. We may be required to develop an alternative non-infringing technology, which may require significant effort, expense and time to develop. If we cannot license or develop technology for any potentially infringing aspects of our business, we may be forced to limit our service offerings and may be unable to compete effectively. We may also incur substantial expenses in defending against third-party infringement claims regardless of the merit of such claims.

*We may be subject to claims from our current or former employees as well as contractors for copyright, trade secret and patent - related matters, which are costly to defend, and which could adversely affect our business, financial condition and results of operation.*

The software, databases, algorithms, images, patentable intellectual property, trade secrets and know-how that we use for the operation of our services were generally developed, invented or created by our former or current employees or contractors during the course of their employment with us within the scope of their job functions or under the relevant contractor's agreement, as the case may be. As a matter of Russian law, we are deemed to have acquired copyright and related rights as well as rights to file patent applications with respect to such products and have the intellectual property rights required for their further use and disposal subject to compliance with certain requirements set out in the Civil Code of Russia. We believe that we have appropriately followed such requirements, but they are defined in a broad and ambiguous manner and their precise application has never been definitively determined by the Russian courts. Therefore, former or current employees or contractors could either challenge the transfer of intellectual property rights over the products developed by them or with their contribution or claim the right to additional compensation for their works for hire and/or patentable results, in addition to their employment compensation. We may not prevail in any such action and any successful claim, although unlikely to be material, could adversely affect our business and results of operation.

*We may be held liable for information or content displayed on, retrieved by or linked to our websites and mobile applications, or distributed by our users; or we may be required to block certain content or access to our websites could be restricted; any of which could harm our reputation, business, financial condition and results of operations.*

The law and enforcement practice relating to the liability of providers of online services for the activities of their users is currently not settled in Russia and certain other countries in which we operate. Claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including personal injury), fraud, other unlawful activity or other theories and claims based on the nature and content of information to which we link or that may be posted online via blogs and message boards, generated by our users or delivered or shared through our services, including if appropriate licenses and/or rights holder's consents have not been obtained. For example, we have previously been involved in litigation regarding alleged copyright infringement in the United States. We are also regularly required to remove content uploaded by users on grounds of alleged copyright infringement, and from time to time we receive requests from individuals who do not want their names or websites to appear in our search results. In addition, under the applicable laws any companies and their officers may be held liable for the failure to delete or to stop distributing such information as is required by a court enforcement officer's act. The liability may include penalties for companies and imprisonment for officers.

Third parties may also seek to assert claims against us alleging unfair competition, data misappropriation, violations of privacy rights or failure to maintain the confidentiality of user data. Our defense of any such actions could be costly and involve significant time and attention of our management and other resources. If any of these complaints results in liability to us, the judgment or settlement could potentially be costly, encourage similar lawsuits, and harm our reputation and possibly our business.

The governments of the countries in which we operate are increasingly developing legislation aimed at regulation of the internet, in many places expanding liability and creating new obligations for companies that operate in the internet. For example, under the law "On Information, Information Technologies and on the Protection of Information", we are required to delete from our search engine search results linking to websites that have been blocked in Russia for repeated copyright infringements.

Additional recent legislation in Russia has introduced a system of information and website blocking measures both to prevent and stop copyright and related rights infringements and to prevent dissemination of illegal information, such as child pornography, content encouraging suicides and drug use, information on minors hurt by illegal actions and

extremist information. The regulations generally require a request from the governmental authority to take down the allegedly infringing or illegal information prior to blocking of a particular website. However, in some cases, such as dissemination of extremist information, access to such information can be blocked without notification or prior judicial scrutiny. In 2018, an analogous simplified blocking process was proposed in draft legislation with regard to violation of copyright and related rights (e.g. to videos posted online). This proposal is currently under consideration of the Russian Government and has not been submitted to the Russian State Duma. Moreover, under the recent amendments to legislation a website may be blocked if the information published there contains disrespectful and indecent statements about the society, state, Constitution or governmental authorities. Additionally, the subjects who are accused of disseminating such statements can face administrative fines.

Therefore, if we fail to identify the above-mentioned types of information and delete them from our websites in timely manner, our websites might be blocked.

New legislation and regulations may impose additional new requirements on us and our operations and lead to material legal liability, which can be difficult to foresee or limit.

In addition, in 2018 we became party to an anti-piracy memorandum signed between the major Russian IT companies and copyright holders. This memorandum stipulates an out-of-court procedure that obligates search engines to remove URLs to infringing audio-visual content at the request of the rights holders. The memorandum was initially valid until September 1, 2019 but was prolonged until January 31, 2021 and is currently in force. It is planned that a corresponding draft law will be elaborated on the basis of this memorandum. Apart from that, under a recent resolution of the Supreme Court of the Russian Federation, liability may be imposed for the provision of access to materials that violate IP rights. We believe that according to the wording of the decision, this norm should be applicable to owners of websites where such materials are published. However, there is no assurance that courts would not interpret this provision broadly and would not apply this norm to Yandex.

The categories of illegal information to which access can be restricted may be interpreted broadly or be expanded. In certain cases, even removal of illegal information does not eliminate the risk of website blocking or reinstate access to the blocked website. For example, Russian legislation allows for permanent blocking of websites for repeated violation of copyright and related rights. A number of large websites have been blocked pursuant to this legislation so far, including, for example, a major hosting provider. We may be subject to unpredictable blocking measures, injunctions or court decisions that may require us to block or remove content and may adversely affect our services and operations. In addition, to ensure compliance with such laws, we may be required to commit greater resources, or to limit functionality of our services, which may adversely affect the appeal of our services to our customers. Although we believe that we are in full compliance with applicable laws, the application of new norms by government authorities might be sometimes inconsistent or unpredictable. In addition, draft legislation under consideration by the Russian State Duma describes the process of limiting access to a "program application" that contain materials violating copyright and related rights. The wording of the proposal is rather broad, and it is difficult to predict how this norm, if adopted, would be applied in practice (in particular, how a "program application" would be defined) and how this might affect all our applications.

***As the internet evolves, an increasing amount of online content may be held in closed social networks, mobile apps or proprietary document formats, which may limit the effectiveness of our search technology, which could adversely affect our brand, business, financial condition and results of operations.***

Social networks are important players in the internet market and have a significant degree of control over the manner and extent to which information on their websites can be accessed through third-party search engines. Information can also be stored in other closed systems, such as mobile apps.



If social or other networks or software providers take steps to prevent their content or documents in their formats from being searchable, such content would not be included in our search results even if the content was directly relevant to a search request. These parties may also seek to require us to pay them royalties in exchange for giving us the ability to search content on their sites, in their networks or documents in their format and provide links thereto in our search results. If these parties also compete with us in the search business, they may give their search technology a preferential ability to search their content or documents in their proprietary format. Any of these results could adversely affect our brand, business, financial condition and results of operations.

***We may have difficulty scaling and adapting our existing technology architecture to accommodate increased traffic and technology advances or new requirements of our users and advertisers, which could adversely affect our business, financial condition and results of operations.***

With some of the most highly visited websites in Russia, we deliver a growing number of services, page views and video programs to an increasing number of users. In addition, the services we offer have expanded and changed significantly and are expected to continue to do so in the future to accommodate bandwidth-intensive technologies and means of content delivery, such as interactive multimedia and video. Our future success will depend on our ability to adapt to rapidly changing technologies, to adjust our services to evolving industry standards and to maintain the performance and reliability of our services. Rapid increases in the levels or types of use of our online services could result in delays or interruptions in our services.

As we expand our services, we will need to continue to invest in new technology infrastructure, including data centers. We may have difficulty in expanding our infrastructure to meet increased demand for our services, including difficulties in obtaining suitable facilities or access to sufficient electricity supplies. A failure to expand our infrastructure could materially and adversely affect our ability to maintain and increase our revenues and profitability and could adversely affect our business, financial condition and results of operations.

***Certain technologies could block our ads, which may adversely affect our business, financial condition and results of operations.***

Advertising displayed on our platforms may be interfered with by third parties, which may adversely affect our ability to attract advertisers. For example, third parties had in the past, and may in the future, employ technologies to block the display of ads on webpages. The wide and effective use of ad-blocking technologies can reduce the amount of revenue generated by the ads we serve and decrease the confidence of our advertisers and Yandex ad network partners in our advertising technology, which may adversely affect our business, financial condition and results of operations.

***If we fail to detect click fraud or other invalid clicks, we may face litigation and may lose the confidence of our advertisers, which may adversely affect our business, financial condition and results of operations.***

We are exposed to the risk of fraudulent and invalid clicks on the ads we serve from a variety of potential sources. Invalid clicks are clicks that we have determined are not intended by the user to access the underlying content, including clicks resulting from click fraud executed by automated scripts of computer programs. We monitor our own websites and those of our partners for click fraud and proactively seek to prevent click fraud and filter out fraudulent or other invalid clicks. To the extent that we are unsuccessful in doing so, we credit our advertisers for clicks that are later attributed to click fraud. If we are unable to stop these invalid clicks, these credits to our advertisers may increase. This could negatively affect our profitability, and these invalid clicks could result in legal claims or harm our brand.

*We acquire complementary businesses, teams and technologies from time to time, and may fail to identify additional suitable targets, acquire them on acceptable terms or successfully integrate them, which may limit our ability to implement our growth strategy. Acquisitions of new businesses may also lead to increased legal risks and other negative consequences, which could have an adverse effect on our business, financial condition and results of operations.*

We regularly acquire other businesses, technologies and teams. The acquisition and integration of new businesses, technologies and people pose significant risks to our existing operations, including:

- additional demands placed on our management, who are also responsible for managing our existing operations;
- increased overall operating complexity of our business, requiring greater personnel and other resources;
- difficulties in expanding beyond our core expertise;
- significant initial cash expenditures or share dilution in connection with acquiring and integrating new businesses; and
- legal risks (including potential claims of the counterparty or of third parties), which may result from our lack of expertise in the field of the target's business, incomplete or improper due diligence, misrepresentations by counterparties, and/or other causes.

The integration of new businesses presents a number of challenges, including differing cultures or management styles, poor financial records or internal controls on the part of the acquired companies, and an inability to establish control over cash flows. Furthermore, even if we are successful in integrating new businesses, expected cost and operating efficiencies may not materialize, the financial benefits from the acquisition may be less than anticipated, and we could be required to record impairment changes as a result of under-performing assets.

Moreover, our growth may suffer if we fail to identify suitable acquisition targets or are outbid by competing bidders. As a NASDAQ-listed company, we are subject to securities laws and regulations that, in certain circumstances, require that we file with the SEC audited historical financial statements for businesses we acquire that exceed certain materiality thresholds. Given financial reporting practices in Russia and other countries in which we operate, such financial statements and documented systems of internal controls over financial reporting are often not readily available or not capable of being audited to the standards required by U.S. securities regulations. As a result, we may be prevented from or delayed in pursuing acquisition opportunities that our competitors and other financial and strategic investors are able to pursue, which may limit our ability to implement our growth strategy.

*Failure to maintain effective customer service may result in customer complaints and negative publicity and may adversely affect our business, financial condition and results of operations.*

Customer complaints or negative publicity about our services or those offered by us (including services offered by our business units) or one of our joint ventures, or breaches of customers' privacy or of our security measures, could diminish consumer confidence in and use of our services. Measures we implement to combat risks of fraud and breaches of privacy and security may be viewed as onerous by our customers or those of our joint ventures and damage relations with them. Alternately, should breaches of customers' privacy or of security measures occur, we could be subject to investigations and claims from governmental bodies, as well as from our customers. These measures heighten the need for prompt and accurate customer service to resolve irregularities and disputes. Effective customer service requires significant personnel expense, and such expense, if not managed properly, may impact our profitability or that of one or more of our joint ventures. Any inability by us or our joint ventures to manage or train our or their customer service representatives properly could compromise our or their ability to handle customer complaints effectively. In case of failure to maintain effective customer service by us or by one of our joint ventures, our reputation may suffer, and we may lose our customers' confidence, which may adversely affect our business, financial condition and results of operations.

*The inherent limitations of the available data regarding internet usage and online advertising may make it difficult to assess our markets and our market position.*

We rely on and refer to information and statistics from various third-party sources, as well as our own internal estimates, regarding internet usage and penetration and the online advertising markets in the countries in which we operate. The information and statistics used in our industry are subject to inherent limitations reflecting the differing metrics and measurement methods utilized and applied by different sources; for example, data derived from computer usage contrasted to that derived from user surveys. In addition, while we believe that the available data and research on the Russian market is of comparable quality to that available in most developed countries, the data for Kazakhstan and Belarus are generally less consistent and reliable due to more limited third-party measurements in those countries.

*We will need to make new arrangements for our Russian headquarters premises before our current lease expires in 2021, which may result in material expenses and distraction of management attention.*

Our Russian headquarters are currently located in approximately 64,000 square meters of rented property in central Moscow, with leases expiring in 2021 on a portion of our properties under lease. We also lease additional office space of approximately 47,000 square meters in business centers in central Moscow, which houses some of our divisions. In order to secure sufficient office space to support our expected future growth, in December 2018 we acquired a property site for a new Moscow headquarters situated at 15 Kosygina Street. We may encounter challenges in developing our headquarters design proposal for the site and obtaining the required approvals for the finalized project. In addition, we may face difficulties in managing or coordinating a development process. If the development project is not finished by the time our current and future lease expires, we may need to negotiate a new lease for our current or future premises, and may be unable to secure favorable terms, or may be required to agree to rent denominated in, or linked to, U.S. dollars, which would subject us to foreign exchange risk.

#### **Additional Risks Related to Regulatory Matters**

*Because the range of the services we provide is increasing and the legal framework governing the operations in our markets is evolving, we may be required to obtain additional licenses, permits or registrations or comply with other requirements, which may be costly or may limit our flexibility to run our business.*

As we increase the range of services and diversify our business we may have to apply for additional licenses. Maintenance of granted licenses and obtaining new licenses may require us to spend additional resources. Licensing requirements may also limit our flexibility in running our business. Failure to maintain required licenses may significantly limit our ability to provide new services in respect of which these licenses are required.

As the legal framework in Russia continues to evolve, we may be required to take additional actions in order to comply with new legislation. Although we believe that we are in full compliance with applicable laws, ambiguities in legislation and the wide discretion granted to regulatory authorities may result in us being subject to additional regulatory requirements. Compliance with additional or new regulatory requirements, or new interpretations or applications of existing requirements, may also require us to spend additional resources and limit our flexibility in providing our services.

For instance, there are various discussions of regulation applicable to big data processing. Any restrictive regulations in this sphere might negatively affect our business operations and flexibility in providing our services.

*We are subject to regulation regarding the processing and retention of personal and other data, which may impose additional obligations on us, limit our flexibility, or harm our reputation with users.*

The collection and handling of user data by any entity or person in Russia (as in many other countries) may be subject to certain requirements and restrictions. If these requirements and restrictions are amended, interpreted or applied in a manner not consistent with current practice, we could face fines or orders requiring that we change our operating practices, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Several companies in our group underwent a planned inspection by the competent Russian authority (Roskomnadzor) in 2019. The authority did not find any significant violations. If further inspections are conducted in the future and result in the determination that companies in our group fail to comply with the applicable data protection

legislation, we could experience financial and reputational losses and could be restricted from providing certain types of services until we comply with the requirements.

Furthermore, we use cookies and other widespread technologies that assist us in improving the user experience and personalization of our products and services that ultimately benefit both our users and advertisers through behavioral targeting, which makes our advertising more relevant. There is no clarity as to whether our practices are compliant with the requirements of applicable data protection legislation in Russia and abroad, and such laws could be interpreted and applied in a manner that is not consistent with our current data protection practices.

Additionally, “organizers of information distribution” (subjects that ensure the operation of information systems or computer software which are intended or used to receive, transmit, deliver and/or process electronic messages of internet users) are required to notify the relevant Russian authority about the commencement of their operations and must retain a broad range of data relating to and generated by their users for a period of time, which must be provided to the authorities at their request. Our principal subsidiary operating in Russia has notified the relevant Russian authority that it acts as an organizer of information distribution with respect to some of the services it provides. Organizers of information distribution that use encryption when delivering or processing electronic messages are required to provide the security authorities with information necessary for decoding the delivered or processed messages. Compliance with these requirements may require significant expenditures by us, including additional data centers, servers and other infrastructure or software development. Data retention may also harm our reputation with users. If we fail to comply with the above requirements, the Russian authorities can block access to our services in Russia.

Companies are also required to store all personal data of Russian users in databases located inside Russia. Compliance with the requirements provided in this legislation may be practically difficult, require significant efforts and resources, could lead to legal liability in other jurisdictions and limit functionality of our services. Compliance with these requirements may also limit our ability to compete with other companies located in other jurisdictions that do not require mandatory local storage of personal data related to their users and that may elect not to comply with such requirements in Russia. Nevertheless, after conducting an inspection in 2019, Roskomnadzor has not revealed any violations by Yandex in this regard.

Due to the nature of the services we offer and the fact that we have a presence in a number of countries, we may also be subject to data protection laws of other jurisdictions, especially laws regulating the cross-border transfer of personal data, which may require significant compliance efforts and could result in liability for violations in other jurisdictions. For example, the General Data Protection Regulation (the GDPR) came into force in May 2018 in the EU. Although we have only modest operations in the EU and therefore our exposure under the GDPR should be limited, we believe that we are taking all necessary steps to comply with the GDPR. However, if we fail to interpret all the requirements of the GDPR in accordance with the official interpretation, we may be held liable for noncompliance. As our business grows, we may also encounter increased pressure from foreign state authorities with respect to the production of information related to users in circumvention of the international legal framework regulating the provision of such information. Any non-compliance with such requests may lead to liability and other adverse consequences. Further, current law imposes restrictions on the distribution of satellite images of certain areas in Russia and the other countries in which we operate and imposes requirements with respect to the information provided by the traffic monitoring service we offer. If we were found to be in violation of any such restrictions, we may be forced to suspend such services or may potentially be subject to fines or other penalties.

***We may be subject to existing or new advertising legislation that could restrict the types and relevance of the ads we serve, which would result in a loss of advertisers and therefore a reduction in our revenues.***

Russian law prohibits the sale and advertising of certain products and heavily regulates advertising with respect to certain products and services. Ads for certain products and services, such as financial services, as well as ads aimed at minors and some others, must comply with specific rules and must in certain cases contain required disclaimers.

Further amendments to legislation regulating advertising may impact our ability to provide some of our services or limit the type of advertising we may offer. The application of these laws to parties, such as Yandex, that merely serve or distribute ads and do not market or sell the product or service, however, can be unclear. Pursuant to our terms of service, we require that our advertisers have all required licenses or authorizations. If our advertisers do not comply with these requirements, and these laws were to be interpreted to apply to us, or if our ad-serving system failed to include necessary

disclaimers (or otherwise ensure compliance of the ads with advertising legislation), we may be exposed to administrative fines or other sanctions, and may have to limit the types of advertisers we serve.

The regulatory framework in Russia governing the use of behavioral targeting in online advertising is unclear. If new legislation were to be adopted, or current legislation were to be interpreted, to restrict the use of behavioral targeting in online advertising, our ability to enhance the targeting of our advertising could be significantly limited, which could result in a loss of advertisers or a reduction in the relevance of the ads we serve, which would reduce the number of clicks on the ads and therefore our revenues.

***Our need to comply with applicable Russian laws and regulations could hamper our ability to offer services that compete effectively with those of our foreign competitors and may adversely affect our business, financial condition and results of operations.***

Many of our global competitors, such as Google and Microsoft, have their principal operations outside of Russia, putting them generally outside of the jurisdiction of Russian courts and government agencies, even though some of them have offices in Russia. Our systems and operations are located principally in Russia. Russian laws and regulations that are applicable to us, but not to our non-Russian competitors, may impede our ability to develop and offer services that compete effectively on a global scale as well as in Russia with those offered by our non-Russian-based competitors and generally available worldwide over the internet. For instance, our non-Russian competitors might be not in compliance with the requirement of the Russian data protection legislation to store all personal data of Russian users in databases located inside Russia. In addition, our non-Russian competitors have not joined an anti-piracy memorandum signed between the major Russian IT companies and copyright holders. This memorandum stipulates an out-of-court procedure that obligates search engines to remove URLs to infringing audio-visual content at the request of the rights holders.

Any inability on our part to offer services that are competitive with those offered by our non-Russian competitors may adversely affect our business, financial condition and results of operations.

***The competent authorities could determine that we hold a dominant position in one or more of our markets, and could impose limitations on our operational flexibility that may adversely affect our business, financial condition and results of operations.***

Applicable antimonopoly legislation imposes restrictions on companies that occupy a dominant position in a given market. Were the competent authorities to investigate the internet or online advertising industries, the ride-hailing business or other businesses in which we operate, it is possible that they may conclude that, given our market share, we hold a dominant position in one or more of the markets in which we operate. Additionally, from time to time we receive information requests from Russian Federal Antimonopoly Service (FAS) related to certain of our services. If FAS deems that we hold a dominant position in one or more of the markets in which we operate this could result in limitations on our future acquisitions and a requirement that we pre-approve with the authorities any changes to our standard agreements with advertisers and Yandex ad network partners, as well as any specially negotiated agreements with business partners. In addition, if we were to decline to conclude a contract with a third party or terminate an existing agreement without sufficient substantiation this could, in certain circumstances, be regarded as abuse of a dominant market position.

Any abuse of a dominant market position could lead to administrative penalties and the imposition of fines of up to 15% of our prior year annual revenues in the relevant market. These limitations may reduce our operational and commercial flexibility and responsiveness, which may adversely affect our business, financial condition and results of operations.

In addition, under Russian antimonopoly legislation some potential acquisitions that we may consider require a preliminary approval by FAS. FAS may withhold the approval or may approve transactions subject to particular conditions. Such conditions could place significant restrictions on Yandex businesses, could make the acquisition less attractive, and could result in a termination of the proposed transaction.

## Risks Related to Tax Matters

*Some of our counterparties provide limited transparency in their operations, which could subject us to greater scrutiny and potential claims from government authorities.*

We do business with a number of companies, especially small companies that may not always operate in a fully transparent manner and that may engage in unpredictable or otherwise questionable practices with respect to tax obligations or compliance with other legal requirements. We have been approached by government authorities from time to time regarding potential tax claims or other compliance matters in connection with such transactions. As we are a larger and more transparent company with greater resources than such counterparties, governmental authorities may seek to collect taxes and/or penalties from us in relation to such transactions on the basis that we could have had knowledge of or aided such practices even when we did not.

*Changes in the tax systems in the countries in which we operate, or unpredictable or unforeseen application of existing rules, may materially adversely affect our business, financial condition and results of operations.*

Russian tax, currency and customs laws and regulations are subject to varying interpretations and changes, which may be frequently revised and reviewed by the authorities. As a result, our interpretation of such tax legislation may be challenged by the relevant authorities. Russian tax legislation largely follows the OECD approach but may be implemented in a way which is not in line with international practice or our interpretation. Moreover, under the current conditions of weak economic growth and reduced tax revenue, the authorities are taking a more assertive position in their interpretation of the tax legislation and, as a result, it is possible that transactions and activities that have not been challenged in the past may now be questioned by the authorities. High-profile companies such as ours can be particularly vulnerable to such assertive positions of the authorities.

Although we believe that our interpretation of relevant legislation is appropriate and is in accordance with existing court practice, if the authorities were successful in enforcing differing interpretations, our tax liability may be greater than the estimated amount that we have expensed to date and paid or accrued on our balance sheet. We believe our tax position is consistent with the tax laws in the jurisdictions in which we conduct our business, however, the determination of our worldwide provision for tax liabilities, including digital tax, requires significant judgment and there are many transactions and calculations where the ultimate tax determination is uncertain and we are subject to regular review and audit by both domestic and foreign tax authorities. Generally, Russian taxpayers are subject to inspection of their activities for a period of three calendar years immediately preceding the year in which an audit is carried out, with tax audits routinely undertaken at least every two years. Tax years 2017, 2018 and 2019 are currently open for tax audit of our principal Russian subsidiaries.

There have also been significant developments and proposed changes in recent periods to international tax laws that increase the complexity, burden and cost of tax compliance. The OECD has published proposals covering a number of matters, including tax treaties and taxation of the digital economy. Future tax reform resulting from this development may result in changes to long-standing tax principles, which could adversely affect our effective tax rate or result in higher cash tax liabilities. The OECD is working towards a consensus-based solution by the end of 2020 to address the challenges posed to the current tax system by the digitalization of the economy. Russian authorities also may introduce turnover digital tax if the OECD fail to reach the agreement or the agreement is unsatisfactory.

*Taxes payable on dividends from our Russian operating subsidiaries to our parent company might not benefit from relief under the Netherlands-Russia tax treaty.*

In 2019, our principal Russian operating subsidiary distributed dividends to our parent company (Yandex N.V.) and applied withholding tax at a 5% rate in reliance on the provisions of the Netherlands-Russia tax treaty.

Yandex N.V. is incorporated in the Netherlands and our principal operating subsidiaries are incorporated in Russia. Our management seeks to ensure that we conduct our affairs in such a manner that our parent company is regarded as the beneficial owner of all its incomes and not regarded as tax resident in any jurisdiction other than the Netherlands and, in particular, is not deemed to be a tax resident of, or to have a permanent establishment in, Russia. Thus, dividends paid from our Russian operating subsidiaries to our parent company should generally be subject to Russian withholding

tax at a 5% rate. If our parent company were not treated as a Dutch resident for tax purposes or if it were deemed to have a permanent establishment in Russia, or if the Russian tax authorities were to determine that other conditions for the application of the 5% rate are not met because, for example, if Yandex N.V. is not deemed to be beneficial owner of the dividends received, dividends paid from our Russian operating subsidiaries to our parent company would be subject to Russian withholding tax at the rate of 15%.

We can provide no assurance that dividend withholding tax relief may not be challenged by the Russian tax authorities based on the grounds mentioned above. Furthermore, Russian tax rules regarding residency and beneficial ownership which were recently introduced may change or their interpretation may evolve, thus triggering changes in taxation of dividends from our Russian subsidiaries to our parent company in the future.

Based on the current state of the law and available interpretations, we believe that Yandex N.V. and our material foreign subsidiaries should not be treated as controlled foreign corporations for Russian tax purposes. However, there are risks that any of these rules may be interpreted or applied in a manner that may have an adverse effect on our results of operations.

***We may be required to record a significant deferred tax liability if we are unable to reinvest our earnings in Russia.***

Our principal Russian operating subsidiary has significant accumulated earnings that have not been distributed to our Dutch parent company. Our current policy is to retain substantially all our earnings at the level of our principal subsidiary for investment in Russia.

We did not provide for dividend withholding taxes on the unremitted earnings of our non-Dutch subsidiaries for 2012 or earlier years because we considered them to be permanently reinvested outside of the Netherlands. As of December 31, 2019, we had an accrual of RUB 795 million (\$10.1 million) for dividend withholding tax. If circumstances change and we are unable to reinvest in that subsidiary's current operations or acquire suitable businesses in Russia, U.S. GAAP would require us to record a deferred tax liability representing the dividend withholding taxes that we would be required to pay if this subsidiary were to pay these unremitted accumulated earnings to our Dutch parent company as a dividend, even if such dividends were not actually declared and paid. As of December 31, 2019, the cumulative amount of unremitted earnings in respect of which dividend withholding taxes have not been provided is RUB 83,531 million (\$1,059.4 million). The applicable withholding tax rate is 5% and the amount of the unrecognized deferred tax liability related to these unremitted earnings was RUB 4,177 million (\$53.0 million) as of December 31, 2019. We expect the amount of unremitted earnings to grow as our principal Russian operating subsidiary continues to generate net income. If we were required to record a deferred tax liability on an amount subsequently made available for distribution it may have a material adverse effect on our results of operations.

#### **Risks Related to Ownership of our Class A Shares**

***The price of our Class A shares has been and may continue to be volatile. Market fluctuations specific to developing markets or to high-growth technology companies generally may affect the performance of our Class A shares and could expose us to potential securities litigation, which could result in substantial costs and a diversion of our management's attention and resources.***

Macroeconomic and geopolitical events in recent periods have adversely affected the value of traded securities of companies with significant operations in Russia and certain other markets, including our Class A shares. In addition, the market for technology and other growth companies has generally experienced severe price and volume fluctuations that have often been disproportionate to the operating performance of those companies. These broad macroeconomic, geopolitical, market and industry factors may impact the market price of our Class A shares regardless of our actual operating performance.

The trading price of our Class A shares has been and may continue to be volatile and subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include:

- macroeconomic and geopolitical developments, including those specific to technology businesses, the internet and online advertising both in Russia and globally, as well as the impact of COVID-19;

- any proposed or adopted legislation in Russia that would impose limitations on foreign ownership or control of our business;
- changes or proposed changes in the regulation of our services by the applicable government authorities, including with respect to operational requirements and governance;
- market rumors (for example, rumors regarding potential changes to our capital structure in October 2018 had an immediate negative impact on the price of our Class A shares);
- quarterly variations in our results of operations or those of our competitors;
- fluctuations in our share of the internet search market;
- the proportion of our revenues generated on our websites relative to those generated through the Yandex ad network or through distribution partners, as a result of the revenue sharing arrangements we enter into and the overall volume of advertising we provide our partners;
- announcements of technological innovations or new services and media properties by us or our competitors;
- the amount of advertising purchased or market prices for online advertising;
- the emergence of new advertising channels in which we are unable to compete effectively;
- the volume of searches conducted, the amounts bid by advertisers or the number of advertisers that bid in our advertising system;
- changes in governmental regulations, in particular those applicable to regulation of online business in Russia and globally;
- disruption to our operations or those of our partners;
- our ability to develop and launch new and enhanced services on a timely basis;
- commencement of, or our involvement in, litigation;
- any major change in our directors or management;
- changes in earnings estimates or recommendations by securities analysts;
- our ability to compete effectively for users, advertisers, partner websites and content;
- the operating and stock price performance of other companies that investors may deem comparable to us;
- fluctuations in the exchange rate between currencies, including the Russian ruble and the U.S. dollar;
- general global or Russian economic conditions and slow or negative growth or forecast growth of related markets; or
- other events or factors, including those resulting from war, incidents of terrorism, natural disasters, public health concerns or epidemics, such as the COVID-19 pandemic, natural disasters, or responses to these events.

Additionally, volatility or a lack of positive performance in the price of our Class A shares may adversely affect our ability to retain key employees, some of whom have been granted equity awards.



This volatility may affect the price at which holders of Class A shares may sell such shares and the sale of substantial amounts of our Class A shares could adversely affect our trading price.

In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

***The concentration of voting power with our principal shareholders, including our founders, directors and senior management, together with the Priority Share held by the Public Interest Foundation, limits your ability to influence corporate matters, while a loss of voting control by our principal shareholders could affect the direction of our company.***

Our Class B shares have ten votes per share and our Class A shares have one vote per share. As of February 20, 2020, our founder, directors, senior management (and their affiliates) and principal non-institutional shareholders together own 95.67% of our outstanding Class B shares and 3.7% of our outstanding Class A shares, representing in the aggregate 55.06% of the voting power of our outstanding shares. In particular, our founder, Mr. Volozh, directly or indirectly controls 86.73% of our outstanding Class B shares and 0.11% of our outstanding class A shares representing in aggregate 48.48% of the voting power of our outstanding shares. Additionally, the Priority Share provides the Public Interest Foundation with certain rights, including an effective veto on acquisitions related to our Company or the sale of our material businesses.

In addition, as part of our recently implemented restructuring, the automatic conversion feature of the Class B Shares has been amended to provide that, upon the death of a Class B holder, including Mr. Volozh, Class B Shares held by a family trust established by such holder will not automatically convert for a period of two years. During the two-year transition period following the death of Mr. Volozh, the trustee of the family trust will be bound to vote in favor of any proposal of the Board, and in accordance with the Board's recommendation on any other matter. These restrictions will fall away, and the shares will automatically convert into Class A Shares, after the end of that two-year period.

As a result, our founder, directors, senior management and their affiliates have significant influence over the management and affairs of our company and over all matters requiring shareholder approval, including the election of directors, the amendment of our articles of association and significant corporate transactions, such as a sale of our company or its assets.

This concentrated control limits your ability to influence decisions on corporate matters. We may take actions that our public shareholders do not view as beneficial or as maximizing value for them. As a result, the market price of our Class A shares may be adversely affected.

***Certain of our directors and shareholders and their affiliates may have interests that are different from, or in addition to, the interests of other Yandex shareholders.***

Some of our directors are affiliated with investment funds or financial institutions that have investments in other businesses or entities that currently or may in the future compete with us or with whom we may enter into transactions. For example, one of our directors, Herman Gref, is CEO and Chairman of Sberbank, with which we have joint ventures with regards to Yandex.Market and Yandex.Money. Such affiliations may require the directors to recuse themselves from consideration of certain transactions or may otherwise create real, potential or perceived conflicts of interest.

***Our Board of Directors and our priority shareholder have the right to approve accumulations of stakes in our company or the sale of our principal Russian operating subsidiary, which may prevent or delay change-of-control transactions.***

Our Board of Directors has the right to approve the accumulation by a party, group of related parties or parties acting in concert of the legal or beneficial ownership of shares representing 10% or more, in number or voting power, of our outstanding Class A and Class B shares (taken together). If our board grants its approval of such share accumulation, the matter is then submitted to Public Interest Foundation, as holder of our priority share, which has a further right of approval of such accumulation of shares. In addition, any decision by our Board of Directors to transfer all or substantially all of our assets to one or more third parties, including the sale of our principal Russian operating subsidiary, is subject to the prior approval of Public Interest Foundation, as priority shareholder.

Any holding, transfer or acquisition by a party, group of related parties or parties acting in concert of the legal or beneficial ownership of Class B shares representing 10% or more, in number or by voting power, of our outstanding Class A and Class B shares (taken together), without the prior approval of our Board of Directors, first, and then the priority shareholder, will be null and void. The acquisition of shares in excess of the thresholds permitted by our articles of association will be subject to certain notification requirements set forth in our articles of association. Failure to comply with those terms would render the transfer of such shares null and void. In addition, the holders of such shares would not be entitled to the dividend or voting rights attached to their excess shares. The rights of our Board of Directors and our priority shareholder to approve accumulations of stakes in our company may prevent or delay change-of-control transactions.

***Anti-takeover provisions in our articles of association and the shareholders agreement among our principal shareholders may prevent or delay change-of-control transactions.***

In addition to the rights of our board and of the priority shareholder to approve the accumulation of stakes of 10% or more, as described above, our multiple class share structure may discourage others from initiating any potential merger, takeover or other change-of-control transaction that our public shareholders may view as beneficial. Our articles of association also contain additional provisions that may have the effect of making a takeover of our company more difficult or less attractive, including:

- the staggered terms, of up to four years, of our directors, as a result of which only a minority of our board is subject to election in any one year;
- a provision that our directors, other than the two directors designated by the Public Interest Foundation from time to time, may only be removed by a two-thirds majority of votes cast representing at least 50% of our outstanding share capital;
- requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our Board of Directors;
- minimum shareholding thresholds, based on par value, for shareholders to call general meetings of our shareholders or to add items to the agenda for those meetings, which will be very difficult for Class A shareholders to meet given our multiple class share structure; and
- supermajority requirements for shareholder approval of certain significant corporate actions, including the legal merger or demerger of our company and the amendment of our articles of association.

The Dutch public offer rules, which impose substantive and procedural requirements in connection with the attempted takeover of a Dutch public company, only apply in the case of Dutch target companies that have shares listed on a regulated market within the European Union. We have not listed our shares, and do not expect to list our shares, on a regulated market within the European Union, and therefore these rules do not apply to any public offer for our Class A shares.

***We rely on NASDAQ Stock Market rules that permit us to comply with applicable Dutch corporate governance practices, rather than the corresponding domestic U.S. corporate governance practices, and therefore your rights as a shareholder differ from the rights you would have as a shareholder of a domestic U.S. issuer.***

As a foreign private issuer whose shares are listed on the NASDAQ Global Select Market, we are permitted in certain cases to follow Dutch corporate governance practices instead of the corresponding requirements of the NASDAQ Marketplace Rules. We follow Dutch corporate governance practices with regard to the quorum requirements applicable to meetings of shareholders and the provision of proxy statements for general meetings of shareholders. In accordance with Dutch law and generally accepted business practices, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders. Although we do provide shareholders with an agenda and other relevant documents for the general meeting of shareholders, Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in the Netherlands. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules.

***We do not comply with all the provisions of the Dutch Corporate Governance Code. This may affect your rights as a shareholder.***

As a Dutch company we are subject to the Dutch Corporate Governance Code, or DCGC. The DCGC contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including the NASDAQ Global Select Market. The principles and best practice provisions apply to the board (in relation to role and composition, conflicts of interest and independence requirements, board committees and remuneration), shareholders and the general meeting of shareholders (for example, regarding anti-takeover protection and obligations of the company to provide information to its shareholders) and financial reporting (such as external auditor and internal audit requirements). The DCGC requires that companies either “comply or explain” any noncompliance and, in light of our compliance with NASDAQ requirements and as permitted by the DCGC, we have elected not to comply with all of the provisions of the DCGC. This may affect your rights as a shareholder and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC.

***Because of the secondary listing of our Class A shares on the Moscow Stock Exchange, we are subject to additional disclosure and compliance requirements that may conflict with those imposed by the SEC and NASDAQ, and we may experience trade fluctuations based on arbitrage activities.***

In June 2014, we established a secondary listing of our Class A shares on the Moscow Stock Exchange. Pursuant to that listing, we and our insiders must comply with certain disclosure and other obligations that may differ in timing and substance from those applicable to our NASDAQ listing. In addition, many of the obligations imposed by the Moscow Stock Exchange are formalistic in nature, and that exchange has limited experience in the application of its requirements to companies incorporated outside Russia. As a result, we may not be able to comply with all formal obligations in a manner that is consistent with the requirements or interpretations of that exchange.

In addition, this secondary listing may create opportunities for trading arbitrage, particularly in connection with currency fluctuations between the trading in U.S. dollars on NASDAQ and in rubles on the Moscow Stock Exchange, which could impact the trading price of our Class A shares.

#### **Risks for U.S. Holders**

***We cannot assure you that we will not be classified as a passive foreign investment company for any taxable year, which may result in adverse U.S. federal income tax consequence to U.S. holders.***

Based on certain management estimates with respect to our gross income and the average value of our gross assets and on the nature of our business, we believe that we were not a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes for the 2019 tax year, and do not expect to be a PFIC in the foreseeable future. However, because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets in such year, and because this is a factual determination made annually after the end of each taxable year and there are uncertainties in the application of the rules, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable year. In particular, the value of our assets may be determined in large part by reference to the market price of our Class A shares, which has fluctuated, and may continue to fluctuate, significantly. If we were to be treated as a PFIC for any taxable year during which a U.S. holder held our Class A shares, certain adverse U.S. federal income tax consequences could apply to the U.S. holder. See “Taxation—Taxation in the United States—Passive foreign investment company considerations.”

***Any U.S. or other foreign judgments you may obtain against us may be difficult to enforce against us in Russia or the Netherlands.***

We have only very limited operations in the United States, most of our assets are located in Russia, our company is incorporated in the Netherlands, and most of our directors and senior management are located outside the United States. As a result, it may be difficult to serve process on us or these persons within the United States. Although arbitration awards are generally enforceable in Russia and the Netherlands, and Russian courts may elect to enforce foreign court judgments

as a matter of international reciprocity and judicial comity, you should note that judgments obtained in the United States or in other foreign courts, including those with respect to U.S. federal securities law claims, may not be enforceable in Russia or the Netherlands. There is no mutual recognition treaty between the United States and the Russian Federation or the Netherlands, and no Russian federal law or Dutch law provides for the recognition and enforcement of foreign court judgments. Therefore, it may be difficult to enforce any U.S. or other foreign court judgment obtained against our company, any of our operating subsidiaries or any of our directors in Russia or the Netherlands.

*The rights and responsibilities of our shareholders are governed by Dutch law and differ in some important respects from the rights and responsibilities of shareholders under U.S. law.*

Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The responsibilities of members of our Board of Directors under Dutch law are different than under the laws of some U.S. jurisdictions. In the performance of its duties, our Board of Directors is required by Dutch law to consider the interests of Yandex, its shareholders, its employees and other stakeholders and not only those of our shareholders. Also, as a Dutch company, we are not required to solicit proxies or prepare proxy statements for general meetings of shareholders.

In addition, the rights of our shareholders are governed by Dutch law and our articles of association and differ from the rights of shareholders under U.S. law. For example, Dutch law does not grant appraisal rights to a company's shareholders who wish to challenge the consideration to be paid upon a merger or consolidation of the company.

#### **Item 4. Information on the Company.**

##### ***History and Development of the Company; Organizational Structure.***

Our founders began the development of our search technology in 1989, and launched the yandex.ru website in 1997. Our principal Russian operating subsidiary, Yandex LLC, was formed in 2000, as a wholly owned subsidiary of our former Cypriot parent company. In 2007, we undertook a corporate restructuring, as a result of which Yandex N.V. became the parent company of our group. Yandex N.V. is a Dutch public company with limited liability. Its registered office is at Schiphol Boulevard 165, 1118 BG, Schiphol, The Netherlands (tel: +31-20-206-6970). The executive offices of our principal operating subsidiary are located at 16, Leo Tolstoy Street, Moscow 119021, Russian Federation (tel. +7-495-739-7000).

For a discussion of our principal acquisitions and disposals in 2019, see "Operating and Financial Review and Prospects—Recent Acquisitions".

##### ***Business Overview***

###### **Our Business**

Yandex is one of the largest internet companies in Europe. Since 1997, Yandex has delivered world-class, geographically relevant search and locally tailored experiences on all digital platforms, based on its innovative technologies. Yandex operates Russia's most popular search engine. We also provide a number of other services, including market-leading on-demand transportation services, navigation products, classifieds and entertainment services in Russia and other regions, including other CIS countries, Central Europe, the EU, Africa and the Middle East. Yandex's goal is to help consumers and businesses better navigate the online and offline worlds.

Yandex is a technology company that builds intelligent products and services powered by machine learning. Our products and services are based on complex, unique technologies that are not easily replicated. Benefiting from Russia's long-standing educational focus on mathematics and engineering, we have drawn upon the considerable local talent pool to create a leading technology company.

We derive a substantial part of our revenues from online advertising. We enable advertisers to deliver targeted, cost-effective ads that are relevant to our users' needs, interests and locations. We serve ads on our own search results and other Yandex webpages, as well as on thousands of third-party websites that make up our Yandex Advertising Network. Through our ad network, we extend the audience reach of our advertisers and generate revenue for both our network partners and us. We offer a variety of ad formats to our advertisers, including performance-based, brand and video

advertising formats across different platforms. A few years ago, we embarked on a strategy to diversify our revenue streams and broaden the appeal of our ecosystem. Other revenue streams are growing rapidly and come from our Taxi segment, which includes ride-hailing and food delivery services, classifieds and other initiatives, including music subscription and event tickets sales within our Media Services, as well as Other Bets and Experiments, particularly by our car-sharing business and personalized content feed.

Our businesses are organized in the following operating segments:

- Search and Portal, which includes all our services offered in Russia, Belarus and Kazakhstan (and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all our services offered in Ukraine), other than those described below;
- Taxi (including our Ride-hailing business (which consists of Yandex.Taxi and Uber in Russia and other countries), FoodTech business (including Yandex.Eats, Yandex.Chef and Yandex.Lavka, a hyper local convenience store delivery service) and our Self-Driving Cars ("SDC") division);
- Classifieds (including Auto.ru, Yandex.Realty and Yandex.Jobs);
- Media Services (including KinoPoisk, Yandex Music, Yandex.Afisha, Yandex.TV program, our production center Yandex.Studio and our subscription service Yandex.Plus);
- Other Bets and Experiments (including Zen, Yandex.Cloud, Yandex.Drive, Geolocation Services and Yandex.Education);
- E-commerce (the Company's Yandex.Market service for the period prior to April 27, 2018, the date of the completion of the Yandex.Market joint venture between Yandex and Sberbank of Russia. Following the completion of the joint venture, we have deconsolidated Yandex.Market and now treat it as an equity investee under the equity method accounting).

Our Other Bets and Experiments aim to develop currently successful business models and to create new ones. Once an experiment becomes sizable enough, represents a new business model, and has good prospects for future development, we may decide to designate it a business unit or incorporate into one of our existing segments and report it accordingly.

#### **Search and Portal**

We offer a broad range of world-class, locally relevant search and information services that are free to our users and that enable them to find relevant information quickly and easily.

##### ***Yandex Search***

Our search engine offers almost instantaneous access to the vast range of information available online. We utilize linguistics, mathematics, machine learning and AI to develop proprietary algorithms that efficiently extract, compile, systematize and present relevant information to our users. Our organic search results are ranked by computer algorithms based exclusively on relevance, and we clearly segregate organic results from paid results to avoid confusing our users.

We also offer a number of our core products and services, such as search, mail, weather and browser, to users in Belarus, Kazakhstan, Turkey and Uzbekistan, providing targeted platforms for local advertisers in those markets.

Yandex Search generated 57.0% of all search traffic in Russia in 2019 and 58.3% in February 2020, according to Yandex.Radar, a search traffic and browser usage analytics tool based on Yandex.Metrica data. In 2019, our search share on desktop and mobile reached 68.3% and 50.1%, respectively. In February 2020, our search share averaged 68.8% on desktop and 52.9% on mobile, respectively, with mobile search share of 55.8% on Android and 41.5% on iOS. The percentage of our total search traffic generated from mobile devices averaged approximately 58% in Q4 2019 compared with 49% in Q4 2018, while the percentage of our search revenues generated from mobile devices increased to approximately 49% in Q4 2019 from approximately 41% in Q4 2018.

In December 2019, Yandex presented Vega – a major update of its search engine that includes over 1,500 improvements, such as search results quality enhancement, instant results, expert responses and hyperlocality.

#### ***Personal Services***

**Yandex.Mail** provides users with fast and easy access to their email.

**Yandex.Disk** is our cloud-based storage service that allows users to upload, store and share content online.

#### ***Yandex.News***

**Yandex.News** is the most visited online news aggregation service in Russia, providing a comprehensive media overview for our users. We aggregate and present local, national and international news. The selection of news is fully automated and editorial-free.

#### ***Yandex.Weather***

Our **Yandex.Weather** service offers hyperlocal, real-time weather information based on our proprietary weather forecasting technology, Meteum. Powered by machine learning, it gives accurate forecasts at the level of individual neighborhoods across the world. In 2018, based on our AI, neural networks and satellite technologies, we empowered our up-to-the-minute weather forecast service by using satellite imagery as a new data source for precipitation maps to provide users with highly advanced and accurate weather updates.

#### ***Yandex.Travel***

**Yandex.Travel** is our travel aggregator service, which allows users to search for flight tickets and hotels, as well as to compare prices. The service also offers users an opportunity to purchase train and intercity bus tickets. Yandex.Travel is integrated into the services of Yandex’s ecosystem and, in addition to Yandex.Travel websites, provides services directly from Yandex search results and Yandex.Maps.

#### ***Alice***

In October 2017, we launched **Alice**, the first conversational intelligent assistant for the Russian market. Alice assists users with a broad range of inquiries, such as factoid questions, weather forecasts, directions and currency exchange rates, as well as helps users to manage daily tasks, such as setting up an alarm, reminding of important things or hailing a taxi. Alice is not limited to predefined scenarios and includes a general “chit-chat” mode – a unique feature among intelligent assistants that has been enthusiastically embraced by millions of users. It also benefits from the near-human level of speech recognition accuracy (based on the Word Error Rate measurement) provided by the Yandex SpeechKit platform. In May 2018, we launched a developers’ skills platform, **Yandex.Dialogues**, designed to make it easy for any third-party developer to create new skills for Alice. Today, there are more than 4 million monthly users of external voice applications with Alice.

In May 2019, we announced our own smart home ecosystem powered by Alice, and by the end of the year, the number of supported smart home device models is about 1,500, including air-conditioners, robot vacuum cleaners, light switches, power sockets, remote controllers and more. While initially only accessible through our search app, Alice is also accessible through Yandex.Browser, Yandex.Navigator, Yandex Launcher, Yandex.Station, Yandex.Station mini and Yandex.Auto, as well as on third-party platforms and smart speakers.

#### ***Turbo pages***

Launched in mid-2017, Turbo pages is a new format of displaying content on mobile devices, which loads several times faster than regular web pages and is optimized for smaller screens. Our Turbo pages are easier to implement compared to other similar products and offer monetization from Yandex out of the box. Turbo pages are available on Search, Zen and News, in mobile and desktop. In 2019, our Turbo-pages were being used by tens of thousands internet websites.

#### ***Yandex Search App***

Enhanced with Alice, the first conversational voice assistant on the Russian market, Yandex Search App integrates Yandex's must-have services into one app, including Search, Maps, News, Zen, Weather and many others. At the beginning of 2020, our Search App was installed on 55% of Android smartphones in Russia and generated 53% of Yandex' search traffic on the Android platform. The Yandex Search App audience reached 55 million users on Android on a monthly basis in January 2020.

#### ***Yandex Browser***

Our Yandex Browser is the second most popular browser on desktops and the most popular non-native browser on mobile platforms in Russia. Yandex Browser is committed to delivering high-quality user experiences and to ensuring security for users online. Yandex Browser's built-in Antishock technology blocks malicious and fraudulent advertising and its "Protect" technology offers comprehensive protection against the majority of online threats. For example, Yandex Browser checks all downloaded files for viruses, warns users about dangerous websites, encrypts users' passwords when using public Wi-Fi networks, and ensures safe payments. In 2018, we introduced native ad blocking in the Russian version of Yandex Browser to enhance users' browsing experience by filtering intrusive advertising. Moreover, we started offering an energy-saving mode, making Yandex Browser the most energy-efficient browser, according to the tests of isbt.com, the Russian information and analytical website focused on IT technologies.

The combined share of our desktop and mobile visits processed through Yandex Browser in Russia reached 20.3% in February 2020, according to Yandex.Radar.

#### ***Hardware products***

##### ***Yandex.Station***

In May 2018, we launched **Yandex.Station**, the first smart speaker designed for the Russian market and Yandex's first hardware product, equipped with our AI voice assistant, Alice, to help users manage their daily tasks. Yandex.Station provides a complete in-home multimedia entertainment experience. As the first smart speaker with both audio and video capabilities, it plays music and also streams films, videos and television through its HDMI port to any connected display. Currently, Yandex.Station has access to Yandex's video platform Yandex.Live and streaming service KinoPoisk.

In October 2019, we launched our next smart speaker – the compact and affordable **Yandex.Station Mini**, which has all the features of Yandex.Station apart from video capabilities. In addition, it has a distinctive feature of gesture control.

#### **Our Monetization and Advertiser Services**

We offer a variety of ad formats to our advertisers, including performance-based, brand and video advertising formats.

Performance-based ads are principally targeted to a particular user query on our search engine result pages, and on the search result pages of our partners, as well as to the content of a particular website or webpage being viewed, or to user behavior or characteristics. Such ads are clearly marked as paid advertising and are separate from our organic search results and non-advertising content.

Most of our revenues are generated from performance-based advertising, on a pay-per-click basis, with a smaller, but growing portion of revenues generated from brand advertising and video advertising, based on the number of impressions delivered. We actively monitor the ads we serve, both automatically and manually, in order to help ensure the relevance of the ads as well as compliance with applicable laws.

##### ***Yandex.Direct***

**Yandex.Direct** is our auction-based advertising placement platform, which uses auction theory and relies on our distributed infrastructure to process millions of auctions every day. Yandex.Direct lets advertisers cost-effectively deliver relevant ads targeted at particular search queries or content on Yandex websites or third-party websites in the Yandex ad

network. Advertisers may use our automated tools, often with little or no assistance from us, to create performance-based ads, bid on keywords that are likely to trigger the display of their ads, and set total spending budgets. Yandex.Direct features an automated, online sign-up process that enables advertisers to create and quickly launch their advertising campaigns. Advertisers may also work with our sales staff to design and implement more specialized or sophisticated advertising campaigns. Recently we enhanced Yandex.Direct with an opportunity to place display ads right in the system. We also offer a Yandex.Direct mobile app to better facilitate advertisers' access to our service to manage their advertising campaigns.

Performance-based ads on our desktop search engine results page (SERP) appear in one of several general categories: top of the page, appearing above the organic search results and featuring up to four paid links on desktop and up to three paid links on mobile; and bottom of the page, which appears either below the organic search results or the right-hand block located to the right of the organic search results, featuring up to nine paid links in total on desktop and up to one paid link on mobile. In late 2017 we started to test the concept of Templates – our new ad placement formats tailored to a search query of a particular user. Templates allow advertisers to dynamically enrich their ads with additional elements, such as quick links, contact information, working hours, merchants' ratings, images and others. We are constantly rolling out new templates and testing new formats. In April 2018, we introduced a change in our search engine results page layout. Instead of our typical ad placement blocks, paid links are mixed with organic search links, whereby our algorithms choose which format is more appropriate and efficient in each particular situation in order to provide a more personalized SERP. Advertisers bid for the amount of traffic they want to purchase, instead of traditional bidding for a specific ad placement block. Yandex.Direct continues using a Vickrey-Clarke-Groves (VCG) auction to serve ads on our SERP.

#### ***Yandex Advertising Network***

Our Yandex Advertising Network partners include search websites, for which we provide search capabilities, as well as contextual network partners, where we serve ads on websites, digital panels and others, based on user behavior or characteristics or website content. Among our partners are some of the largest Russian websites, including Mail.ru, Rambler, Bing, Avito.ru, Gismeteo.ru and others.

We help third-party website owners monetize their content while extending the reach of our advertisers. Through the Yandex Advertising Network, our partners can deliver performance-based ads on their search results pages or websites. Our advertising algorithms use our proprietary MatrixNet technology, which optimizes the click-through rate on our network through improved click prediction. We screen applicants for the Yandex Advertising Network and favor websites with high-quality content and stable audiences to offer advertisers high-quality traffic.

Yandex's video advertising network allows users to place full-screen videos, video ads on pages of websites and ads within the video content available on over 300 advertising platforms, including desktop and mobile websites, mobile and Smart TV applications. Yandex's video ad network covers over 64.5 million users. Yandex's technologies enable users to provide advertising to the targeted audience and offer analysis of its efficiency through different tools and instruments, such as Brand Lift or video roll analysis.

In 2018, Yandex started offering auction-based digital outdoor advertising opportunities in partnership with leading outdoor advertising players in Russia, Gallery and RussOutdoor. In 2019 advertisers could run campaigns on billboards in Moscow, Saint Petersburg, Nizhny Novgorod, Kazan and other major cities. By the end of 2019, advertisers were able to use more than 500 outdoor formats for their advertising campaigns. Outdoor ads are sold on a thousand opportunity-to-see (OTS) basis. In September 2019, we launched Outdoor in Yandex.Direct, which gives many opportunities for advertisers to include Outdoor in their marketing mix using the same interface. Yandex's technologies also make it possible to estimate the audience coverage, and to divide it into segments in accordance with anonymized data on interests and social-demographic characteristics, which can be also used for Yandex.Direct retargeting.

In 2018, we also launched indoor advertising tailored to the targeted audience. The cameras on the digital advertising panels determine socio-demographic profile of the panels' audience, and when ads are shown to different types of viewers, we charge advertisers only for ads shown to the targeted audience. The system uses only anonymized data and does not make video recordings. In 2019 we enlarged the number of places where indoor advertising is available, such as pharmacies, beauty salons, business centers and mobile phone stores. The number of available indoor displays is currently more than 3,000. Indoor advertising was also launched in Yandex Direct in September 2019.



#### ***Programmatic advertising***

We have developed a range of programmatic advertising products, which utilize real-time bidding, or RTB, technologies to provide effective solutions to our publisher and advertiser partners. Our RTB ad exchange connects our performance-based demand-side platform (DSP) Yandex.Direct, to our display-based DSP (called AWAPS) as well as to integrated third-party DSPs. Our RTB ad exchange leverages the wealth of targeting data generated by our own Data Management Platform, including Crypta, and search and browsing history. The RTB ad exchange is connected to many of our Yandex Advertising Network partners who have chosen to display ads from our RTB ad exchange as well as or in lieu of our regular Yandex.Direct ads. In addition, through ADFOX, we provide a supply-side platform to our publisher partners. ADFOX is able to mediate in real-time between programmatic brand ads from AWAPS, performance-based ads from Yandex.Direct, ads from integrated third-party DSPs and the publisher's own direct sales.

#### ***Mobile Advertising***

We offer our advertisers the ability to display ads on mobile versions of Yandex services, including Search, Zen, and our Advertising Network partner websites, as well as in mobile applications, including our Yandex Search App. Advertisers are able to set up their mobile bid as a coefficient of their desktop bid.

#### ***Analytics tools***

Our web analytics system, **Yandex.Metrica**, has the largest coverage among web analytics platforms in Russia, installed on 84% of .ru domains. It is also one of the three most popular web analytics system tools in the world. Yandex.Metrica combines near real-time reporting tools with intuitive heat maps and session replay. It features online-to-offline and cross-device tracking, easy-to-use attribution models, intuitive dashboards and fully customizable reports and segments. Yandex.Metrica filters out referral spam and bot traffic and lets site owners monitor ad blocker usage – all out-of-the-box. Yandex.Metrica provides the Logs API to export all raw data in order to accomplish complex tasks. Yandex.Metrica is available without any data caps or sampling, regardless of the traffic volume.

We also provide users with **AppMetrica**, a universal app analytics and marketing platform for install attribution that can be used for tracking various kinds of ad campaigns, as well as for product analytics, crash reports and push campaigns.

**Yandex.Radar** is our market analytics tool, which provides advertisers, webmasters, analysts, and other internet marketing professionals with accurate statistics on the internet technology trends in different countries. Yandex.Radar's technology reports are based on Yandex.Metrica aggregated data and provide statistics on search market shares and browser usage, as well as traffic breakdown by operating system and device type. In November 2018, we introduced Yandex.Radar's "**Top internet resources**", which represents the first ranking featuring cross-device audience data for the top 10,000 sites popular among visitors from Russia.

#### **Taxi**

We provide a multi-mode experience that seamlessly and efficiently satisfies the ride-hailing and FoodTech needs of users in our markets. Our platform enables access to both a wide range of personal mobility services through our ride-hailing offerings, and a variety of food and convenience store delivery services through our FoodTech offerings.

#### ***Ride-hailing***

We launched our ride-hailing service in Russia in 2011. We have since expanded into 18 countries and 374 cities (with over 50,000 population), as of December 31, 2019. The scale of our network and our proprietary technological capabilities enable us to accurately forecast demand and incentivize drivers to be available to accept rides.

We have established one of the largest transportation networks in Russia and much of the CIS, providing over 700,000 drivers with taxi orders and enabling riders to complete 150 million rides in December 2019. The combined volume of downloads of our ride-hailing apps would make us the fourth-most downloaded ride-hailing service in the world in 2019, according to AppAnnie. In 2019, our total number of rides grew 54% year-over-year.

Russia has historically accounted for the largest portion of our ride-hailing operations, where we offer the broadest range of ride-hailing tariffs, varying by both price and functionality.

In addition to our primary ride-hailing services, our B2B platform offers complex solutions for corporate transportation services, including business trips, airport transfers and staff logistics, as well as transportation budget management. We launched our B2B platform in Russia in 2016 and have since expanded it to include Kazakhstan, Armenia and Israel.

Our app utilizes smartphone GPS to detect a rider's location and efficiently connect a rider with an available driver. Our app also provides robust features and functionality for riders throughout a trip, including the efficient determination of pickup points to reduce estimated arrival and waiting times. Our proprietary map infrastructure allows our apps to more precisely locate cars, as well as offers a more accurate match with nearby drivers. Our app provides riders with upfront pricing and may also suggest alternative pickup points with a shorter wait time or lower fare. Our app also alerts riders of price decreases when period of surge demand subsides. At locations with more complicated logistics such as airports or stadiums, pickup points are predetermined in our app and are integrated with offline points. Our app accepts a variety of payment methods, including credit cards, cash paid directly to the driver in certain markets and e-wallet payments.

We currently engage drivers for our ride-hailing services both directly and through a wide partner network. In certain regions, we also support the new simplified self-employment regime that has been introduced by the tax authorities in Russia, which allows us to engage more drivers directly.

We offer our Fleet Management Companies (FMCs) partners access to efficient fleet management software to manage their driver base and fleet, optimizing their administrative and technical workflows.

Safety is of the utmost importance, and we take a comprehensive approach to monitoring and improving the safety of all our platform users, before, during and after their rides. For riders, we offer insurance that covers passengers in the event of personal injuries sustained while on a ride. We have also implemented service access controls, such as driver scoring and detailed driver identification methods. We also tailor certain safety features to particular users, such as providing child safety seats. For drivers, we offer training and vehicle check-ups, both remotely and in person, and we have implemented technological tools to improve trip safety, such as video and telemetry monitoring to ensure drivers are alert. This hardware monitoring tool is currently in its pilot phase, and we hope to expand its use to a majority of our taxis in Russia in the near future. Our platform also includes protection and response tools, such as emergency support and a safety center section within the app for riders and drivers.

#### **FoodTech**

Our FoodTech business consists of Yandex.Eats, our ready-to-eat delivery service and Yandex.Lavka, a hyper local convenience store delivery service. We see a large potential for both segments in our target markets.

Our FoodTech business relies on a wide partner network of couriers, who make deliveries on bikes, scooters and on foot.

As of December 31, 2019, our Yandex.Eats services was available in 33 cities in Russia and Kazakhstan, with the majority of operations in Russia. Yandex.Eats is one of the leading online food ordering and delivery marketplaces in Russia collaborating with approximately 15,000 restaurant partners as of the end of December 2019. Approximately 85% of our food and other staple delivery orders in 2019 were through a first-party delivery model.

Yandex.Lavka offers on-demand delivery of groceries, ready-to-eat and other FMCG products within 15 to 20 minutes. The assortment includes 2,000 – 2,500 SKUs with a focus on fresh and ready-to-eat categories. As of the end of December 2019 Yandex.Lavka operated 50 “dark” stores (mini warehouses) in Moscow. We plan to expand our geographical footprint beyond the capital.

We use proprietary software powered by machine learning to manage inventories and assortment and ensure high level of stock availability and quality.

Our Yandex.Eats app provides a high-quality customer experience (focused on personalized and simple way of ordering food from a wide range of restaurants), discounts and special offers as well as real-time tracking of orders and couriers. Our app accepts a variety of payment methods, including credit cards and e-wallet payments.

Our FoodTech platform features separate apps for couriers and for our partner restaurants, which helps them to manage the order process. We are focused on enhancing the experience of our partner restaurants to improve efficiency of businesses processes.

### ***Self-Driving Cars***

In early 2017, we started working on our driverless technologies with the aim of creating a fully-fledged autopilot functionality, which is described in the industry as Level 5 – a fully-autonomous system. In May 2017, we unveiled our first prototype of our self-driving car, which leverages Yandex's world-class technologies, such as AI and machine learning, mapping and real-time navigation.

In November 2018, we received a license to operate our self-driving car in the state of Nevada and demonstrated the advanced capabilities of our autonomous vehicles at CES, Las Vegas in January 2019 and again in 2020. In December 2018, we obtained the relevant permission from the Israeli Ministry of Transportation and Road Safety, and began testing our self-driving cars on public roads in Tel Aviv, Israel.

By the end of 2019, our self-driving fleet grew to over 100 cars, which have accumulated over 2 million autonomous miles on public roads in Russia, the USA and Israel. Yandex is also operating Europe's first autonomous ride-hailing service with no one behind the steering wheel in Innopolis, Russia. In 2019, Yandex signed an MOU with Hyundai Mobis to jointly develop autonomous vehicles. We are also developing our own proprietary LIDAR sensors to be used in our self-driving cars. We have already started testing the first prototypes of our solid state and 360-degree LIDARs on the streets of Moscow.

In November 2019, we introduced our autonomous delivery robot, Yandex.Rover, which operates on our self-driving platform adapted for new tasks and driving dynamics. As a part of the initial testing phase, our Rovers are already delivering small packages on the Yandex campus in Moscow.

### **Classifieds**

Yandex's Classifieds business unit includes Auto.ru, Yandex.Realty and Yandex.Jobs.

**Auto.ru** is our classifieds platform for used and new cars, commercial vehicles and spare parts. We strive to make the used cars market as transparent as possible by trying to close the gap between the real conditions and customer perception of the cars advertised on our platform. Auto.ru puts significant effort into providing users with the special tools such as vehicle history reports, which include information from official databases as well as our internal and third-party data. In 2019, we launched a new feature that allows our users to apply for a car loan directly on the Auto.ru website. We partner with reliable financial organizations and do not provide loans ourselves.

Auto.ru continues to hold a leading position in its established markets with particularly strong presence in Moscow, St. Petersburg and Ekaterinburg. We also continue growing our market share in the regions. Successful integration of Hearst Shkulev Media, the largest media company in the Urals with 30 auto classifieds domains in the regions, and our deal with 24auto.ru, the leading auto classified in Krasnoyarsk region, have also strengthened our regional businesses.

We monetize Auto.ru through advertising, vehicle history reports, loan commissions, value added services (VAS) and listing fees for dealers, spare part sellers and certain individuals.

**Yandex.Realty** is our real estate classifieds platform for private individuals and realtors. The service provides listings for both the sale and rental of apartments, houses and commercial property. We also offer the opportunity to place listings for apartments in newly-built or under-construction apartment complexes across Russia. Yandex.Realty helps users not only to find the right listing but also discover all relevant information about the building and its surroundings. Yandex.Realty monetizes listings for new apartments, charging realtors for verified calls from clients.

**Yandex.Jobs** is our service for job seekers, which is mainly focused on blue collar and service industry jobs. The service is available as a mobile app for Android and iOS and allows users to get in touch with a potential employer directly from the app. Yandex.Jobs aggregates vacancies from a number of partners.

### **Media Services**

Media Services include our entertainment services (Yandex Music, KinoPoisk, Yandex.Afisha and Yandex.TV Program, which, combined, have a monthly audience of more than 50 million people), a subscription service

(Yandex.Plus), and a production center (Yandex.Studio). Based on Yandex's recommendation technologies and professional content, Media Services offer its users various entertainment options. We monetize Media Services through online advertising and transaction revenues, including music and video content subscriptions as well as event tickets sales. Our Media Services are available across different platforms, including Yandex.Station and Yandex.Auto.

Media Services include the following:

- **Yandex Music** is our music streaming service, offering users millions of tracks and facilitating new music discovery with its recommendation tools, as well as podcasts and radio feature. The most popular feature of Yandex Music is the smart playlist feed, which we launched in December 2017. Utilizing Yandex's machine learning technologies, the smart playlist feed is updated daily for each user according to their tastes and preferences. Yandex Music has a free web version and a mobile app and is offered as both Yandex's own service and as a white label product from mobile operators. Today, Yandex Music is available in 12 countries, including Israel, Belarus, Kazakhstan and other CIS countries. In January 2020, the number of Yandex Music subscribers reached 3.3 million users. The service's catalog includes more than 60 million tracks, as well as more than 90,000 podcast episodes. Yandex Music also invests in creating its own content, produces music videos, releases its own music shows and organizes concerts for subscribers.
- **KinoPoisk** is a video platform and the largest Russian-language source for information about movies, TV-shows, celebrity content and entertainment news, providing users with critic and user reviews and ratings, personalized recommendations, local movie showtimes, ticketing, and many other services. In 2018 KinoPoisk launched its own video streaming service, KinoPoisk HD, which allows users to watch content on a subscription basis (through the Yandex.Plus or KinoPoisk HD subscription) or purchase selected titles. The KinoPoisk HD catalogue lists over 9,000 movies and TV shows online, including exclusive content, licensed from leading domestic and international production companies. KinoPoisk offers a premium subscription in partnership with Amediateka, an exclusive distributor of HBO content in Russia, which gives our users access to the full video library of Amediateka. In 2019, we continued investing in our content library to grow the KinoPoisk streaming catalog. In December 2019, we announced a new exclusive deal with the BBC. The number of monthly viewing subscribers on the platform reached 1 million in January 2020.
- **Yandex.Afisha** ("playbill") allows users to buy tickets to cinemas, theaters and concerts online. It incorporates personalized recommendations and is currently operating in over 190 cities across Russia, as well as several cities in Belarus and Kazakhstan.
- **Yandex.TV Program** is a service providing users with an up to date schedule of broadcast, cable and digital TV channels as well as an option to view certain TV channels online.
- **Yandex Plus** is our subscription service, which we launched in Russia in May 2018. In 2019, we expanded Yandex.Plus to Kazakhstan and Belarus. The service provides subscribers with a high value bundle of multiple Yandex services, including unlimited music streaming on Yandex Music, ad-free movies and TV-shows on KinoPoisk HD, discounts for taxi and car-sharing rides, bonuses for Beru customers as well as other benefits from the Yandex ecosystem. We record Yandex.Plus' revenues in the Media Services segment.
- **Yandex.Studio** is our own production center, which we launched in 2018 to create video and music content, co-invest in different projects with other production studios and provide marketing support to movies releases. We have already participated in the co-production of several Russian movies. We believe the service is strategically important in a world where video consumption is rapidly shifting online and importance of original content as a key differentiating factor is increasing, and plan to expand our participation in such projects.

#### Other Bets and Experiments

In addition to our core business and our separate business units, we offer a number of services and products, including experimental ones that represent new business models and have good prospects for future development.

## **Zen**

**Yandex.Zen** is a personal content recommendation service. Zen selects news, videos, images, blog entries, and other internet content that may be relevant to a user. The service uses Yandex's global search index and AI technology.

Zen has successfully developed its publisher content platform. In 2018, the service launched the partner program with publishers, aimed at increasing the share of high-quality content created on the Zen platform. In September 2019, Zen offered an opportunity to create short videos, in addition to articles and narratives (a set of screens combining text, video, images and GIFs that can be swiped through) to all publishers. In December 2019, Zen's publisher content platform generated over 66% of all clicks to Zen.

Yandex Zen is available on Yandex Home Page, Yandex Search App, Yandex Browser, and as a standalone app on Android and iOS. In December 2018, Zen also became available to users of the Opera desktop browser in Russia. Zen is also preinstalled on some third-party devices sold in Russia by vendors such as Huawei, Xiaomi and Samsung. In 2019, Yandex Zen recommendation service launched inside Coc Coc browsers in Vietnam and Opera in Turkey, as well as inside Viber, the second most popular messaging app among traditional messengers in Russia, in a pilot mode. Following the successful test, we rolled out Zen feed to all users of Viber in Russia and Belarus in March 2020.

## **Yandex.Cloud**

In September 2018, we introduced our public cloud platform, Yandex.Cloud, allowing companies to host and develop their apps and services, and store and manage their data by leveraging Yandex's advanced technologies and infrastructure. At launch, Yandex.Cloud offered a scalable virtual infrastructure with multiple management options, automated services for the labor-intensive management tasks of popular databases systems and AI-based Yandex services (speech recognition and synthesis as well as machine translation).

As of December 2019, approximately 25,000 businesses and individuals were using our platform. We have enhanced our platform with new services such as Cloud Interconnect to extend customers' on-premise network to the Yandex.Cloud network via a private connection, DataLens to visualize data, and a range of services for developing cloud-native applications. We continue developing our cloud platform to provide users with a full-fledged cloud offerings. All Yandex.Cloud services are available on servers located in Russia.

## **Yandex.Drive**

In February 2018, we launched our free-floating car-sharing service, **Yandex.Drive**, providing users with vehicles, which can be reserved by the minute, the hour or the day through a mobile app and which can be dropped of in any permitted parking place across the cities we serve, as well as at airports and shopping malls. Offering on-demand access to cars in Moscow, Saint Petersburg and Kazan, Yandex.Drive operates the leading car-sharing platform in Russia and one of the largest in the world. As of February 2020, Yandex.Drive users have completed approximately 58 million rides since the launch.

In 2019, we also introduced the cargo and minivan segments of our car-sharing service and added a fleet of 30 electric vehicles in Moscow.

We equip Yandex.Drive's car fleet with Yandex.Auto, our in-car infotainment system. Yandex.Auto provides a number of Yandex's services, including Yandex.Navigator and Yandex Music. Powered by our voice-controlled assistant Alice, Yandex.Auto allows the user to personalize the service. It recognizes each user, greeting them by name, loads their usual routes, plays their favorite music and warns about traffic or weather conditions.

Yandex.Drive pricing is inclusive of fuel, parking, insurance and other costs associated with car ownership. Yandex provides dynamic pricing, which integrates traffic conditions, customer demand and other factors at the time of reservation. In addition, Yandex.Drive became the first car-sharing service worldwide to launch fixed-price tariff based on the final destination point, which allows us to improve the utilization rates of our fleet.

### **Geolocation Services**

Our **Geolocation Services** integrate Yandex's advanced technologies (including mapping, cartography, navigation, etc.) to provide broad range of services across Russia, other CIS countries and Turkey. We focus on the development of logistics and routing solutions for individual users and businesses, as well as advertising products for offline-businesses. Our Geolocation Services include Yandex.Maps, Yandex.Navigator, our infotainment system for connected cars, Yandex.Auto, as well as Yandex.Routing, our technology platform for businesses, which provide services and products in the transportation and logistics industries. We monetize Geolocation Services through online advertising, licensing and transaction services.

**Yandex.Maps** provide high-quality, detailed maps of Russia, its neighboring countries, Turkey and other countries where we operate our ride-hailing service. We offer our users panoramic views, navigation across cities enriched with augmented reality, public transportation routes, driving directions with voice controls and turn-by-turn navigation. We continue to develop Yandex.Maps to integrate new features, such as hotel bookings, food ordering, ratings and reviews of restaurants as well as their menus. In 2019, we introduced a new Transportation section, which enables users to see public transport routes as well as buses, trolleybuses and trams that move in real time.

We use our technology and licenses to create and edit maps from raw data, including satellite images, GPS coordinates and live user feedback. Yandex.Maps is also available via application programming interfaces, or APIs, which allow developers to embed and use our interactive maps in third-party websites and applications, as well as to add extra layers of information — for example, to offer a map showing the location of a restaurant or a hotel.

We also offer **Yandex.Navigator**, our mobile application, empowered by our AI assistant Alice, that provides turn-by-turn navigation, incorporates a voice input function, speed limit warnings, parking information, natural guidance features as reference points along a route and voice notifications for accidents or road works. It is one of Yandex's most popular mobile apps in terms of usage.

Our map-based apps allow offline businesses to place ads in native formats (adopted for different scenarios on the map) and target potential clients among those using Yandex.Maps and/or Navigator.

**Yandex.Auto** is our voice-activated in-car infotainment system, which offers Yandex's best-in-class mapping and navigation, music streaming, weather information and other services. We work with car manufacturers to equip cars with Yandex.Auto. Yandex.Auto is already available in some models of Toyota, Nissan, Honda, Renault, Geely, Chery and others on the Russian market. In this segment, we primarily generate revenues from the sale of Yandex.Auto software licenses.

In May 2019, Yandex entered into an agreement with Renault-Nissan-AvtoVAZ, which represents about a third of the Russian new car market. Under this agreement, Yandex.Auto will be fitted into more than 2 million Renault, Nissan and Lada cars in the next five years. In late 2019, we also signed an agreement with Geely for the integration of Yandex.Auto platform into new cars. About 80% of Geely cars sold in Russia and Belarus will be equipped with our platform.

**Yandex.Fuel** is a contactless payment service at gas stations built into Yandex.Navigator, Taxisimeter, an application for Yandex.Taxi drivers, Yandex.Drive car-sharing and Yandex.Auto multimedia systems, and is also available to corporate clients. The service was launched in December 2018.

Now more than 4,000 fueling stations are connected to the service throughout Russia, including EKA, PTK, Neftmagistral, Tatneft and Shell. In 2019, the users of Yandex.Fuel have purchased more than 145 million liters of fuel with a gross merchandise value of 5.5 billion rubles.

**Yandex.Routing** is our B2B routing platform, aimed at providing businesses in the transportation and logistics segments with routing-based solutions. Offering optimal and transparent routes for delivery and logistics, our service helps companies to minimize the time and fuel spent.

## E-commerce

Launched in 2000, **Yandex.Market** is one of the most popular internet services in Russia, providing product information, price comparisons and user generated reviews of products and online retailers. We aggregate price, product and availability information from thousands of active online and “brick and mortar” retailers, and currently feature over 200 million offerings in approximately 3,000 product categories from over 30,000 domestic and international merchants. Similar to Yandex.Direct, Yandex.Market is mainly priced on a cost-per-click (CPC) basis and recognizes revenue only when a user clicks on product offerings placed by merchants on Yandex.Market.

In April 2018, Yandex and Sberbank of Russia completed the formation of a joint venture based on Yandex.Market to further develop domestic and cross-border e-commerce marketplaces, in addition to comparison shopping. Sberbank invested 30 billion rubles (approximately \$500 million at the time) into the new joint venture. At closing, the joint venture was valued at 60 billion rubles (approximately \$1 billion at the time). The two partners own equal stakes in the joint venture. Ten percent of the JV’s shares are reserved for current and future equity awards for management and employees of Yandex.Market.

Starting April 27, 2018, we deconsolidated Yandex.Market from Yandex’s consolidated financial results and we record our share of Yandex.Market’s financial results under the equity method of accounting within the other income/(loss), net line in the consolidated statements of income.

In May 2018, Yandex.Market launched in beta the marketplace Beru, a domestic e-commerce platform with 1P and 3P sales, allowing users to make purchases across multiple categories. Beru came out of beta in October 2018, featuring 100,000 SKUs, which expanded to over 600,000 SKUs by the end of 2019. The daily audience of the marketplace exceeded 1 million users as of the end of the year. In order to enhance the user shopping experience and provide full-fledged services, we introduced the first Beru-operated fulfillment center in Rostov-on-Don. In 2019, we launched another two fulfillment centers in Sofino and Tomilino, in the Moscow region. In addition, Beru leases capacity from a third-party fulfillment center.

## Our Technology

Yandex is a technology company that is a pioneer in machine learning, artificial intelligence and neural networks. We believe this expertise uniquely positions us in the global technology arena and allows us to innovate in our local markets and continuously improve our products and services based on complex, unique technologies that are not easily replicated.

## Advertisers

Our advertisers include individuals and small, medium and large businesses throughout the countries in which we operate, as well as large multinationals. Small and medium size enterprises purchase the bulk of our performance based advertising. No single advertiser accounted for more than 1.1% of our total revenues in 2017, 2018 or 2019.

## Sales and Advertiser Support

We have an extensive sales and support infrastructure, with sales offices in a number of cities in Russia, as well as Minsk, Belarus; Lucerne, Switzerland; Newburyport, Massachusetts, USA; Istanbul, Turkey; Shanghai, China; and Almaty, Kazakhstan. In Russia we have 17 sales offices, which allows the company to better understand the needs of businesses in the regions and help them grow using new technologies and advertising opportunities.

The substantial majority of our advertisers use our automated Yandex.Direct service to establish accounts, create ads and manage their advertising campaigns. Our largest advertising clients are served by a dedicated sales team. These companies may request strategic support services, which include a dedicated accounts team, to help them set up and manage their campaigns. Our sales team specialists are able to help advertisers with tasks such as selecting relevant keywords, creating effective ads and audience targeting, thus measuring and improving advertisers’ return on investment.

The Yandex Advertising Network follows a similar model. Most of the websites in the network submit their applications through Yandex.Direct’s automated partner interface. Our direct sales force focuses on building relationships

with our largest partners to help them get the most out of their relationship with us. We also have relationships with different advertising sales agencies placing online advertising.

#### Marketing

We engage in significant marketing efforts directed first and foremost at internet users, as well as advertising agencies, advertisers and webmasters. Our marketing efforts are focused above all on delivering an optimal user experience with every Yandex product and service. We believe that satisfied users are the best and most credible advocates for our services. In order to improve user satisfaction and loyalty and to continue to use our products and services as marketing tools, we constantly experiment with and improve the design, technology and interface of these products and services. Although we believe that word of mouth is the best advertising strategy, we also view advertising campaigns in online and traditional media as an important element of our efforts to promote our brand, as well as key services. We also invest heavily into our separate business units, including Taxi, Classifieds, Media Services and Other Bets and Experiments to grow customer awareness, increase user base, increase usage in our existing markets and penetrate into other geographies.

#### Competition

We operate in a market characterized by rapid commercial and technological change, and we face significant competition in many aspects of our business, including search, ride-hailing, food delivery, classifieds, media services, e-commerce and cloud. We currently operate principally in Russia, Belarus, Kazakhstan, Uzbekistan and Turkey.

Across our different business lines we face competition from both global and local players.

We consider Google to be our primary competitor. In addition to its search solutions, including voice search, Google offers online advertising, information and other search services similar to ours, including services similar to Yandex.Direct. We expect that Google will continue to use its brand recognition, financial and engineering resources and to develop its technologies to compete with us.

The following table presents a comparison of Russian search market share, according to Yandex.Radar (a search traffic and browser usage analytics tool based on Yandex.Metrica data), based on search traffic generated:

	2017	2018	2019
Yandex	55.1%	56.3%	57.0%
Google	39.6%	40.0%	40.1%
Mail.ru	3.4%	2.2%	1.6%
Rambler	0.4%	0.2%	0.2%
Other	1.5%	1.3%	1.2%

We also face competition from the Russian and international websites of Microsoft and other established companies and start-ups that are developing search and online advertising technologies.

Mail.ru Group is one of our largest local competitors. Mail.ru offers many communication services, including Russia's most popular webmail, social networking and messenger services. Our Yandex.Direct platform competes for advertising budgets with myTarget, an advertising tool operated by Mail.ru across its social networks and e-commerce projects.

We believe that social networking sites, such as Facebook, Twitter, and Mail.ru Group's Vkontakte, Odnoklassniki and My World services, are becoming significant competitors for online ad budgets. These sites derive a growing portion of their revenues from online advertising, and are experimenting with innovative ways of monetizing user traffic. In light of their very large audiences and the significant amount of proprietary information they can access to analyze their users' needs, interests and habits, we believe that they may be able to offer highly targeted advertising which could create increased competition for us. The popularity of such sites may also reflect a growing shift in the way in which people find information, get answers and buy products, which may result in increased competition for users.

In certain vertical areas, in particular those in which our business units operate, we and our joint ventures compete with niche services, including e-commerce, video search, online news aggregators and dictionaries, real estate and



automobile services, and specialized search apps for mobile devices. Our Yandex.Taxi service competes with Vezet, Citymobil (operated through a JV between Mail.ru and Sberbank) and Gett as well as a number of regional offline players across Russia. In addition, although Yandex.Taxi and Uber operate as a joint venture in Russia and neighboring countries, our Taxi business may also compete with Uber in jurisdictions outside the scope of our joint venture territory. Yandex.Market's e-commerce services face competition from a number of local players acting as both merchants and marketplaces, including Wildberries, Ozon, AliExpress Russia (operated through a JV between Mail.ru, Megafon, RDI, and Alibaba), Avito and others. Our Classifieds services compete with Avito in most areas as well as with a number of niche players such as CIAN in real estate and Drom in automobile sales. On the Media Services front, our KinoPoisk service competes with Ivi, Okko (operated by Rambler Group) and other online cinemas, while Yandex Music competes with VK Music and Boom (both operated by the Mail.ru), and Apple Music. Our food delivery business Yandex.Eats competes with Delivery Club (a part of the JV between Sberbank and Mail.ru). Our Yandex.Drive car-sharing service competes with Delimobil, BelkaCar as well as a number of other players operating primarily in Moscow and St. Petersburg. Our public cloud platform competes mainly with international cloud services, such as Microsoft Azure, Google Cloud and Amazon Web Services (AWS), as well as with certain local players (Rostelecom, Sberbank, Mail.ru).

We also face competition from other search and service providers in establishing relationships with device manufacturers, such as mobile and tablet computer makers, and access providers, such as internet service providers. Such companies have a significant degree of control over the distribution of products and services, including by offering or establishing exclusive arrangements for "default" search features or other services and bundling them with their offerings. Our users typically have direct relationships with these companies, and may be influenced by economic or other factors in deciding which search or other services to use.

#### **Science and Education**

Yandex has been developing and implementing educational programs since 2007. Today the company has more than 30 educational projects and services that are used by people of all ages – from first graders to graduate students, from young professionals to those who decided to change their career paths. Our team of specialists represents many scientific disciplines, including mathematics, data analysis, programming and linguistics. Besides, working on products and technologies at Yandex, some of our experts teach, lecture and train students and young specialists.

The Yandex School of Data Analysis, offering free courses for undergraduates and graduate students, has been running since 2007. The school trains specialists in data processing, big data infrastructure, data analysis, and fact extraction in five Russian cities as well as in Minsk, Belarus. The school's graduates create a global alumni network advancing machine learning and distributed systems development in academia and the private IT sector. In October 2018, we launched Y-Data, a branch of Yandex School of Data Analysis in partnership with Tel Aviv University, Israel. It offers an advanced one-year master's degree program in machine learning. Yandex also has schools for project managers, user interface developers, designers and other specialists in IT.

In 2016 with the support of regional governments and ministries overseeing education and IT, we launched a project to teach programming to school children called Yandex.Lyceum which is now offered in 131 cities in Russia and Kazakhstan.

Yandex and Higher School of Economics (HSE) run the Faculty of Computer Science, for which we created an educational program. We also partner with other leading research centers and universities, including the Moscow Institute of Physics and Technology, Saint Petersburg State University and the Belarusian State University. We sponsor a number of contests and workshops/seminars in computer programming, mathematics and linguistics with participants from all over the world, and run a programming competition on the annual basis, Yandex Championship, in different fields of computer science such as backend, frontend, machine learning, mobile app development, data analytics and competitive programming.

In addition to educational services, Yandex and Coursera, the online education platform, launched several Specializations and Courses written by Yandex's employees for people who are eager to expand their knowledge in a certain field of IT.

In 2019, we launched Practicum, an online learning platform in the IT sphere available for users globally. The programs currently available on the service include frontend development, web development, backend development, data

analysis and data science. Over 300,000 people have already explored our educational opportunities with thousands of them choosing to meet their professional goals with help of our platform.

To reward achievements in academics and research as well as to support undergraduate and postgraduate students in computer science and information technology at HSE, in 2014 we established the Ilya Segalovich Scholarship, in memory of one of our co-founders. The scholarship committee includes faculty staff members and lead developers from Yandex. Since 2014, this scholarship has been awarded to over 80 students.

Among of our other important educational projects we note the following:

- Yandex.Textbook, an online service for schoolteachers for Russian language and mathematics with possibility for individual educational trajectories for each student.
- Yandex Atlas, which provides students and their parents with information about the pass rates of Russian universities in previous years and helps them to choose an appropriate university in accordance with their requirements and opportunities.
- Yandex.Tutor, an online study tool for the Russian Unified State Exam (USE).

#### **Employees and Workplace Culture**

We place a high value on technological innovation and compete aggressively for talent. We strive to hire the best computer scientists and engineers, as well as talented sales, marketing, financial and administrative staff. We seek to create a dynamic, fulfilling work environment with the best features of a “start-up” atmosphere, encouraging equal participation, creativity, the exchange of ideas and teamwork.

Our total headcount increased from 8,767 at December 31, 2018 to 10,092 at December 31, 2019. As of December 31, 2019, we had 5,784 employees related to the product development cost category, 3,808 employees related to sales, general and administration, and 500 employees related to cost of revenues.

#### **Intellectual Property**

We rely principally on a combination of trademark, copyright, related rights, patent and trade secret laws in Russia and other jurisdictions as well as confidentiality procedures and contractual provisions to protect our proprietary technology and our brand. We enter into confidentiality and patent assignment agreements with our employees and consultants and confidentiality agreements with other third parties, and we rigorously control access to our proprietary technology.

Our patent department is responsible for developing and implementing our group-wide IP protection strategy in selected jurisdictions. We have filed more than 750 patent applications to date, of which more than 400 have resulted in issued patents in Russia, the USA, China and Taiwan. We also have internal procedures for invention disclosures, patent filings, patent acquisitions, freedom-to-operate analyses and patentability searches.

We have three registered well-known trademarks in Russia for certain services (classes 35, 38 and 42 under the International Classification of Goods and Services) on the basis of intensive use. Under Russian law, the protection granted to well-known trademarks is extended to non-homogeneous goods and services if customers associate specific use of the designation by third parties with the rights holder and the rights holder’s legitimate interests are infringed. Yandex is also a registered trademark in Ukraine, the United States, the European Union and other countries under the Madrid Agreement and Protocol. We have other registered trademarks in Russia and abroad. We continue to file applications to register new trademarks and widen the country coverage of our existing trademarks. Most of the software used by our services or distributed by Yandex to our users is either developed by our employees or by independent contractors who transfer all rights to Yandex.

We enter into written license and use arrangements with providers of a significant portion of the content we offer. Our agreements with most of the news content providers in Russia are on “content-for-traffic” terms, pursuant to which we obtain access to news content for free in consideration of the user traffic that accesses the content providers’

websites through our search engine. We license or purchase other additional content. We do not knowingly include content on our websites that we do not have the legal right to include.

We do not own the content generated or posted by users on our websites. As with all websites that host user-generated content, we are potentially liable for any intellectual property infringement committed by the creator of that content. If we receive a complaint from a party that user-generated content on our websites infringes that party's copyright or related rights, we examine the content in question. If the complaint is substantiated, we remove the content and notify the party that has posted the content (if their contact details are available). If the user evidences that the content does not violate third parties' intellectual property rights, it is possible to recover the deleted content. In the event of any court decision in the matter, we comply with the decision.

#### **Facilities**

Our principal operating subsidiary currently leases a total of approximately 64,000 square meters in a single location in central Moscow that serves as our group's headquarters. We also lease additional office space of about 49,000 square meters in business centers in central Moscow, of which approximately 19,000 square meters relates to the contract for office space in Moscow City business center that we signed in December 2019. We or our operating subsidiaries also lease or own office space in a number of other cities in Russia. We also lease offices in Newburyport, Massachusetts, USA; Istanbul, Turkey; Lucerne, Switzerland; Minsk, Belarus; Berlin, Germany; Schiphol, The Netherlands; Shanghai, China; Almaty, Kazakhstan; Tel Aviv, Israel, and other locations. We operate data centers in Moscow and other regions of Russia, as well as in Finland. We have points of presence in a number of cities in Russia and elsewhere. Taking into account the projected demand for our services, we continuously evaluate the capacity and locations of our data centers to determine the most cost-effective manner of delivering reliable services to our users.

In December 2018, we acquired a property site at 15 Kosygina Street, Moscow, Russia for our new Moscow headquarters. The acquisition cost of the property site amounted to 9.7 billion rubles (around \$145 million, based on the exchange rate as of the transaction date) exclusive of 18% VAT. We are continuing to progress in our efforts to develop this site, including obtaining required regulatory approvals.

#### **Governance Structure**

##### *Overview*

In December 2019, our shareholders approved targeted changes to Yandex's corporate governance structure, which we refer to as the restructuring. Our Board proposed this restructuring in response to the evolving legal and regulatory environment in Russia, and designed these changes to balance the concerns of public authorities in our core market with the interests of our shareholders, employees and users.

Pursuant to this restructuring, a newly formed Public Interest Foundation now has certain limited and targeted governance rights in our group. The Public Interest Foundation was incorporated in the Otkryabskiy special administrative region in Kaliningrad, in the Russian Federation, under a newly adopted legislative framework. The Public Interest Foundation has no shareholders, owners or beneficiaries, and is governed by the Foundation's Board of Directors. The statutory purpose of the Public Interest Foundation, as set out in its charter, is to preserve the continuity and promote the success of Yandex. The Public Interest Foundation is not permitted by its charter to engage in any commercial activities; its operating costs will be covered by Yandex.

##### *Priority Share*

The Public Interest Foundation holds our Priority Share, which gives the Public Interest Foundation the following rights:

- to approve the accumulation by a party, group of related parties or parties acting in concert, of the legal or beneficial ownership of shares representing 10% or more, in number or by voting power, of the outstanding Class A and Class B Shares (taken together), if our Board has otherwise approved such accumulation of shares;

- to approve a decision of our Board to sell, transfer or otherwise dispose of, directly and indirectly, all or substantially all of our assets to one or more third parties in any transaction or series of related transactions, including the sale of Yandex LLC; and
- to make binding nominations of two members of our 12-person Board, whom we refer to as the designated directors. Under Dutch law, a binding nomination will be adopted at a General Meeting of our shareholders, unless rejected by a two-thirds (2/3) majority of those voting.

*Board Committees*

As part of the restructuring, our Board has also reorganized its Nominating Committee and has formed a new Public Interest Committee. One designated director will sit on the Nominating Committee, and both designated directors will sit on the Public Interest Committee.

Nominating Committee

The Nominating Committee will consist of five directors and will form two subcommittees:

- Subcommittee I will consist of one designated director, one director with a Russian passport and residency, and one other director. Subcommittee I will recommend to our Board for nomination four directors (the “Class I Directors”), who will then be subject to the approval of our Board as a whole. The designated director will have the right to veto any candidates for such slots, provided that the exercise of such veto has first been approved by the Public Interest Foundation. The initial Class I Directors are Herman Gref, Mikhail Parakhin, Charles Ryan and Ilya Strebulaev.
- Subcommittee II will consist of three directors who are not Class I Directors and will, by simple majority, recommend to the Board for nomination six directors (the “Class II Directors”); the designated directors will have no right of veto over candidates for these seats. Our Board must adopt the recommendations of candidates recommended by Subcommittee II, unless our Board votes by a supermajority of ten directors (subject to adjustment for Board vacancies) to reject such recommendation.

Public Interest Committee

The Public Interest Committee will have a right of approval over certain specified matters, and will consist of three members: the Yandex CEO (currently Mr. Volozh) and both of the designated directors. Decisions of the Public Interest Committee must be unanimous. The Public Interest Committee will not review ordinary business or commercial matters; its right of approval will be limited to a defined list of the following specific matters deemed to be of public interest:

- transactions or other transfers resulting in the granting of direct access to Russian users’ personal data owned by us and non-depersonalized big data owned by us to non-Russian persons;
- the adoption, modification, amendment, and cancellation of the Yandex internal policies on protection of personal data and non-depersonalized big data of Russian users (including storage procedures, and sale/provision of such information to foreign persons);
- entry by Yandex into any agreement which concerns Russia with a non-Russian state or an international intergovernmental organization (or its bodies and agencies); and
- direct or indirect transfers or encumbrances of material intellectual property rights, including licensing such rights, if as a result of such license Yandex would lose the ability to use such rights in Russia.

Our Board cannot act in respect of any of these specified matters prior to receiving a recommendation from the Public Interest Committee. If the Public Interest Committee does not approve the matter referred to it, the Board will follow the decision of the Public Interest Committee, unless the Board rejects such decision by either (i) a supermajority of eight votes (subject to adjustment for Board vacancies), which must include the affirmative votes of the two designated directors; or (ii) a supermajority of eight votes (subject to adjustment for Board vacancies) (not including the affirmative votes of the two designated directors), provided that the Public Interest Foundation Board has given its

approval. The Public Interest Committee will act only as a check on our Board's actions; it cannot proactively make any decisions on behalf of the Board or require the Board to take any action.

*Special Voting Interest in Yandex LLC*

As an additional protection for the overall structure, the Public Interest Foundation holds a Special Voting Interest in Yandex LLC, which provides limited and defined powers that will be exercisable only in the case of what we describe as a Special Corporate Situation or a Special Situation related to a matter of national security.

Special Corporate Situations

A Special Corporate Situation is deemed to arise only in the following specific circumstances:

- the Public Interest Committee is not formed;
- the Public Interest Committee is dismissed by our Board;
- a designated director is not included in the Nominating Committee;
- a binding nomination for a designated director is rejected by the General Meeting;
- a designated director is removed by the General Meeting without approval of the holder of the Priority Share;
- the General Meeting appoints a candidate as a Class I Director that has not been recommended by the Nominating Committee through Subcommittee I; or
- a decision of the Public Interest Committee is breached by Yandex LLC.

If the Foundation Board decides (acting by a specified majority) that any of the above triggers for a Special Corporate Situation has occurred, it must send a notice to Yandex, providing details of such matter. Following receipt of such notice, we may cure such matter within a defined period. If we do not cure such matter, the Public Interest Foundation will have the ability (acting by specified majority) to replace the General Director of Yandex LLC without the vote of Yandex N.V. The Public Interest Foundation will appoint an interim General Director from a pre-approved list. As soon as the situation is resolved, Yandex N.V. will remove the interim General Director and appoint a permanent General Director.

Special Situations related to a matter of national security

A Special Situation is a matter constituting an extraordinary one-off event related to matters of the national security of the Russian Federation requiring quick remedy.

If the Foundation Board decides (acting by a specified supermajority) that a Special Situation has occurred, it must send a notice to Yandex providing the details of such matter. Following receipt of such notice, we may cure such matter within a defined period. If we do not cure such matter, the Public Interest Foundation will have the ability (acting by specified majority) to replace the General Director of Yandex LLC without the vote of Yandex N.V. In interim General Director appointed under these circumstances will hold office for a limited period of time, after which Yandex N.V. will again have the right to appoint a permanent General Director.

*Public Interest Foundation Board*

The Public Interest Foundation is governed by a board comprising 11 directors, including members appointed by five leading Russian universities (Higher School of Economics, Moscow Institute of Physics and Technology, Moscow State University, Saint Petersburg State University and the Saint Petersburg National Research University of Information Technologies, Mechanics and Optics), and three non-governmental institutions (the Russian Union of Industrialists and Entrepreneurs (RSPP), Moscow School of Management Skolkovo and the Endowment of Moscow School #57), all of which have long histories of cooperation with Yandex. The Public Interest Foundation Board will also include three representatives of Yandex management (initially, Arkady Volozh, Tigran Khudaverdyan and Elena Bunina). The initial members of the Foundation Board are:

Elena Bunina, General Director of Yandex LLC – Executive Director of the Foundation

Elena Shmeleva (Saint Petersburg State University), Director of Educational Center “Sirius”, the Head of the Education Fund “Talent and Success” – Chairperson of the Foundation

Arkady Volozh, CEO of Yandex N.V.

Tigran Khudaverdyan, Deputy CEO of Yandex N.V.

Pavel Bezruchko (Higher School of Economics), Managing Partner of “ECOPSY Consulting”

Mikhail Kirpichnikov (Moscow State University), Dean of the Biology Faculty at MSU

Alexander Dyukov (University of Information Technologies, Mechanics and Optics), Chairman of the Board, CEO of Gazprom Neft

Sergey Ryazansky (Moscow Institute of Physics and Technology), Head of “Russian Schoolchildren’s Movement”, an all-Russian public-state children and youth organization”

Alexander Shokhin (Russian Union of Industrialist and Entrepreneurs), President of Russian Union of Industrialist and Entrepreneurs

Andrey Sharonov (SKOLKOVO), President of the Moscow School of Management SKOLKOVO

Mikhail Sluch (School №57 Development Fund), Director of School №57

After Russian parties (including Russian citizens, Russian beneficially owned legal entities and the Mr. Volozh’s family trust) cease to hold cumulative voting power over at least 50% plus one vote in Yandex N.V., the number of representatives of management entitled to sit on the Foundation Board will be decreased from three to two, and the Higher School of Economics will have the right to appoint an additional member of the Foundation Board. As a result, the Foundation directors appointed by Russian universities will have the power to decide on the following matters without any additional votes by the other members of the Foundation Board:

- selection of candidates for binding nomination as designated directors; and
- proposals of candidates for inclusion on the list of persons who may serve as interim General Director of Yandex LLC from time to time.

#### *Conversion Provisions of the Class B Shares*

In addition, as part of the restructuring, the automatic conversion feature of the Class B Shares was amended. Previously, such shares would immediately convert into Class A Shares upon the death of the holder. To avoid this “cliff-edge” scenario, in which the voting control of our company could suddenly shift, following this amendment Class B Shares held by a family trust will not automatically convert for a period of two years after the death of the holder. Mr. Volozh has established such a trust. Mr. Volozh also agreed to enter into a two-year lock-up agreement with respect to 95% of his Class B Shares.

#### **Government Regulation**

We operate in a rapidly evolving environment of increasing regulatory complexity, reflecting a trend towards increasing scrutiny of large technology companies by policymakers, regulators and the general public in jurisdictions across the globe, including in Russia. As explained in more detail below, there are also a significant number of additional laws and regulations currently being debated and considered for adoption in Russia and other countries where we operate which, in the event of adoption, might require us to take significant steps to modify our operating, governance or ownership structure. Due to changing interpretations of laws and regulations, we could also be subject to laws and regulations to which we are not currently subject and which could materially affect our operations. We have not summarized laws and regulations to which we do not believe we are currently subject. See also “Risk Factors – If existing limitations on foreign ownership were to be extended to our business, or if new limitations were to be adopted, it could materially adversely affect our group and the value of our Class A shares”.

### ***Regulation of Sensitive Businesses in Russia***

In recent years, the Russian government has adopted a series of laws aimed at regulating the technology and internet sectors generally, as described in detail below. In addition, a number of laws have been adopted that impose restrictions on foreign ownership and control of businesses in sensitive sectors of the Russian economy, including strategically important enterprises and mass media, and we are aware of various discussions about potentially imposing similar restrictions on businesses such as ours. Most significantly, legislation was proposed in the Russian State Duma in the summer of 2019 that, in its original form, would have limited non-Russian ownership of “significant” internet companies to no more than 20%. Following extensive debate, that proposal was withdrawn in late November 2019, but we can provide no assurance that similar legislation will not be proposed, and potentially adopted, in the future.

In light of this regulatory environment, our shareholders approved a restructuring of our corporate governance in December 2019. See “Governance Structure” above.

### ***Advertising Regulation***

The principal Russian law governing advertising, including online advertising, is the Federal Law No. 38-FZ “On Advertising,” dated March 13, 2006 (as amended) (the “Russian Advertising Law”). The Russian Advertising Law prohibits advertisements for certain regulated products and services without the required certification, licensing or approval. For example, advertisements for products such as pharmaceuticals and medical equipment, food supplements and infant food, financial instruments or securities and financial services as well as incentive sweepstakes and advertisements aimed at minors and some other products and services must comply with specific requirements and must in certain cases be accompanied by certain required disclaimers. Additionally, Russian law contains certain prohibitions regarding the advertising of alcohol, tobacco and medical services. In addition, the distribution of advertisements over the internet (for example, by email) may require the prior express consent of recipients. In some cases, violation of these Russian laws can lead to civil action by third parties who suffer damages, or administrative penalties imposed by FAS. Further amendments to legislation regulating advertising may impact our ability to provide some of our services or limit the type of advertising we may offer.

We seek to comply with all advertising laws and regulations. At the same time, the application of the advertising laws, in particular in relation to products or services requiring certification, licensing or approval, can be ambiguous and inconsistent. The application of these laws in an unanticipated manner, or the failure of our compliance efforts, may expose us to substantial liability as distributors of advertising and may restrict our ability to provide some of our services. Other laws or interpretations of laws, including those of foreign jurisdictions, may also restrict advertising and negatively impact our business. For example, some French courts have interpreted French trademark laws in ways that would limit the ability of competitors to advertise in connection with generic keywords. Adoption of similar interpretations by Russian or other national courts may adversely affect our business. In addition, Russian law does not specifically regulate behavioral targeting in relation to advertising, which is a standard tool widely used in online business. Any future interpretation of Russian law affecting the regulation of behavioral targeting could have a negative impact on our business.

In addition, according to publicly available information there are currently unofficial discussions of proposals related to the centralized collection of data about the auditory of online services. For now, it is difficult to predict what impact such regulation, if adopted, might have on our services.

### ***Intellectual Property Regulation***

In principle, the acquisition, protection and enforcement of intellectual property rights in Russia are addressed in line with international standards. In particular, literary, artistic and scientific works are subject to copyright protection without any registration and enjoy legal protection simply by virtue of being created in an objective form perceivable by third parties.

Mandatory registration with Rospatent is required for “hard IP” such as trademarks and patents (available in Russia for inventions, utility models and industrial designs) in order for the rights holder to acquire exclusive rights. Trademarks registered abroad under the Madrid Agreement and/or Madrid Protocol have the same legal protection in Russia as locally registered trademarks.

Under Russian law, we have exclusive rights to trade secrets (know-how) only if we have complied with a legal requirement to introduce reasonable measures to maintain confidentiality of our trade secrets, which measures may be burdensome and formalistic to implement. As we rely extensively in our operations on the protection afforded to trade secrets, we have implemented a set of measures required by Russian law in order to protect these trade secrets (know-how). However, there is a risk that our measures will be deemed insufficient and, as a result, we will fail to acquire rights to these trade secrets under Russian law.

One of the known problems and risks in Russian business practice relates to acquiring exclusive rights to works for hire and patentable results from employees. As a rule, the exclusive rights to works for hire and patentable results are assigned to the employer if the intellectual property is made during the course of employment. However, there are often uncertainties and disputes around the scope of such assignments. In case of employment disputes, Russian courts are often inclined to follow an overly formalistic approach and may take a pro-employee position in the event of uncertainty in a dispute of this nature.

Nonetheless, under Russian law, subject to the risks outlined above, we are deemed to have acquired copyrights and rights to file patent applications with respect to works for hire and patentable results created by our employees during the course of their employment with us and within the scope of their job duties, and have the exclusive rights to their further use and disposal subject to compliance with the requirements of the Civil Code of Russia.

#### ***Liability of Online Service Providers***

Laws relating to the liability of online service providers for the activities of their users and other third parties are still being developed in Russia and certain other countries in which we operate.

Russian law contains provisions aimed at establishing a framework for limitation of liability of online service providers for the information communicated by third parties over such providers' networks. Substantial ambiguity remains in Russian law around the scope and protection of such limitation of liability. In particular, there is little clarity on the limitation of liability with respect to types of online service providers other than providers transmitting information and hosting providers (such as those caching data or providing information location tools). Because the law has not been given detailed binding interpretation, our exposure to liability will depend significantly on the interpretation of these provisions by the courts and officials.

The Russian Civil Code also imposes strict liability for infringement of intellectual property rights if such infringement is committed in connection with business activities. It might be unclear how these provisions apply to online service providers.

Russian law establishes a system for the blocking of websites that make available specific categories of illegal information related to child pornography, suicide or drug use as well as other restricted information. Current law also permits the blocking of websites for violation of data protection, copyright and related rights. The procedure for deleting such information is complex and strictly enforced and the failure to follow such procedures may lead to the blocking of the applicable website by all Russian internet service providers and telecommunication service operators.

Other legislation is currently in place in Russia that allows blocking of websites that contain extremist information (including containing calls for mass rioting, extremist activity and participation in mass assemblies conducted in violation of established procedure) at the request of certain governmental authorities without prior notification. Only a subsequent post-blocking notification to the relevant website owner or hosting provider is required. The categories of illegal information to which access can be restricted may be interpreted broadly or be expanded by government authorities depending on circumstances. We may find ourselves subject to such blocking if government authorities interpret information provided by our services as violating these rules and we may be unable to prevent this blocking of our services.

Moreover, pursuant to recent legislative amendments, a website might be blocked if the published information contains disrespectful and indecent statements about the society, state, Constitution or governmental authorities. Additionally, the subjects who are accused of disseminating such statements can face administrative fines. Russian law also restricts the circulation of certain identified categories of publicly available and distributed information that may be harmful to minors. In particular, there is a requirement to take administrative and technical measures to prevent the dissemination of restricted information. In addition, the circulation of information products must be accompanied by a



relevant mark identifying the age restriction category of information.

This legislation, as well as any similar additional regulations, and the interpretation of such legislation and regulations, may impose new requirements on us and our operations and lead to material legal liability, which can be difficult to foresee or limit. See “Risk Factors—We may be held liable for information or content displayed on, retrieved by or linked to our websites and mobile applications, or distributed by our users; or we may be required to block certain content or access to our websites could be restricted; any of which could harm our reputation, business, financial condition and results of operations”.

In February 2020, draft legislation aimed at regulating big data in Russia was introduced and remains under consideration. The wording of the legislation is very broad and ambiguous, but would create a basis for further regulation in this sphere. In particular, it states that the Government should implement control over big data processing. Currently big data processing is not specifically covered by Russian law. This legislation, if adopted, may have a far-reaching impact on our business, which is difficult to estimate at the present time.

***Applicability of the Russian Law on Strategic Enterprises***

Our Yandex.Money joint venture with Sberbank, in which we hold an approximately 25% interest, is subject to laws and regulations specifically applicable to electronic payments and encrypted information. Under the regulations governing electronic payment systems, payments with digital money fall into the sphere of banking activities, and such payments are regarded as a special transaction entered into without the need to open an account. Such transactions, however, have to be performed by a credit organization supervised by the Central Bank of Russia. To comply with this law, our Yandex.Money joint venture established a non-banking credit organization subsidiary, which obtained the required license from the Central Bank of Russia.

Under Russian law, a variety of activities related to encryption require a special permit (license) granted by the Federal Security Service (the “FSS”) subject to the applicant’s continued compliance with a number of licensing requirements, including the requirement to use only certified encryption means and equipment and to ensure timely extension of such certification when its terms expire.

Our Yandex.Money joint venture with Sberbank uses encryption algorithms, as permitted by the applicable licenses, for the protection of transfers performed by its customers and may be required to obtain additional licenses for their use. The requirements for the grant and maintenance of licenses for the use of encryption algorithms are very broad and unclear, leaving the regulator with significant discretion in applying and enforcing the applicable laws. See also “Risk Factors— Because the range of the services we provide is increasing and the legal framework governing the operations in our markets is evolving, we may be required to obtain additional licenses, permits or registrations or comply with other requirements, which may be costly or may limit our flexibility to run our business”.

As a holder of an encryption license, our Yandex.Money joint venture is subject to the strategic enterprises law, which restricts the acquisition of voting shares or participation interests and establishment of control by foreign legal entities and individuals, as well as states, international organizations and entities controlled by them, with respect to business entities with strategic importance.

We have also recently obtained an encryption license for our Yandex.Cloud service in order to expand this business. Therefore, the restrictions imposed by the strategic enterprises law have become applicable to Yandex as a whole. In particular, a third-party non-Russian investors would be required to obtain prior approval from the competent Russian authority in some cases if it seeks to acquire more than 25% of the voting power in Yandex or seeks to enter into an agreement that would establish direct or indirect control over Yandex. Such investors would also be required to notify the competent Russian authority if it acquires more than 5% of the voting power in Yandex (which would represent more than 33.3 million Class A shares). In addition, foreign states and international organizations, or entities controlled by them are prohibited from entering into agreements to establish direct or indirect control over Yandex.

See also “Risk Factors— If existing limitations on foreign ownership were to be extended to our business, or if new limitations were to be adopted, it could materially adversely affect our group and the value of our Class A shares”.

#### ***Mass Media Regulation***

Russian law requires certain parties that disseminate news and similar mass communications and information to be registered with the appropriate Russian governmental body, Roskomnadzor, and to comply with restrictions regarding the distributed content. The law currently permits electronic network publications (websites) to register as mass media. As registration under this amendment is voluntary, we elected not to register our online properties as mass media. See “Risk Factors — Because the range of the services we provide is increasing and the legal framework governing the operations in our markets is evolving, we may be required to obtain additional licenses, permits or registrations or comply with other requirements, which may be costly or may limit our flexibility to run our business.”

Since 2016, Russian law imposes a limit of no more than 20% on non-Russian ownership and control, direct or indirect, of Russian mass media. Accordingly, if our core business were to be required to register as a mass media, or if such law were otherwise amended to cover our business, it would have a material impact on the ownership structure of our business and could materially adversely affect the value of our Class A shares. See also “Risk Factors— If existing limitations on foreign ownership were to be extended to our business, or if new limitations were to be adopted, it could materially adversely affect our group and the value of our Class A shares”.

In addition, in March 2019 a new law came into force that imposes liability for the dissemination of “fake news” in mass media or telecommunication networks if such news items are potentially of social importance. The liability includes fines up to 1.5 million rubles (depending mainly on the consequences of such violation). It is difficult to predict how these norms will be interpreted in practice. This regulation can be applied to some of our services and, therefore, we could be held liable for the information published by third parties.

#### ***Internet Regulation***

A recent draft law that partly came in force in November 2019 introduced tighter regulation of traffic routing in the Russian internet. While it is not entirely clear yet how this regulation will be applied in practice, its implementation, among other things, may lead to a requirement that Russian internet traffic should be routed through Russian communication centers. This could reduce data transfer speeds significantly and even result in interruptions and delays of the online services in the Russian internet segment. We are not able to predict the potential impact of this regime on our services or our business.

#### ***Privacy and Personal Data Protection Regulation***

We are subject to Russian and foreign laws regarding privacy and the protection of our users’ personal data. We publish on our websites our privacy policies and practices concerning the use, processing, storage and disclosure of user data. Any failure by us to comply with our privacy policies as well as Russian or other applicable laws and regulations relating to privacy and the protection of user data may result in proceedings against us by governmental authorities, individuals or other third parties, which may adversely impact our business. In addition, the adoption and interpretation of data protection laws, and their application to internet operations, are often unclear, difficult to predict and in a constant state of development. Although we believe that we comply with all current requirements, these laws could in the future be interpreted and applied in a manner that is inconsistent with current practice. For instance, in May 2014 the Court of Justice of the European Union established that an operator of a search engine can be obligated to remove from the list of search results links to webpages containing inaccurate or outdated information related to an individual. Russian personal data laws have been amended, granting a similar right to Russian citizens, who may apply for the removal of search results that link to inaccurate or irrelevant information about them. In addition, in May 2018, the General Data Protection Regulation, or GDPR, came into force in the EU. We believe that we have taken all necessary steps to comply with the applicable requirements of the GDPR, although our exposure is relatively limited. Nevertheless, some provisions of the GDPR are formulated broadly and their interpretation by the competent authorities might be unpredictable. Therefore, we may fail to interpret all the requirements in accordance with the official interpretation and may be held liable for noncompliance.

Russian data protection laws provide that an individual must freely consent to the processing of her/his personal data. Such consent must be concrete, informed and conscious, and may be provided in any form evidencing the fact that consent has been provided, unless otherwise established by federal law, which requires that it be made in writing, signed by digital electronic signature or evidenced in a similar manner prescribed by laws and regulations.

We, like our peers, seek this consent from our users by asking them to click on a button or select a check-box in appropriate circumstances prior to commencement of the account registration process, indicating the user's consent to our collection, use, storage and processing of personal data. Furthermore, many of our services do not require the creation of an account prior to their use and we collect only limited information in these circumstances. In particular, we place cookies and use other widespread technologies that assist us in improving user experience of our products and services and ultimately benefit both our users and advertisers through behavioral targeting of advertising. No clear legislative guidelines have been provided addressing whether our practices are compliant with the requirements of the data protection legislation in Russia and abroad. There is a risk that such laws may be interpreted and applied in a manner that is not consistent with our current data protection practices. Complying with various regulations in this area may cause us to incur additional costs or to change our business practices. Further, any failure by us to protect our users' privacy and data may result in a decrease of user confidence in our services, and may ultimately result in a loss of users, which would adversely affect our business.

Russian legislation also regulates "organizers of information distribution". Organizers of information distribution must retain a broad range of data relating to and generated by users for a period of time and provide such data to security and investigation authorities at their request. Organizers of information distribution that use encryption when delivering or processing electronic messages have to provide the security authorities with information necessary for decoding the delivered or processed messages. If an organizer of information distribution fails to comply with the above requirements, the Russian authorities can prescribe the blocking of access to the services of such organizer of information distribution.

Russian personal data law also requires that companies store all personal data of Russian users only in databases located inside Russia. Although we have data centers located in Russia, this law could limit our flexibility in managing our operations globally. Failure to comply with applicable data protection legislation may lead to the restriction of access to our services. For example, in 2016 a Russian court ordered the blocking of access to a popular social networking website for violation of data protection legislation.

In 2019 several companies in our group underwent a planned inspection by the competent Russian authority (Roskomnadzor). After this inspection only a small number of insignificant violations were found, we complied with the instructions of Roskomnadzor and no further issues arose. If Roskomnadzor were in the future to determine that we had failed to comply with the applicable data protection legislation, we could experience financial penalties and reputational damage and could be restricted from providing certain types of services until we comply with the requirements.

#### ***Licenses for the Provision of Particular Services***

Entities that provide certain telecommunication services for a fee are required under Russian law to obtain a "telematics" license from Roskomnadzor. In order to increase our range of services and diversify our business, we have obtained the telematics licenses necessary for the provision of certain of our services in Russia. However, we generally do not charge a fee for the online services we provide to our users and therefore believe that we are not required to hold a telematics license for provision of these services. We do, however, generate revenue from ads directed to our users. As a result, it is possible that a Russian court or government agency may construe our online advertising revenues as a fee and determine that we are required to hold an additional telematics license for such services, which would require us to apply for and comply with the terms of any such license.

Additionally, we may in certain cases offer user services for a fee, which could require us to comply with the licensing requirements described above.

#### ***Antimonopoly Regulation***

Russian law grants to the Federal Antimonopoly Service, or FAS, wide powers and authorities to maintain competition in the market, including approval or monitoring of mergers and acquisitions, establishment of rules of conduct for market players occupying dominant positions, prosecution of any wrongful abuse of a dominant position, and the prevention of cartels and other anti-competitive agreements or practices. The regulator may impose significant administrative fines (up to 15% of the annual revenue derived in the market where the violation occurred) on market players that abuse their dominant position or otherwise restrict competition, and is entitled to challenge contracts,

agreements or transactions that are in violation of the antimonopoly regulation. We could be considered to possess a substantial market share in the online advertising market and/or other markets in which we operate, including ride-hailing; although we are not recognized by the regulator as occupying a dominant position in any market. However, we understand that the regulator from time to time focuses on internet services, could in the future recognize online advertising as a separate market and could identify dominant players and impose conduct limitations and other restrictions.

In addition, the “fifth antimonopoly package” developed by FAS is currently under consideration, which would introduce amendments to the existing antimonopoly legislation in the sphere of digital markets and IP. The new legislation aims to facilitate the review of cases in this sphere. In particular, the document specifies new triggers for determining the dominant position of a digital transactional platform. Therefore, this legislation, if adopted, may have a far-reaching impact on our business, which is difficult to estimate at the present time.

#### ***Taxation Regulation***

Taxation of legal entities and individuals in Russia is regulated primarily by the Tax Code of the Russian Federation. The scope and application of the Tax Code is elaborated by numerous regulations and clarifications from the Ministry of Finance of Russia and by the Federal Tax Service, which enforces the tax laws. Russian tax law and procedures are still not fully developed and local divisions of the Federal Tax Service have considerable autonomy in tax law interpretation and often interpret tax rules inconsistently. Also, there is extensive court practice on the construction of the Code’s provisions, which can sometimes be unpredictable or even contradictory. Both the substantive provisions of the Russian tax law and the interpretation and application of those provisions by the Russian tax authorities and by Russian courts may be subject to rapid and unpredictable change. See “Risk Factors — Changes in the tax systems in the countries in which we operate, or unpredictable or unforeseen application of existing rules, may materially adversely affect our business, financial condition and results of operations.”

#### ***Consumer protection legislation***

Recent amendments to Russian consumer protection legislation impose duties on aggregators of information about goods and services. These norms are applicable to some of our and Yandex.Market’s services and the failure to comply with such norms could lead to liability.

#### ***Securities Regulation***

Our Class A ordinary shares are currently listed on the NASDAQ Global Select Market and in June 2014 were admitted to trading on Moscow Exchange; therefore, we are required to comply with specific Russian regulation concerning information disclosure, insider trading and certain other requirements as may be applied to foreign issuers in Russia.

#### ***Applicability of Other Regulations***

Because our services are accessible to Russian-language speakers worldwide and are becoming increasingly available to other users globally, certain foreign jurisdictions, including those in which we have not established a local office, employees or infrastructure, may require us to comply with their local laws.

#### **Item 4A. Unresolved Staff Comments.**

None.

#### **Item 5. Operating and Financial Review and Prospects.**

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the “Selected Consolidated Financial Information” section of this Annual Report and our consolidated financial statements and related notes appearing elsewhere in this Annual Report. In addition to historical information, this discussion contains forward-looking statements based on our current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as*

*a result of various factors, including those set forth in the “Risk Factors” and “Forward-Looking Statements” sections and elsewhere in this Annual Report.*

## Overview

We are one of the largest European internet companies and the leading search provider in Russia. Our principal constituencies are:

- *Users.* We provide our users with advanced search capabilities and an extensive range of online services that enable them to find relevant, objective information quickly and easily, as well as communicate, connect, arrange transportation, access entertainment and shop over the internet.
- *Advertisers.* Our online advertising platform allows advertisers to reach a large audience of users in their markets and deliver cost-effective online advertising. With Yandex.Direct, our auction-based advertising platform, advertisers can promote their products and services through relevant ads targeted to a particular user query, the content of a website or webpage being viewed, or user behavior or characteristics.
- *Yandex ad network partners.* We have relationships with a large number of third-party websites, which we refer to as the Yandex ad network. In addition to serving ads on our own websites, we also serve ads on our network partners’ websites and share the fees generated by these ads with our partners, providing an important revenue stream for them.

Our yandex.ru website first began generating revenue in 1998. We became profitable in 2003 and have been profitable every year since then.

Online advertising revenues accounted for 93.0%, 80.4% and 69.4% of our total revenues in 2017, 2018 and 2019, respectively. Our online advertising revenues consist of fees charged to advertisers for serving online ads on our websites and those of our partners in the Yandex ad network. We place the significant majority of our performance-based ads through Yandex.Direct. We sell approximately half of our performance-based ads on a prepaid basis. Our Yandex.Direct advertisers pay us on a cost-per-click (CPC) basis, which means that we recognize revenue only when a user clicks on one of our advertisers’ ads. Our brand advertising is generally sold on a cost-per-thousand (CPM) impressions basis. For these ads, we recognize as revenue the fees charged to advertisers when their ads are displayed. We recognize our online advertising revenues net of value added tax and sales commissions and bonuses. In Russia, the VAT rate was 18% in 2018 and increased to 20% as of January 1, 2019. Although the largest part of our revenues is generated by direct sales to our advertisers, a significant portion of our advertising is sold through media agencies. We recognize revenues from those advertising sales net of the commissions and bonuses paid to these agencies.

We benefit from a large and diverse base of advertisers. Our advertisers include individuals and small, medium and large enterprises across Russia and the other countries in which we operate, as well as large multinational corporations. No individual advertiser accounted for more than 1.1% of our total revenues in 2017, 2018 or 2019. On a geographical basis, we generated more than 92% of our total revenues in each of 2017, 2018 and 2019 from advertisers and other customers with billing addresses in Russia, including the Russian offices of large multinational corporations.

We serve ads both on our own websites and on the websites of our partners in the Yandex ad network. For performance-based ads served on the websites of our partners in the Yandex ad network, we recognize as revenue the fees paid to us by advertisers each time a user clicks on one of their performance-based ads or, for those advertisers paying for brand ads on a CPM basis, as their ads are displayed. We pay our partners in the Yandex ad network fees for serving our advertisers’ ads on their websites. These fees are primarily based on revenue-sharing arrangements. As such, the fees paid to our partners in the Yandex ad network are calculated as a percentage of the revenues we earn by serving ads on partners’ websites. We account for the fees we pay to our partners in the Yandex ad network as traffic acquisition costs, a component of cost of revenues. Since we launched our Yandex ad network in 2006, these costs annually have, in aggregate, amounted to more than one-half of the revenues we have earned from serving ads on the Yandex ad network and we expect them to continue to do so in the foreseeable future. Yandex ad network partners do not pay us any fees associated with our serving ads on their websites.

Our agreements with our partners in the Yandex ad network generally have an indefinite term but may be terminated by either party at will with no termination fees. Agreements with larger partners in the Yandex ad network are individually negotiated and vary in duration but typically renew automatically. In 2017, 2018 and 2019, none of our ad network partners accounted for more than 8% of our total revenues. In 2019, Mail.ru Group continued to be our most significant ad network partner.

We believe the most significant factors that influence our ability to continue to increase our online advertising revenues include the following:

- the level of internet penetration and usage in Russia and the other markets in which we operate;
- the absolute and relative level of traffic on our own websites and those of our partners in the Yandex ad network;
- the relevance, objectivity and quality of our search results and the quality of our other services and of the Yandex ad network;
- our search market share, including on mobile devices, with a larger market share allowing us to better monetize our users' search activity and attract and retain advertisers, as well as partners in our Yandex ad network;
- the demand for online advertising in Russia and the other markets in which we operate, particularly among small and medium-size businesses;
- our ability to effectively monetize traffic generated by our websites and those of the Yandex ad network partners, including through improvements to our advanced auction and advertising placement system, while maintaining an attractive return on investment for our advertisers; and
- our ability to effectively monetize mobile search where the number of search queries is growing more quickly than on desktops.

#### Segments

During 2019, we revised our organizational structure, separating several focus areas into product lines and geographies. As a result, our businesses are now organized in the following operating segments:

- Search and Portal, which includes all our services offered in Russia, Belarus and Kazakhstan (and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all our services offered in Ukraine), other than those described below;
- Taxi (including our Ride-hailing business (which consists of Yandex.Taxi and Uber in Russia and other countries), FoodTech business (including Yandex.Eats, Yandex.Chef and Yandex.Lavka, a hyper local convenience store delivery service) and our Self-Driving Cars ("SDC") division);
- Classifieds (including Auto.ru, Yandex.Realty and Yandex.Jobs);
- Media Services (including KinoPoisk, Yandex Music, Yandex.Afisha, Yandex.TV program, our production center Yandex.Studio and our subscription service Yandex.Plus);
- Other Bets and Experiments, where we aim to prove new business models. These include Zen, Yandex.Cloud, Yandex.Drive, Geolocation Services and Yandex.Education; and
- E-commerce (Yandex.Market service for the period prior to April 27, 2018, the date of the completion of the Yandex.Market joint venture between Yandex and Sberbank of Russia. Following the completion of the joint venture, we have deconsolidated Yandex.Market and now treat it as an equity investee under the equity method accounting).

In addition to the described changes, we changed the approach to intersegment revenue recognition in relation to Zen and approach to intersegment allocation related to office rent expenses and administrative support services of our business units. Now we recognize payments of Zen to Yandex.Browser, Yandex Homepage and Yandex Search app as traffic acquisition costs rather than revenue elimination. Now we net office rent expenses and administrative support services expenses within Search and Portal segment at operating costs level as opposed to treating business units share of rent expenses as intersegment revenue of Search and Portal. These changes insure consistency with internal reporting.

#### **Key Trends Impacting Our Results of Operations**

Although the Russian economy has stabilized over the past three years, our results of operations have been impacted in recent periods by lower rates of GDP growth in Russia, which has negatively affected our rate of revenue growth. In 2019 the growth of the Russian economy weakened, reflecting a broad-based slowdown in industrial activity and global trade. The COVID-19 pandemic is adversely affecting the global and Russian economies. In addition to the impact of the current macroeconomic environment, the trends described below are key drivers of our results of operations.

Our business and revenues have grown rapidly since inception, and the effectiveness of performance-based advertising as a medium has contributed to the rapid growth of our business. Advertising spending continues to shift from offline to online as the internet evolves, and we expect that our business will continue to grow. However, we expect that our revenue growth rate will continue to decline over time as a result of a number of factors, including challenges in maintaining our growth rate as our revenues increase to higher levels, increasing competition, particularly on mobile devices, changes in the nature of queries, the evolution of the overall online advertising market and the declining rate of growth in internet users in Russia as overall internet penetration increases. We do not expect the rate of online advertising revenues growth in 2020 to be higher than in 2019.

Our operating margins, representing our income from operations as a percentage of revenues, may fluctuate in the future depending on the percentage of our online advertising revenues that we derive from the Yandex ad network compared with our own websites. The operating margin we realize on revenues generated from the websites of our partners in the Yandex ad network is significantly lower than the operating margin generated from our own websites. The percentage of our online advertising revenues derived from the Yandex ad network decreased from 25.5% in 2017 to 23.4% in 2018 and to 20.9% in 2019.

Growth in mobile search may also have an impact on our operating margins. The number of search queries from mobile devices, including smartphones and tablets, is growing more quickly than desktop queries. Queries from mobile devices represented 57.5% of our total search queries and 49.3% of our search revenues in Q4 2019. To date, growth in mobile usage has not had a material impact on our pricing and revenues. However, we have seen some evidence that this growth may exert modest downward pressure on our operating margins in the future due to the ongoing transition to mobile platforms and related distribution TAC.

Recent and future capital expenditures may also put pressure on our operating margins. Our capital expenditures increased from RUB 12,389 million in 2017 to RUB 28,323 million in 2018, with a decrease to RUB 20,543 million in 2019. We spent approximately 60% of our total capital expenditures in 2019 on servers and data center expansion to support growth in our current operations. Our depreciation and amortization expense decreased as a percentage of revenues from 11.9% in 2017 to 9.5% in 2018, and to 8.4% in 2019. We currently expect our capital expenditures in 2020 to be on par with 2019 as a percentage of revenues, excluding the effect of our new headquarters construction. However, if we decide to undertake any new capital projects, our capital expenditures may increase as a percentage of our revenues in 2020.

To support further brand enhancement and respond to competitive pressures, we spent larger amounts in 2017, 2018 and 2019 on advertising and marketing than we have spent historically, in absolute terms. A significant portion of our advertising and marketing expense in 2018 and 2019 relates to our efforts to promote our Yandex.Taxi and our Search services, as well as Classifieds and Media Services, and to support our brand in Russia and the other markets in which we operate. We expect to continue to invest in advertising and marketing. We currently expect our overall advertising and marketing costs in 2020 to remain roughly stable as a percentage of revenues in comparison to 2019 due to continuing investment to promote our services. This spending will not significantly impact our operating margin rate.

Our revenues are impacted by seasonal fluctuations in internet usage and in advertising expenditures. Internet usage and advertising expenditures generally slow down during the months when there are extended Russian public holidays and vacations, and are significantly higher in the fourth quarter of each year. Moreover, expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, retail patterns and advertising budgeting and buying patterns.

Inflation in Russia has also impacted our results of operations and may continue to do so. According to the Russian Federal State Statistics Service, Rosstat, the consumer price index in Russia increased by 2.5% and 4.3% in 2017 and 2018, respectively, and by 3.0% in 2019. We can provide no assurance that the annual rate of inflation will not increase significantly in 2020. Higher rates of inflation may accelerate increases in our operating expenses and capital expenditures and reduce the value and purchasing power of our ruble-denominated assets, such as cash and cash equivalents.

Changes in the value of the U.S. dollar compared with the Russian ruble can also negatively affect our results of operations. See “Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Risk.”

#### **Recent Acquisitions**

##### *Shkulev*

In June 2017, we completed the acquisition of assets and assumption of liabilities of Hearst Shkulev Digital LLC (“Shkulev”), one of the biggest regional auto classifieds with the leading position in Sverdlovsk and Chelyabinsk regions of the Russian Federation, for cash consideration of RUB 401 million, including contingent consideration of RUB 52 million, subject to successful technical integration and client base transition. As of December 31, 2019, the total amount of contingent consideration was paid.

##### *FoodFox*

In December 2017, we completed the acquisition of a 100% ownership interest in Deloam Management Limited and its subsidiary (“FoodFox”), one of the leading food delivery operators in Moscow. The primary purpose of the acquisition of FoodFox was to enlarge the range of services we provided. The fair value of consideration transferred totaled RUB 595 million and consisted of cash consideration of RUB 541 million and deferred consideration of RUB 54 million. The deferred consideration arrangement requires us to pay the additional cash consideration to FoodFox’s former shareholders and convertible debt holders, when certain legal conditions are being met within a four-year period following the acquisition date. No deferred consideration has been paid to date.

##### *Other Acquisition in 2017*

During the year ended December 31, 2017, we completed another acquisition for total consideration of approximately RUB 66 million.

##### *Uber*

In February 2018, we and Uber International C.V. (“Uber”), a subsidiary of Uber Technologies Inc., completed the combination of Yandex.Taxi Holding B.V. with several Uber legal entities into MLU B.V., a Dutch private limited liability company. We and Uber each contributed our legal entities operating our ride-hailing and food delivery businesses in Russia, Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova and \$100.0 million (RUB 5,722 million as of the date of acquisition) and \$225.0 million (RUB 12,874 million as of the date of acquisition) in cash, respectively. The merger was accounted for as a business combination. A further description of the acquisition and its accounting implications can be found in Note 4 of our audited consolidated financial statements included elsewhere in this Annual Report.

##### *Edadeal*

In October 2018, we completed the acquisition of 90% in Edadeal LLC and its subsidiary (“Edadeal”), a daily deal and coupon aggregator, which is used to find deals for grocery stores, thus increasing our ownership from 10% to 100%. Cash consideration transferred totaled RUB 233 million. The key product of Edadeal is a mobile app for iOS and



Android aggregating information regarding discounts at nearby supermarkets and stores.

*Other Acquisitions in 2018*

During the year ended December 31, 2018, we completed other acquisitions for total consideration of approximately RUB 751 million.

*TheQuestion*

In March 2019, we completed the acquisition of assets and assumption of liabilities of Znanie Company Limited (Cyprus) and its two subsidiaries, Znanie Development Company Limited (Cyprus) and Znanie LLC (Russia) ("TheQuestion"). TheQuestion is an internet-based question-and-answer social network. The primary purpose of the acquisition of TheQuestion was to enlarge the database of answers to specific search queries and to enhance the quality of search results provided by Yandex's Search portal. The fair value of consideration transferred totaled RUB 384 million, including cash consideration of RUB 351 million and deferred consideration of RUB 33 million. The deferred consideration arrangement requires us to pay the additional cash consideration to the former investors within four-year period. No additional consideration has been paid to date.

A further description of the acquisitions and their accounting implications can be found in Note 4 of our audited consolidated financial statements included elsewhere in this Annual Report.

**Formation of Yandex.Market joint venture in 2018**

*Yandex.Market*

On April 27, 2018, we and Sberbank formed a joint venture based on the Yandex.Market platform. As a part of the deal, Sberbank subscribed for new ordinary shares of Yandex.Market for RUB 30,000 million (approximately \$500 million as of signing of the Subscription Agreement). Since that date, we and Sberbank each hold an equal number of the outstanding shares in Yandex.Market, with up to 10% of outstanding shares allocated to management and an equity incentive pool. We retained a noncontrolling interest and significant influence over Yandex.Market's business. Accordingly, Yandex.Market's results of operations before the transaction are classified within continuing operations.

A further description of the acquisitions, the joint venture formation and their accounting implications can be found in Note 4 of our audited consolidated financial statements included elsewhere in this Annual Report.

## Results of Operations

The following table presents our historical consolidated results of operations as a percentage of revenues for the periods indicated:

	Year ended December 31,		
	2017*	2018*	2019
Revenues	100.0 %	100.0 %	100.0 %
Operating costs and expenses:			
Cost of revenues	25.5	28.1	31.8
Product development	20.0	17.7	16.7
Sales, general and administrative	28.9	28.4	28.6
Depreciation and amortization	11.9	9.5	8.4
Goodwill impairment	—	—	0.4
Total operating costs and expenses	86.3	83.7	85.9
Income from operations	13.7	16.3	14.1
Interest income	3.1	2.6	1.9
Interest expense	(1.0)	(0.6)	(0.1)
Effect of Yandex Market deconsolidation	—	22.1	—
Income/(loss) from equity method investments	0.4	(0.2)	(2.2)
Other (loss)/income, net	(1.2)	0.9	(0.7)
Income before income tax expense	15.0	41.1	13.0
Income tax expense	5.3	6.4	6.6
Net income	9.7 %	34.7 %	6.4 %

\* Restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases. Prior periods have been adjusted accordingly.

Our consolidated income from operations increased from 13.7% in 2017 to 16.3% in 2018 and decreased to 14.1% in 2019. The lower margin in 2019 compared with 2018 was primarily due to an increase as a percentage of our total revenues of costs related to our experiments and low-profit segments, as well as costs related to Yandex Drive and Media Services, which were partially offset by a decrease as a percentage of our total revenues in depreciation and amortization expenses. The increase in 2018 compared with 2017 was primarily due to a decrease as a percentage of our total revenues in depreciation and amortization expenses reflecting expiration of useful lives of part of our equipment and intangible assets. The other factor was a decrease as percentage of our total revenues in advertising and marketing expenses.

We expect our operating margin to decrease as a percentage of revenues in the near term as a result of the increasing contribution of our business units as a percentage of total revenues, given that their operating margins are lower than those of our core business, as well as due to investments in new initiatives in Search and Portal.

The following table presents our historical results of operations by reportable segment for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	(in millions of RUB)		
<b>Revenues</b>			
Search and Portal	82,399	101,021	121,834
Taxi	4,891	19,213	38,045
Classifieds	2,060	3,717	5,390
Media Services	1,187	1,909	3,867
Other Bets and Experiments	1,844	5,625	15,082
E-commerce	4,968	1,697	—
Eliminations	(3,295)	(5,525)	(8,827)
<b>Total revenues</b>	<b>94,054</b>	<b>127,657</b>	<b>175,391</b>
<b>Adjusted operating costs and expenses</b>			
Search and Portal	54,214	62,577	76,418
Taxi	12,900	23,743	37,503
Classifieds	1,986	3,922	5,093
Media Services	1,694	2,754	6,126
Other Bets and Experiments	5,122	9,771	21,663
E-commerce	3,412	1,970	—
Eliminations	(3,295)	(5,525)	(8,827)
<b>Total adjusted operating costs and expenses</b>	<b>76,033</b>	<b>99,212</b>	<b>137,976</b>
<b>Adjusted operating income</b>			
Search and Portal	28,185	38,444	45,416
Taxi	(8,009)	(4,530)	542
Classifieds	74	(205)	297
Media Services	(507)	(845)	(2,259)
Other Bets and Experiments	(3,278)	(4,146)	(6,581)
E-commerce	1,556	(273)	—
Eliminations	—	—	—
<b>Total adjusted operating income</b>	<b>18,021</b>	<b>28,445</b>	<b>37,415</b>

Eliminations represent the elimination of transaction results between the reportable segments, primarily related to advertising, brand royalties and server costs. Adjusted operating costs and expenses of reportable segments exclude share-based compensation expense, amortization of acquisition-related intangible assets, goodwill impairment and compensation expense related to contingent consideration, as well as the one-off loss in 2017 related to the suspension of our business in Ukraine and restructuring costs.

For the reconciliation between total adjusted operating income and net income see Note 17 — “Information about segments, revenues & geographic areas” in the Notes to our consolidated financial statements included elsewhere in this Annual Report.

## Revenues

The following table presents our consolidated revenues, by source, in absolute terms and as a percentage of total revenues for the periods presented:

	Year ended December 31,					
	2017		2018		2019	
	RUB	% of Revenues	RUB	% of Revenues	RUB	% of Revenues
(in millions of RUB, except percentages)						
Online advertising revenues (1):						
Yandex websites	65,149	69.3 %	78,696	61.6 %	96,258	54.9 %
Yandex ad network websites	22,251	23.7	24,041	18.8	25,480	14.5
Total online advertising revenues	87,400	93.0	102,737	80.4	121,738	69.4
Revenues related to Taxi segment	4,891	5.2	19,213	15.1	37,931	21.6
Other revenues	1,763	1.8	5,707	4.5	15,722	9.0
Total revenues	94,054	100.0 %	127,657	100.0 %	175,391	100.0 %

(1) We record revenue net of VAT, sales agency commissions and bonuses and discounts. Because it is impractical to track commissions, bonuses and discounts for online advertising revenues generated on our own websites and on those of our partners in the Yandex ad network separately, we have allocated commissions, bonuses and discounts between our own websites and those of our partners in the Yandex ad network proportionally to their respective revenue contributions.

*Online advertising revenues.* Total online advertising revenues increased by RUB 19,001 million, or 18.5%, from 2018 to 2019 and by RUB 15,337 million, or 17.5%, from 2017 to 2018. Our total online advertising revenues excluding Yandex.Market increased by RUB 20,606 million, or 20.4%, from RUB 101,132 million in 2018 to RUB 121,738 million in 2019, and increased by RUB 18,516 million, or 22.4%, from RUB 82,616 million in 2017 to RUB 101,132 million in 2018. Online advertising revenue growth over the periods under review resulted primarily from growth in sales of performance based online ads, driven by an increase in the number of paid clicks and an increase in average cost per click paid by our advertisers. We currently do not expect the rate of online advertising revenues growth in 2020 to be higher than in 2019.

Paid clicks on our own websites together with those of our Yandex ad network partners increased 17% from 2018 to 2019 and 10% from 2017 to 2018. The average cost per click on our own websites together with those of our partners in the Yandex ad network increased 1% from 2018 to 2019 and 7% from 2017 to 2018.

During the periods under review, the year-over-year rates of change in paid clicks and average cost-per-click on a quarterly basis were as follows:

Quarter	Year-over-year growth in paid clicks, %		Year-over-year growth in cost-per-click, %	
First Quarter 2017		12		10
Second Quarter 2017		10		9
Third Quarter 2017		6		12
Fourth Quarter 2017		10		9
First Quarter 2018		7		8
Second Quarter 2018		10		6
Third Quarter 2018		13		5
Fourth Quarter 2018		10		7
First Quarter 2019		11		7
Second Quarter 2019		17		2
Third Quarter 2019		22		(2)
Fourth Quarter 2019		20		(3)

The rate of change in paid clicks and average cost-per-click, and their correlation with the rate of increase in our revenues, may fluctuate from period to period based on such factors as seasonality, advertiser competition for keywords,

our ability to launch enhanced advertising products that seek to deliver increasingly targeted ads, the fees advertisers are willing to pay based on how they manage their advertising costs, and general economic conditions.

**Revenues of Yandex.Taxi.** Revenues of Yandex.Taxi mainly represent commissions for providing ride-hailing services related to our Yandex.Taxi and Uber services and commissions for food delivery services. For ride-hailing services provided to individual transportation services users, we are not a principal and report only Yandex.Taxi's commission fees as revenue. For services provided to corporate transportation services clients we act as the principal and revenue and related costs are recorded gross. For food delivery services provided to individual service users, we are not a principal and report only Yandex.Eats's commission fees as revenue. The increases of Yandex.Taxi revenues in both 2019 and 2018 are due to robust growth in the number of rides across our territories driven by aggressive investments in our existing markets as well as in geographical expansion and the effect of the business combination with Uber.

**Other revenues.** Other revenues principally represent our revenue from Yandex.Drive, our car-sharing service, and revenues from Media Services. Other revenues increased by RUB 10,015 million or 175.5%, from 2018 to 2019 and by RUB 3,944 million, or 223.7%, from 2017 to 2018.

**Revenues by reportable segment.** Our revenues attributable to the Search and Portal segment increased by RUB 20,813 million, or 20.6%, from 2018 to 2019 and by RUB 18,622 million, or 22.6%, from 2017 to 2018. The growth in this segment's revenues is in line with the growth in our overall online advertising revenues. Search and Portal revenues accounted for approximately 69.5% of total revenues in 2019, compared with 79.1% in 2018 and 87.6% in 2017.

Our revenues attributable to the Taxi segment increased by RUB 18,832 million, or 98.0%, from 2018 to 2019 and by RUB 14,322 million, or 292.8%, from 2017 to 2018. Taxi revenues accounted for approximately 21.7% of total revenues in 2019, compared with 15.1% in 2018 and 5.2% in 2017. The increase of this segment's share of total revenues in 2018 and 2019 is primarily due to growth of our ride-hailing business driven by an increase in the number of rides, solid performance of our corporate Taxi business, which we recognize on a gross basis, as well as the growing contribution of our food tech services.

Our revenues attributable to the Classifieds segment increased by RUB 1,673 million, or 45.0%, from 2018 to 2019 and by RUB 1,657 million, or 80.4%, from 2017 to 2018. Classifieds revenues accounted for approximately 3.1% of total revenues in 2019, compared with 2.9% in 2018 and 2.2% in 2017. The increase of this segment's share of total revenues in 2019 compared to 2018 and in 2018 compared to 2017 is primarily due to rapid growth in its mature markets as well as in the regions, supported by our increased marketing spend in Classifieds in 2018 and 2019, and also due to M&A deals in 2017.

Our revenues attributable to the Media Services segment increased by RUB 1,958 million, or 102.6%, from 2018 to 2019 and by RUB 722 million, or 60.8%, from 2017 to 2018. Media Services revenues accounted for approximately 2.2% of total revenues in 2019, compared with 1.5% in 2018 and 1.3% in 2017. The increase of this segment's share of total revenues in 2018 and 2019 is primarily due to growth in the number of subscriptions to Yandex Music service, KinoPoisk and tickets commission revenues.

Our revenues attributable to the Other Bets and Experiments category increased by RUB 9,457 million, or 168.1%, from 2018 to 2019 and by RUB 3,781 million, or 205.0%, from 2017 to 2018. Other Bets and Experiments revenues were primarily related to Yandex.Drive, Zen and Geolocation Services and increased to approximately 8.6% of total revenues in 2019, compared with 4.4% in 2018 and 2.0% in 2017, respectively.

Our revenues attributable to the E-commerce segment decreased by RUB 1,697 million, or 100.0%, from 2018 to 2019 and by RUB 3,271 million, or 65.8%, from 2017 to 2018 due to effect of deconsolidation of Yandex.Market in April 2018. E-commerce revenues were zero in 2019 and accounted for approximately 1.3% of total revenues in 2018, compared with 5.3% in 2017.

#### **Operating Costs and Expenses**

Our operating costs and expenses consist of cost of revenues; product development expenses; sales, general and administrative expenses, depreciation and amortization expense and goodwill impairment. In addition to the reasons discussed below with respect to each category, we generally expect our total operating costs and expenses to increase in

absolute terms and as a percentage of revenues in the near term; see “—Key Trends Impacting Our Results of Operations”.

*Cost of revenues.* Cost of revenues consists primarily of traffic acquisition costs, and the costs related to the Taxi segment and Yandex.Drive.

Traffic acquisition costs are the amounts paid to our partners in the Yandex ad network for serving our online ads on their websites and to our partners who distribute our products or otherwise direct search queries to our websites. These amounts are primarily based on revenue-sharing arrangements. Some of our distribution partners are compensated on the basis of the number of installations of Yandex browser or search bars and applications.

The agreements with our distribution partners provide for payment of fees to them on a non-refundable basis following the period in which the distribution fees are earned. We do not have a standard term or termination provision that applies to agreements with our distribution partners. Our largest distribution partner since 2012, Opera, accounted in aggregate for 18% of our distribution costs in 2019, and 23% and 18% in 2017 and 2018, respectively. The Opera agreement also provides for a 12-month “revenue tail” period should that agreement be terminated.

Cost of revenues related to the Taxi segment primarily consist of cost of corporate taxi services represented by amounts paid to taxi partners for providing services to corporate clients and various outsourced services associated with direct operations (for example, dispatch control, call center services, testing of software security, and logistics costs for the food delivery business).

Cost of revenues related to Yandex.Drive consists of costs of leasing cars, gasoline costs and outsourced services such as insurance, maintenance and other services.

Cost of revenues also includes the expenses associated with the operation of our data centers, including related personnel costs and share-based compensation expense, rent, utilities and telecommunications bandwidth costs, as well as content acquisition costs.

The following table presents the primary components of our cost of revenues in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,		
	2017	2018	2019
	(in millions of RUB, except percentages)		
Traffic acquisition costs:			
Traffic acquisition costs related to the Yandex ad network	12,907	14,785	15,702
Traffic acquisition costs related to distribution partners	4,438	5,713	7,622
Total traffic acquisition costs	17,345	20,498	23,324
as a percentage of revenues	18.4 %	16.1 %	13.3 %
Costs related to Taxi segment:	1,259	5,838	12,135
as a percentage of revenues	1.3 %	4.6 %	6.9 %
Other cost of revenues	5,348	9,557	20,329
as a percentage of revenues	5.7 %	7.5 %	11.6 %
Total cost of revenues	23,952	35,893	55,788
as a percentage of revenues	25.5 %	28.1 %	31.8 %

Cost of revenues increased by RUB 19,895 million, or 55.4%, from 2018 to 2019, primarily due to a RUB 10,772 million increase in other cost of revenue, which is mainly related to an increase in Yandex.Drive costs (principally for car leasing), as well as due to a RUB 6,297 million increase in Yandex.Taxi costs (principally cost of corporate taxi services and logistics) and to a RUB 2,826 million increase in traffic acquisition costs.

Cost of revenues increased by RUB 11,941 million, or 49.9%, from 2017 to 2018, primarily due to an increase of RUB 4,579 million in Yandex.Taxi costs and RUB 3,153 million increase in traffic acquisition costs.

The majority of our traffic acquisition costs relate to the Yandex ad network, with a smaller portion relating to distribution relationships. Traffic acquisition costs relating to the Yandex ad network increased by RUB 917 million from 2018 to 2019 and by RUB 1,878 million from 2017 to 2018, representing our Yandex ad network partners’ share in

the increased amount of Yandex ad network revenue for the period, which increased by RUB 1,439 million from 2018 to 2019 and by RUB 1,790 million from 2017 to 2018. Our network partner traffic acquisition costs as a percentage of network partner revenues increased to 61.6% in 2019 compared with 61.5% in 2018 and 58.0% in 2017. In addition, the amounts paid to our distribution partners increased by RUB 1,909 million from 2018 to 2019 and by RUB 1,275 million from 2017 to 2018 due to growth in our existing distribution relationships, as well as the additions of new distribution partners. As a percentage of total revenues, traffic acquisition costs decreased from 18.4% in 2017 to 16.1% in 2018 and to 13.3% in 2019, as a result of lower rate of partner revenue growth.

Costs related to the Taxi segment increased by RUB 6,297 million, or 107.9%, from 2018 to 2019, and by RUB 4,579 million, or 363.7%, from 2017 to 2018, primarily due to the expansion of our corporate ride-hailing business, where revenues and related costs are recorded on a gross basis, and Yandex.Eats' logistics services.

Other cost of revenues increased by RUB 10,772 million, or 112.7%, from 2018 to 2019, and by RUB 4,209 million, or 78.7%, from 2017 to 2018, primarily due to increases in Yandex.Drive costs of RUB 6,507 million and RUB 1,914 million, respectively. Other factors driving increases in these years include the increase of expenses in our Media Services business due to growing transactions in Yandex Music and content acquisition costs in KinoPoisk, as well as costs of sales of our IoT devices and remuneration paid to Zen publishers.

We anticipate that cost of revenues will continue to increase in absolute terms primarily as a result of increases in Yandex.Drive direct expenses, IoT devices production and logistics costs, and Yandex.Eats logistics services, as well as content and data center costs, and will continue to increase as a percentage of revenues in the near term, but will stabilize as a percentage of related segment revenues.

*Product development.* Product development expenses consist primarily of personnel costs incurred for the development, enhancement and maintenance of our search engine and other Yandex services and technology platforms. We also include rent and utilities attributable to office space occupied by development staff in product development expenses. We expense product development costs as they are incurred.

The following table presents our product development expenses in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,		
	2017	2018	2019
	(in millions of RUB, except percentages)		
Product development expenses	18,866	22,579	29,209
as a percentage of revenues	20.0 %	17.7 %	16.7 %

Product development expenses increased by RUB 6,630 million, or 29.4%, from 2018 to 2019, and by RUB 3,713 million, or 19.7%, from 2017 to 2018. These increases were primarily due to increases in headcount and salaries in 2019 and 2018, as well as increases in share-based compensation expense. Development personnel headcount increased from 4,290 as of December 31, 2017 to 4,582 as of December 31, 2018, and to 5,784 as of December 31, 2019. As a percentage of revenues, product development expenses slightly decreased by one percentage point from 2018 to 2019, and decreased by 2.3 percentage points from 2017 to 2018, primarily reflecting the slower growth in headcount in 2018.

We anticipate that product development expenses will increase in absolute terms but will not change materially as a percentage of revenues in 2020.

*Sales, general and administrative.* Sales, general and administrative expenses consist of compensation and office rent expenses for personnel engaged in customer service, sales, sales support, finance, human resources, facilities, information technology and legal functions; fees for professional services; and advertising and marketing expenditures.

The following table presents our sales, general and administrative expenses in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,		
	2017	2018 (in millions of RUB, except percentages)	2019
Sales, general and administrative expenses	27,155	36,206	50,155
as a percentage of revenues	28.9 %	28.4 %	28.6 %

Sales, general and administrative expenses increased by RUB 13,949 million, or 38.5%, from 2018 to 2019 and by RUB 9,051 million, or 33.3%, from 2017 to 2018. The increase in 2019 compared to 2018 was primarily due to an increase in personnel expenses by RUB 3,727 million which resulted from headcount and salary increases in 2018 and 2019. Personnel expenses increased by RUB 2,947 million in 2018 compared to 2017, primarily as a result of a headcount increase.

Additional factors contributing to the overall increase from 2018 to 2019 were increases in advertising and marketing expenses, mainly in Russia, by RUB 2,977 million; increases of RUB 1,627 million in bank and payment systems commissions mainly related to Yandex.Taxi; RUB 1,625 million in other professional and outsourced services; RUB 1,346 million in share-based compensation expense; RUB 737 million in recruiting and training services and business travel expenses; RUB 557 million in office rent and utilities expenses due to additional rent agreements, and RUB 427 million in office expenses.

Additional factors contributing to the overall increase from 2017 to 2018 were increases in advertising and marketing expenses, mainly in Russia, by RUB 2,318 million; increases of RUB 1,631 million in bank and payment systems commission expenses mainly related to Yandex.Taxi; RUB 1,028 million in other professional and outsourced services; RUB 556 million in office rent and utilities expenses due to additional rent agreements; RUB 519 million in recruiting and training services and business travel expenses; RUB 384 million in share-based compensation expense and RUB 376 million in office expenses. These increases were partially compensated by a decrease of RUB 404 million in certain provisions related to Ukraine that we provided for in 2017 following the imposition of sanctions in May 2017, and by RUB 354 million of certain allowances we provided for in 2018 compared to 2017 due to VAT provision accrued in 2017 related to the results of prior years' tax audits.

We anticipate that our sales, general and administrative expenses in 2020 will continue to increase in absolute terms in comparison to 2019, as we continue to invest in the promotion of our products and services.

**Depreciation and amortization.** Depreciation and amortization expense relates to the depreciation of our property and equipment, mainly servers and networking equipment, leasehold improvements, data center equipment and office furniture, and the amortization of our intangible assets with definite lives.

The following table presents our depreciation and amortization expense in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,		
	2017	2018 (in millions of RUB, except percentages)	2019
Depreciation and amortization expense	11,239	12,137	14,777
as a percentage of revenues	11.9 %	9.5 %	8.4 %

Depreciation and amortization expense increased by RUB 2,640 million, or 21.8%, from 2018 to 2019 and by RUB 898 million, or 8.0%, from 2017 to 2018. The increases in absolute terms for 2019 as compared to 2018 and for 2018 as compared to 2017 were primarily due to RUB 1,253 million and RUB 328 million increases, respectively, in depreciation expense related to server and network equipment and infrastructure systems; RUB 367 million and RUB 177 million increases, respectively, in office furniture and equipment; RUB 393 million and RUB 48 million increases, respectively, in depreciation expense related to Yandex.Drive's car-sharing fleet and RUB 309 million and RUB 196 million increases, respectively, in amortization expense related to technologies and licenses. The increases in depreciation and amortization expense in 2018 and 2019 were primarily the result of our investments in servers and data



center equipment and expansion of Yandex Drive's car-sharing fleet, as well as by costs related to purchases of office equipment.

We have both operating and finance leases in Yandex Drive. According to the ASC 842 rules, we divide lease payments under finance leases into the interest and amortization components and recognize the latter under D&A expense. In addition, we depreciate the cost of certain equipment that we install on Yandex Drive's cars, such as infotainment systems and telematics. We anticipate that depreciation and amortization expense will increase in absolute terms as we continue to invest in our technology infrastructure and in business acquisitions, and slightly decrease as a percentage of revenues in the near term. Any depreciation of the Russian ruble may also result in a material increase in our capital expenditures and respective depreciation and amortization.

*Share-based compensation.* In our consolidated statements of income, share-based compensation expense is recorded in the same functional area as the expense for the recipient's cash compensation. As a result, share-based compensation expense is allocated among our cost of revenues, product development expenses and sales, general and administrative expenses.

The following table presents our aggregate share-based compensation expense in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,		
	2017	2018	2019
	(in millions of RUB, except percentages)		
Share-based compensation expense	4,193	6,552	9,855
as a percentage of revenues	4.5 %	5.1 %	5.6 %

Share-based compensation expense increased by RUB 3,303 million, or 50.4%, from 2018 to 2019, because of new equity-based awards to new and existing employees granted in 2018 and 2019.

Share-based compensation expense increased by RUB 2,359 million, or 56.3%, from 2017 to 2018, because of new equity-based awards to new and existing employees granted in 2017 and 2018.

The share based compensation expense for 2018 and 2019 includes RUB 564 million and RUB 355 million, respectively, related to Business Unit Equity Awards as described in Note 16 to our consolidated financial statements.

We anticipate that share-based compensation expense will increase in absolute terms in the near term because of new equity-based awards to new and existing employees.

*Goodwill impairment.* The goodwill impairment recorded in 2019 of RUB 762 million relates to Food Party and was a result of our annual goodwill impairment test. The impairment is the full amount of goodwill recognized at the Food Party acquisition date and allocated to the Taxi segment. The goodwill impairment is the result of the absence of expected synergies from the integration of the Food Party business model with the existing operations of our other businesses or technologies, resulting in a change of business model of Food Party. Fair value of the Food Party is considered to be equal to the carrying amount of the Food Party's net assets as of December 31, 2019.

*Adjusted operating costs and expenses by reportable segments.* Our adjusted operating costs and expenses attributable to the Search and Portal segment increased by RUB 13,841 million, or 22.1%, from 2018 to 2019 and by RUB 8,363 million, or 15.4%, from 2017 to 2018. These increases were primarily due to increases in personnel expenses and allocable office rent and utilities and traffic acquisition costs both in 2019 and 2018, as well as other costs of revenues mainly related to devices and depreciation and amortization expense in 2019 and advertising and marketing expenses in 2018.

Our adjusted operating costs and expenses attributable to the Taxi segment increased by RUB 13,760 million, or 58.0%, from 2018 to 2019 and by RUB 10,843 million, or 84.1%, from 2017 to 2018. The primary factor contributing to the overall increase both in 2019 and 2018 was the growth of our Yandex Eats and corporate ride-hailing businesses (with growth in expenses in line with revenue growth), as well as investments in autonomous vehicles as we expanded our AV fleet. The other factors are increases in personnel expenses and allocable office rent and utilities resulting from

growth in headcount over the periods as we continue to invest in the development of the service. We anticipate that advertising and marketing expenses of the Taxi segment will increase in absolute terms but decrease as a percentage of revenues.

Our adjusted operating costs and expenses attributable to the Classifieds segment increased by RUB 1,171 million, or 29.9%, from 2018 to 2019 and by RUB 1,936 million, or 97.5%, from 2017 to 2018. These increases were primarily due to increases in advertising and marketing investments in both 2019 and 2018 as we continued to invest in the development of the service, as well as an increase in cost of vehicles purchased and resold in 2018 compared with 2017.

Our adjusted operating costs and expenses attributable to the Media Services segment increased by RUB 3,372 million, or 122.4%, from 2018 to 2019 and by RUB 1,060 million, or 62.6% from 2017 to 2018. These increases are mainly due to increases of content acquisition costs and advertising and marketing expenses, as well as increases of personnel expenses in both 2018 and 2019.

Our adjusted operating costs and expenses attributable to the Other Bets and Experiments category increased by RUB 11,892 million, or 121.7%, from 2018 to 2019, and increased by RUB 4,649 million, or 90.8%, from 2017 to 2018. The increase in both 2019 and 2018 was primarily due to rapid growth of Yandex.Drive and continued investment in Zen and Geolocation Services, as well as Yandex.Cloud, launched in 2018.

Our adjusted operating costs and expenses attributable to the E-commerce segment decreased by RUB 1,970 million, or 100.0%, from 2018 to 2019 and by RUB 1,442 million, or 42.3%, from 2017 to 2018. The decreases both in 2018 and 2019 were mainly due to deconsolidation of Yandex.Market in April 2018.

***Interest Income***

Interest income remained stable at RUB 3,382 million in 2018 and RUB 3,315 million in 2019. Interest income increased from RUB 2,909 million in 2017 to RUB 3,382 million in 2018 principally as a result of an increase of average amounts of our deposits during the year and an increase of average interest rates of our RUB and USD-nominated investments.

***Interest Expense***

Interest expense decreased from RUB 945 million in 2018 to RUB 74 million in 2019 mostly due to a decrease of amortization of debt discount related to our convertible notes which matured in Q4 2018 by 728 RUB million. Interest expense increased from RUB 897 million in 2017 to RUB 945 million in 2018 mostly due to an increase of amortization of debt discount related to our convertible notes by RUB 44 million.

***Effect of Yandex.Market deconsolidation***

On April 27, 2018, we deconsolidated Yandex.Market from our consolidated financial results and accounted for this investment under the equity method within investments in non-marketable equity securities on the consolidated balance sheets, initially at fair value of RUB 29,985 million. This resulted in a gain on the deconsolidation in the amount of RUB 28,244 million. Starting April 27, 2018, we record our share of Yandex.Market's financial results within the income/(loss) from equity method investments line in the consolidated statements of income.

***Other (Loss)/Income, net***

Our other (loss)/income, net primarily consists of foreign exchange losses and gains generally resulting from changes in the value of the U.S. dollar compared with the Russian ruble, and other non-operating gains and losses, including gains from the sale of equity securities and loss from repurchases of convertible notes.

The following table presents the components of our other (loss)/income, net in absolute terms and as a percentage of revenues, for the periods presented:

	Year ended December 31,		
	2017	2018 (in millions of RUB, except percentages)	2019
Foreign exchange (losses)/gains	(1,075)	1,169	(1,294)
Gain from sale of equity securities	33	—	—
Loss from repurchases of convertible debt	(6)	—	—
Other	(62)	(39)	94
Total other (loss)/income, net	(1,110)	1,130	(1,200)
Total other income (loss)/income, net, as a percentage of revenues	(1.2)%	0.9 %	(0.7)%

Because the functional currency of our operating subsidiaries in Russia is the Russian ruble, changes in the ruble value of these subsidiaries' monetary assets and liabilities that are denominated in other currencies (primarily the U.S. dollar) due to exchange rate fluctuations are recognized as foreign exchange gains or losses in our consolidated statements of income. In 2019 because of the material appreciation of the ruble, we recorded foreign exchange losses of RUB 1,304 million in our Russian subsidiaries as other loss, net, arising from changes in the value of the U.S. dollar compared with the Russian ruble during the year. In 2018 we recognized foreign exchange gain in our Russian subsidiaries in the amount of RUB 1,136 million due to depreciation of the Russian ruble against the U.S. dollar. In 2017 we recognized foreign exchange losses in our Russian subsidiaries in the amount of RUB 974 million due to appreciation of the Russian ruble against the U.S. dollar. Although the U.S. dollar values of our U.S. dollar denominated cash, cash equivalents and term deposits are not impacted by these currency fluctuations, they result in upward and downward revaluations of the ruble equivalent of these U.S. dollar denominated monetary assets.

In 2017, we repurchased \$12.0 million in principal amount of our outstanding convertible notes for \$11.6 million resulting in a loss of RUB 6 million. During 2018, we did not repurchase any convertible debt notes before the due date. In December 2018, the notes matured and we repaid in full the remaining amount of outstanding principal in respect of the notes in the face amount of \$321.3 million.

Items recognized as "Other" in "Other (loss)/income, net" include changes in the fair value of derivative instruments and other non-operating gains and losses.

#### Income Tax Expense

The following table presents our income tax expense and effective tax rate for the periods presented:

	Year ended December 31,		
	2017	2018 (in millions of RUB, except percentages)	2019
Income tax expense	5,016	8,201	11,656
Effective tax rate	35.6 %	15.6 %	51.0 %

Our income tax expense increased by RUB 3,455 million from 2018 to 2019 and increased by RUB 3,185 million from 2017 to 2018, primarily as a result of increases in taxable income.

Our effective tax rate increased by 35.4 percentage points from 2018 to 2019. Our effective tax rate was higher in 2019 than in 2018 primarily due to the lower taxable base in 2018 following the effect of Yandex.Market deconsolidation which is non-taxable, an increase in stock-based compensation and certain losses from the share of Yandex.Market's financial results which are non-deductible, as well as goodwill impairment and certain tax provisions recognized. Adjusted for these effects, our effective tax rate would have been 29.8% and 26.6% in 2019 and 2018, respectively. The increase in the adjusted effective tax rate was primarily driven by certain additional valuation allowances provided in 2019.

Our effective tax rate decreased by 20.0 percentage points from 2017 to 2018. Our effective tax rate was lower in 2018 than in 2017 primarily due to the effect of Yandex.Market deconsolidation which is non-taxable, as well as due

to certain provisions related to the results of prior years' tax audits recognized in 2017 and reversed in 2018, partly offset by an increase in share-based compensation expense, which is non-deductible. Adjusted for these effects, our effective tax rate would have been 26.6% and 24.1% in 2018 and 2017, respectively. The increase in the adjusted effective tax rate was primarily driven by certain deferred tax asset valuation allowances provided in 2018 on operations of Uber and Food Delivery businesses acquired in 2018 and late 2017.

See "Critical Accounting Policies, Estimates and Assumptions—Tax Provisions" for additional information about our income tax expense.

A reconciliation of our statutory income tax rate to our effective tax rate is set forth in Note 11 of our audited consolidated financial statements included elsewhere in this Annual Report.

#### **Liquidity and Capital Resources**

As of December 31, 2019, we had RUB 88,306 million (\$1,120.0 million) in cash, cash equivalents and term deposits. Cash equivalents consist of bank deposits with original maturities of three months or less. We keep a sufficiently balanced currency basket depending on expected expenses in currencies different from the Russian ruble and aiming at foreign exchange risks mitigation. The certain currency split between the Russian ruble and the U.S. dollar is flexible and is subject to regular modification by management upon market conditions. We maintain our U.S. dollar-denominated accounts principally in the Netherlands and in Russia. Our U.S. dollar-denominated holdings as of December 31, 2019 accounted for approximately 71.1% of our cash, cash equivalents and term deposits.

The net proceeds to us in December 2013 and January 2014 from the sale of our 1.125% convertible senior notes due December 15, 2018, were approximately \$683.1 million. From time to time, we repurchased and retired outstanding notes. During 2017, we repurchased and retired an aggregate of \$12.0 million principal amount of the outstanding notes for \$11.6 million. During 2018, we did not repurchase outstanding notes before the due date. In December 2018, the notes matured and we repaid in full the remaining amount of outstanding principal in respect of the notes in the face amount of \$321.3 million when such amounts came due. As of December 31, 2018 and December 31, 2019 no notes remained outstanding.

The net proceeds from convertible notes were received by our parent company, a Dutch holding company that generates no operating cash flow itself.

Other than the proceeds from our convertible note offering, our principal source of liquidity has been cash flow generated from the operations of our Russian subsidiaries. Under current Russian legislation, there are no restrictions on our ability to distribute dividends from our Russian operating subsidiaries to our parent other than a requirement that dividends be limited to the cumulative net profits of our Russian operating subsidiaries, calculated in accordance with Russian accounting principles, which differs from the cumulative net profit calculated in accordance with U.S. GAAP primarily due to the treatment of accrued expenses (such as rent, sales agency commissions and bonuses, etc.), deferred taxes and differences arising from the capitalization and depreciation of property and equipment and amortization of intangible assets. In addition, these dividends cannot result in negative net assets in our Russian subsidiaries or render them insolvent. Pursuant to applicable Russian statutory rules, the amount that our principal Russian operating subsidiary would be permitted to pay as a dividend to our parent company as of December 31, 2019 was approximately RUB 99,431 million (\$1,261.0 million).

We are required to pay 5% withholding tax on all dividends paid from our Russian operating subsidiaries to our parent company. Starting in 2014, we began to accrue for a 5% dividend withholding tax on the portion of the current year profit of our principal Russian operating subsidiary that is considered not to be permanently reinvested in Russia. We also provided in 2017 for a 5% dividend withholding tax on the portion of the profit for 2013 of our principal Russian operating subsidiary that was considered not to be indefinitely reinvested in Russia. As of December 31, 2019, the cumulative amount of unremitted earnings upon which dividend withholding taxes have not been provided is approximately RUB 83,531 million (\$1,059.4 million). We estimate that the amount of the unrecognized deferred tax liability related to these earnings is approximately RUB 4,177 million (\$53.0 million). See "Risk Factors—Taxes payable on dividends from our Russian operating subsidiaries to our parent company might not benefit from relief under the Netherlands-Russia tax treaty."

As of December 31, 2019, we had no outstanding indebtedness. We do not currently use any line of credit or other similar source of liquidity.

On March 3, 2020, we issued \$1,250.0 million principal amount (RUB 82,909 million as of the issue date) 0.75% convertible notes due 2025, for net proceeds of \$1,237.0 million (RUB 82,050 million as of the issue date).

#### Cash Flows

In summary, our cash flows were:

	Year ended December 31,		
	2017	2018 (in millions of RUB)	2019
Net cash provided by operating activities	23,772	28,212	44,379
Net cash (used in)/provided by investing activities	(7,788)	25,959	(49,136)
Net cash used in financing activities	(587)	(32,804)	(2,394)
Effect of exchange rate changes on cash	(976)	4,288	(5,282)

*Cash provided by operating activities.* Cash provided by operating activities consists of net income adjusted for non-cash items, including depreciation and amortization expense, operating lease right-of-use (ROU) assets amortization, amortization of debt discount and issuance costs, share-based compensation expense, deferred income taxes, foreign exchange gains and losses, effect of deconsolidation of Yandex.Market, goodwill impairment, amortization of content assets, income/losses from equity method investments, and the effect of changes in working capital.

Cash provided by operating activities increased by RUB 16,167 million from 2018 to 2019. This increase was primarily due to an increase of RUB 16,556 million in net cash from operations before changes in working capital, slightly offset by a decrease in cash provided by changes in working capital of RUB 389 million. Cash used in working capital was RUB 9,956 million in 2019 and slightly increased between the periods primarily due to an increase in cash outflow related to a change in content assets, partly compensated by an increase in cash inflow from a change in content liabilities, as well as a decrease in cash outflow related to accounts receivable, net in 2019 compared to 2018.

Cash provided by operating activities increased by RUB 4,440 million from 2017 to 2018. This increase was primarily due to an increase of RUB 9,091 million in net cash from operations before changes in working capital, partly offset by an increase in cash used in working capital of RUB 4,651 million. Cash used in working capital was RUB 9,567 million in 2018 and increased between the periods primarily due to a significant increase in cash outflow related to prepaid expenses and other assets, primarily arising from funds receivable mainly related to the Yandex.Taxi business and VAT reclaimable, as well as accounts receivable, net in 2018 compared to 2017.

We believe that our existing cash, cash equivalents and cash generated from operations will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months. To the extent that our cash, cash equivalents and cash from operating activities are insufficient to fund our future activities, we may be required to raise additional funds through equity or debt financings, including bank credit arrangements. Additional financing may not be available on terms favorable to us or at all.

*Cash (used in)/provided by investing activities.*

Cash used in investing activities in 2019 decreased by RUB 75,095 million compared to 2018 as a result of increases in investment in term deposits (net of maturities) of RUB 69,885 million, and a decrease in cash provided by new businesses combinations (net of cash used in acquisitions) of RUB 20,191 million related to the business combination with Uber in February 2018, which were partly offset by a decrease in capital expenditures of RUB 7,780 million and effect of deconsolidation of cash and cash equivalents of Yandex.Market of RUB 2,181 million in 2018.

Cash provided by investing activities in 2018 increased by RUB 33,747 million compared to 2017 as a result of increases in maturities of term deposits (net of investments) of RUB 34,228 million, and an increase in cash provided by new business combinations (net of cash used in acquisitions) of RUB 20,762 million related to the business combination with Uber, which were partly eliminated by increases in capital expenditures of RUB 15,934 million, a decrease in

proceeds from debt securities of RUB 2,887 million and effect of deconsolidation of cash and cash equivalents of Yandex. Market of RUB 2,181 million.

Our total capital expenditures were RUB 20,543 million in 2019 and RUB 28,323 million in 2018. Our capital expenditures have historically consisted primarily of the purchases of servers and networking equipment. In 2018 they included the acquisition cost of the property site for our new Moscow headquarters, which amounted to RUB 9.7 billion. We also incurred significant capital expenditures in 2018 and 2019 related to the construction of one of our large data centers. To manage enhancements in our search technology, expected increases in internet traffic, advertising transactions and new services, and to support our overall business expansion, we will continue to invest in data center operations, technology, corporate facilities and information technology infrastructure in 2020 and thereafter. Moreover, we may spend a significant amount of cash on acquisitions and licensing transactions from time to time.

#### *Cash used in financing activities.*

For 2019, cash outflow from financing activities was RUB 2,394 million, primarily reflecting RUB 1,422 million used for repurchase of ordinary shares, RUB 747 million used in purchase of redeemable noncontrolling interests, and RUB 240 million paid for finance leases.

For 2018, cash outflow from financing activities was RUB 32,804 million, primarily reflecting RUB 21,281 million used for repayment of our outstanding convertible notes, RUB 10,085 million used in repurchase of our ordinary shares and RUB 1,504 million paid as contingent consideration.

#### **Off-Balance Sheet Items**

We do not currently engage in off-balance sheet financing arrangements, and do not have any material interest or obligation, including a contingent obligation, arising out of a variable interest, in entities referred to as variable interest entities, which include special purpose entities and other structured finance entities.

#### **Contractual Obligations**

The following table sets forth our contractual obligations as of December 31, 2019:

	Payments due by period				
	Total	Through 2020	2021 through 2022	2023 through 2024	Thereafter
			(in millions of RUB)		
Long-term operating cars lease obligations	10,724	7,059	3,665	—	—
Other long-term operating lease obligations	17,395	7,341	7,957	1,745	352
Long-term finance lease obligations	2,485	687	1,121	60	617
Data centers related purchase obligations	171	154	9	1	7
Other purchase obligations	9,175	4,715	3,740	653	67
Payments related to business acquisitions	127	64	30	33	—
<b>Total contractual obligations</b>	<b>40,077</b>	<b>20,020</b>	<b>16,522</b>	<b>2,492</b>	<b>1,043</b>

The table above presents our long-term rent obligations for our office and data center facilities, cars, contractual purchase obligations related to data center operations and facility build-outs, as well as other purchase obligations primarily related to utilities fees, content assets, devices production and other services and obligations. For agreements denominated in U.S. dollars, the amounts shown in the table above are based on the U.S. dollar/Russian ruble exchange rate prevailing on December 31, 2019. All amounts shown include value added tax, where applicable.

#### **Critical Accounting Policies, Estimates and Assumptions**

Our accounting policies affecting our financial condition and results of operations are more fully described in our consolidated financial statements for the years ended December 31, 2017, 2018 and 2019, included elsewhere in this Annual Report. The preparation of these consolidated financial statements requires us to make judgments in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the

circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe our critical accounting policies that affect the more significant judgments and estimates used in the preparation of our consolidated financial statements are as follows:

***Tax Provisions***

Significant judgment is required in evaluating our uncertain tax positions and determining our income tax expense. FASB authoritative guidance on accounting for uncertainty in income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made. The income tax expense includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest. Our actual Russian taxes may be in excess of the estimated amount expensed to date and accrued as of December 31, 2019, due to ambiguities in, and the evolution of, Russian tax legislation, varying approaches by regional and local tax inspectors, and inconsistent rulings on technical matters at the judicial level. See “Risk Factors—Risks Related to Tax Matters—Changes in the tax systems in the countries in which we operate, or unpredictable or unforeseen application of existing rules, may materially adversely affect our business, financial condition and results of operations.”

In addition, significant management judgment is required in determining whether deferred tax assets will be realized. A valuation allowance is recognized to reduce deferred tax assets to amounts that are more likely than not to ultimately be utilized based on our ability to generate sufficient future taxable income. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. If actual events differ from management’s estimates, or to the extent that these estimates are adjusted in the future, any changes in the valuation allowance could materially impact our consolidated financial statements.

***Recognition and Impairment of Goodwill and Intangible Assets***

The FASB authoritative guidance requires us to recognize the assets of businesses acquired and respective liabilities assumed based on their fair values. Our estimates of the fair value of the identified intangible assets of businesses acquired are based on our expectations of the future results of operations of such businesses. The fair value assigned to identifiable intangible assets acquired is supported by valuations that involve the use of a large number of estimates and assumptions provided by management.

We assess the carrying value of goodwill arising from business combinations on an annual basis, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Other than our annual review, factors we consider important that could trigger an impairment review include under-performance of our reporting units compared with our internal budgets or changes in projected results, changes in the manner of utilization of the asset, and negative market conditions or economic trends. We determine whether impairment has occurred by assigning goodwill to the reporting unit identified in accordance with the authoritative guidance, and comparing the carrying amount of the reporting unit to the fair value of the reporting unit. We generally measure the fair value of the reporting unit by considering discounted estimated future cash flows using an appropriate discount rate. Therefore, our judgment as to the future prospects of our business has a significant impact on our results and financial condition. If these future prospects do not materialize as expected or there is a future adverse change in market conditions, we may be unable to recover the carrying amount of an asset, resulting in future impairment losses.

**Share-Based Compensation Expense**

We estimate the fair value of share options and share appreciation rights (together, "Share-Based Awards") that are expected to vest using the Black-Scholes-Merton (BSM) pricing model and recognize the fair value ratably over the requisite service period using the straight-line method. We used the following assumptions in our option-pricing model when valuing Share-Based Awards for grants made in the year ended December 31, 2019:

	2018	2019
Dividend yield	—	—
Expected annual volatility	39.0 %	39.4-41.1 %
Risk-free interest rate	2.72-2.90 %	1.64-1.88 %
Expected life of the awards (years)	7.07-7.11	5.91-6.05
Weighted-average grant date fair value of awards (per share)	\$ 14.62	\$ 15.97

No share appreciation rights grants were made for the years ended December 31, 2017, 2018 and 2019.

To determine the expected option term, we use the "simplified method" as allowed under the SEC's accounting guidance, which represents the weighted-average period during which our awards are expected to be outstanding.

With respect to price volatility, for 2018 and 2019 grants we used historical volatility of our own shares.

We base the risk-free interest rate on the U.S. Treasury yield curve in effect at the grant date.

We did not declare any external dividends with respect to 2017, 2018 or 2019 and do not have any plans to pay dividends in the near term. We therefore use an expected dividend yield of zero in our option pricing model for awards granted in the years ended December 31, 2018 and 2019.

**Recent Accounting Pronouncements**

See Note 2 — "Summary of Significant Accounting Policies" in the Notes to our consolidated financial statements included elsewhere in this Annual Report.

**Quantitative and Qualitative Disclosures About Market Risk****Foreign Currency Exchange Risk**

The functional currency of our Russian operating subsidiaries, which account for the significant majority of our operations, is the Russian ruble. Therefore, our reported results of operations are impacted by fluctuations in exchange rates to the extent that we recognize foreign exchange gains and losses on monetary assets and liabilities denominated in currencies other than the ruble, primarily the U.S. dollar. Total U.S. dollar denominated cash, cash equivalents and term deposits held in Russia amounted to RUB 32,034 million and RUB 14,327 million as of December 31, 2019 and 2018, respectively. If the U.S. dollar had been stronger/weaker by 15% relative to the value of the Russian ruble as of December 31, we would have recognized additional foreign exchange gains/losses before tax of RUB 3,120 million and RUB 115 million in 2019 and 2018, respectively.

Furthermore, the revenues and expenses of our Russian operating subsidiaries are primarily denominated in Russian rubles. However, a major portion of our capital expenditures, primarily servers, networking and engineering equipment imported by Russian suppliers, as well as a portion of expenses denominated in a currency other than the Russian ruble, can be materially affected by changes in the dollar-ruble and euro-ruble exchange rate. In the event of a material appreciation of the U.S. dollar against the ruble, such as that which occurred in 2015 or early 2020, the ruble equivalents of these U.S. dollar-denominated expenditures increase and negatively impact our net income and cash flows.

The lease of our Moscow headquarters currently entails outstanding commitments of approximately RUB 13,766 million as of December 31, 2019. The rent under some leases we entered into before 2017 is denominated in U.S. dollars, but payable in rubles at the then-current exchange rate quoted by the Central Bank of Russia. The leases protect the landlord against depreciation of the U.S. dollar against the ruble. There are also some leases we entered into in 2017



and 2018 which contain protection of us as the lessee against appreciation of the U.S. dollar against the ruble. The landlord's protection from U.S. dollar depreciation and our protection from U.S. dollar appreciation represent embedded derivatives that must be bifurcated and accounted for separately under U.S. GAAP. At the end of each period, we re-measure the fair value of these embedded derivatives and record any change in fair value as foreign exchange gains or losses in the statements of income. We estimate the fair value of these derivative instrument using a model that is sensitive to changes in the U.S. dollar to Russian ruble exchange rate. If the U.S. dollar had been weaker by 15% relative to the value of the Russian ruble as of December 31, 2019, we would have recognized additional foreign exchange gains before tax of RUB 2 million in 2019. If the U.S. dollar had been stronger by 15% relative to the value of the Russian ruble as of December 31, 2019, we would have recognized additional foreign exchange losses before tax of RUB 2 million in 2019. In March 2017, we designated a portion of our U.S. dollar-denominated term deposits with a third party bank as a hedging instrument to protect us from risk that our U.S. dollar-denominated Moscow headquarters rent expenses will be adversely affected by changes in the exchange rates and to avoid income statement volatility. As of December 31, 2018, this deposit was used in full amount. See Note 6 — "Derivative and non-derivative financial instruments" in the Notes to our consolidated financial statements included elsewhere in this Annual Report.

The functional currency of our Dutch parent company is the U.S. dollar. The functional currency of our subsidiaries incorporated in other countries is generally the respective local currency. The financial statements of these non-Russian entities have been translated into rubles using the current rate method, where balance sheet items are translated into rubles at the period-end exchange rate and revenue and expenses are translated using a weighted average exchange rate for the relevant period. The resulting translation gains and losses for the years ended December 31, 2017, 2018 and 2019 are included as a foreign currency translation adjustment recorded as part of accumulated other comprehensive income on our consolidated balance sheets. U.S. dollar cash, cash equivalents and term deposits comprise the largest portion of our assets in the Netherlands. Total U.S. dollar denominated cash, cash equivalents and term deposits held in the Netherlands amounted to RUB 29,212 million and RUB 30,315 million as of December 31, 2019 and 2018, respectively. If the U.S. dollar had been stronger/weaker by 15% relative to the value of the Russian ruble as of December 31, 2019 we would have recognized additional other comprehensive gains/losses of RUB 5,301 million and RUB 5,136 million in 2019 and 2018, respectively.

Subsequent to December 31, 2019, the Russian ruble remained volatile against foreign currencies, including the U.S. dollar. The currency exchange rate as of December 31, 2019 was RUB 61.9057 to \$1.00 and, during the period from December 31, 2019 to March 30, 2020, the exchange rate of the Russian ruble depreciated to RUB 77.7325 to \$1.00. The lowest rate reached during this period was RUB 80.8815 to \$1.00 as of March 24, 2020. The highest rate reached during this period was RUB 60.9474 to \$1.00 as of January 14, 2020.

#### ***Interest Rate Risk***

We had cash, cash equivalents and term deposits of RUB 88,306 million as of December 31, 2019. We do not believe that we have any material exposure to changes in the fair value of our cash, cash equivalents and term deposits as a result of changes in interest rates. We do not enter into investments for trading or speculative purposes. Declines in interest rates, however, will reduce future investment income.

In December 2013 and January 2014, we issued and sold \$690.0 million in aggregate principal amount of 1.125% convertible senior notes due December 15, 2018. During 2015, we repurchased and retired an aggregate of \$119.4 million principal amount of the outstanding notes for \$102.3 million. During 2016, we repurchased and retired an aggregate of \$87.4 million principal amount of the outstanding notes for \$82.0 million. During 2017, we repurchased and retired an aggregate of \$12.0 million principal amount of the outstanding notes for \$11.6 million. We carried the convertible notes at face value less unamortized discount and debt issuance costs on our balance sheet. The fair value of the notes changed when the market price of our shares or interest rates fluctuate. During 2018 we repaid in full the remaining amount of outstanding principal in respect of convertible debt notes in the face amount of \$321.3 million and did not repurchase outstanding notes before the due date.

On March 3, 2020, we issued \$1,250.0 million principal amount (RUB 82,909 million as of the issue date) 0.75% convertible notes due 2025, for net proceeds of \$1,237.0 million (RUB 82,050 million as of the issue date).

## Item 6. Directors, Senior Management and Employees.

The following table sets forth certain information with respect to each of our executive officers and directors and their respective age and position as of the date of this Annual Report:

Name	Age	Date of Expiration of Current Term of Office	Director or Executive Officer Since	Title
Arkady Volozh	56	2020	2000	Executive Director and Chief Executive Officer
John Boynton	54	2021	2000	Non-Executive Chairman
Tigran Khudaverdyan	38	2022	2019	Deputy CEO and Executive Director
Esther Dyson	68	2021	2006	Non-Executive Director
Herman Gref	56	2020	2014	Non-Executive Director
Alexey Komissarov	50	2023	2019	Non-Executive Director
Mikhail Parakhin	43	2020	2019	Non-Executive Director
Rogier Rijnja	57	2022	2013	Non-Executive Director
Charles Ryan	52	2022	2011	Non-Executive Director
Ilya Strebulaev	44	2021	2018	Non-Executive Director
Alexander Voloshin	64	2022	2010	Non-Executive Director
Alexey Yakovitsky	44	2023	2019	Non-Executive Director
G. Gregory Abovsky	43	N/A	2014	Chief Financial Officer, Chief Operating Officer

*Mr. Volozh* is the principal founder of Yandex and has been our Chief Executive Officer and a director since 2000. A serial entrepreneur with a background in computer science, Mr. Volozh co-founded several successful IT enterprises, including InfiNet Wireless, a Russian provider of wireless networking technology, and CompTek International, one of the largest distributors of network and telecom equipment in Russia. In 2000, Arkady left his position as CEO at CompTek International to become the CEO of Yandex. Mr. Volozh started working on search in 1989, which led to him establishing Arkadia Company in 1990, a company developing search software. His earlier achievements include the development of electronic search for use in patents, Russian classical literature and the Bible. Mr. Volozh holds a degree in applied mathematics from the Gubkin Institute of Oil and Gas.

*Mr. Boynton* has been a non-executive director since 2000 and was appointed to serve as Chairman of the Board in 2016. He was a founding shareholder of Yandex and has served the Board in a number of capacities including Chairman of the Nominating and Governance Committee, Chairman of the Compensation Committee, and Member of the Audit Committee. He is a member of the National Association of Corporate Directors. In addition to Yandex, he was co-founder of CompTek and InfiNet Wireless in Russia and has served as a founder, investor and/or board member in a variety of growth companies in technology, healthcare services, and real estate. His career was shaped by a student trip to the Soviet Union in 1983. He was studying Russian language at the time, and that trip inspired him to direct his entrepreneurial energy toward Russia after graduating from Harvard in 1988.

*Mr. Khudaverdyan* was appointed Deputy CEO of the Company in May 2019. Mr. Khudaverdyan joined Yandex in April 2006, and since then has led several successful Yandex projects, including Yandex.Browser and Yandex.Navigator. He moved to the Yandex.Taxi business in 2015, and has served as Chief Executive Officer of MLU B.V., our ride-hailing and food delivery joint venture with Uber, since its formation. Mr. Khudaverdyan graduated from Moscow State University with a degree in Physics. The Board believes that Mr. Khudaverdyan will bring a deep understanding of the Company's business, operations and technology to the Board. The Board also believes that it is in the best interests of the Company and its shareholders to appoint a second executive member to the Board.

*Ms. Dyson* has been a non-executive director at Yandex since 2006. Ms. Dyson is executive founder of Wellville, a US-based 10-year non-profit project to demonstrate the value of investing in health. Ms. Dyson is an active investor and board member in a variety of IT, healthcare and aerospace start-ups, and also sits on the board of Pressreader, another IT company of Russian origin based in Canada. She started her career as a fact-checker for Forbes Magazine, and then spent five years as a securities analyst on Wall Street. At New Court Securities, Ms. Dyson

comprised the sell-side research department, and worked on the initial public offering of Federal Express, among others. At Oppenheimer & Co., she followed the nascent software and personal computer markets. From 1982 to 2004, as the owner of EDventure Holdings, she edited its newsletter Release 1.0 and ran its annual PC Forum conference, where Yandex CEO Arkady Volozh spoke in 2005. In addition to Yandex and Luxoft, her Russian interests have included advisory board seats with both IBS Group and SUPLive Journal, and investments in the technology companies Epan, Ostrovok, TerraLink, UCMS and Zingaya. She sits on the boards of BAMF Health and SWVL (a Cairo-based dynamic transportation company). She was an early investor in Flickr and del.icio.us (sold to Yahoo!), Medstory and Powerset (sold to Microsoft), Brightmail (sold to Symantec), and Postini (sold to Google), Meetup (sold to WeWork), and Geometric Intelligence and Jump (sold to Uber), among others. She is the author of "Release 2.0: A design for living in the digital age" (1997). She earned a B.A. in economics from Harvard University.

*Mr. Gref* has served since 2007 as the Chief Executive Officer and Chairman of the Executive Board of Sberbank of Russia, one of the largest commercial banks in Russia. From 2000 to 2007, Mr. Gref was the Minister for Economic Development of the Russian Federation. He previously served in a number of government positions at the federal and regional levels in Russia. Mr. Gref received a degree in law from Omsk State University in 1990, a Ph.D. in law from St. Petersburg State University in 1993 and has a Ph.D. in economics. Mr. Gref holds a Citation and Certificate of Honor from the President of the Russian Federation, the Order for Distinguished Service of Grade IV and the Stolypin Medal.

*Mr. Komissarov* is vice-rector of the Russian Presidential Academy of National Economy and Public Administration. He is also a member of PJSC SIBUR Holding's board of directors. From 2015 to 2017, he was director of the Industry Development Fund and served as independent director, member of the Strategy and Investment Committee and chairman of the Budget and Reporting Committee to GLONASS. From 2011 to 2015, he worked in the Moscow government as a minister and head of the Department of Science, Industrial Policy and Entrepreneurship, and also served as advisor to the Mayor. Mr. Komissarov has a degree from the Moscow Automobile and Road Construction State Technical University in Automotive Engineering and Maintenance, an MBA from Kingston University in the UK.

*Mr. Parakhin* is an industry veteran with more than 20 years of industry experience, particularly in the areas of AI and large-scale processing. He has lead teams of various sizes for some of the world's leading tech companies. Mr. Parakhin joined Yandex as Chief Technology Officer in 2014, leading all technical teams globally for the company, applying his unique background in machine learning and coding, plus specializations in search, image processing, as well as handwriting and speech recognition algorithms. Mr. Parakhin has decided to leave his executive role at Yandex, effective August 2019. Prior to joining Yandex, Mr. Parakhin served in various roles at Microsoft, with most recent being the Head of the Bing Multimedia Search team from 2010 to 2014. Mr. Parakhin holds a Master's degree in Physics from the Moscow Engineering Physics Institute. The Board believes that it will benefit from Mr. Parakhin's technical and managerial expertise and experience, and in particular his deep familiarity with the operations of the business, and has nominated him for appointment to ensure that the Company continues to benefit from his contributions. The Board proposes that Mr. Parakhin's appointment be for an initial term of one year; this will help to ensure that roughly the same number of directors have terms ending each year.

*Mr. Rijnja* has been a non-executive director of Yandex since 2013. Mr. Rijnja, is Senior Vice President of Human Resources and a member of the executive committee at D.E. Master Blenders, a Dutch public company listed on the Amsterdam stock exchange. Prior to joining D.E. Master Blenders in 2011, Mr. Rijnja served as head of the human resources departments at several international companies, including Maxeda (2008 to 2011), Numico N.V. (2004 to 2008) and Amazon.com (2002 to 2004). Prior to this, he was director of global management development at Reckitt Benckiser PLC from 1998 to 2002, and a human resources manager for Nike Europe from 1996 to 1998. Between 1989 and 1996, Mr. Rijnja held several positions at Apple in The Netherlands and the United States. Mr. Rijnja has a degree in law studies from Leiden University in The Netherlands.

*Mr. Ryan* became a non-executive director of Yandex at the time of its initial public offering in 2011. A finance professional with 29 years of experience in both the Russian and international markets, Mr. Ryan co-founded United Financial Group (UFG) and became its Chairman and CEO in 1994. In 1998, Mr. Ryan initiated the New Technology Group within UFG Asset Management, which sponsored an early-stage technology investment in ru-Net Holdings whose investments include Yandex. In 2006, Deutsche Bank acquired 100% of UFG's investment banking business, and Mr. Ryan was appointed chief country officer and CEO of Deutsche Bank Group in Russia and remained in that position until the end of 2008, when he became chairman of UFG Asset Management. From 2008 through the end of 2010, Mr. Ryan was a consultant for Deutsche Bank. Prior to founding UFG, Mr. Ryan worked as an associate and principal

banker with the European Bank for Reconstruction and Development in London from 1991 to 1994 and as a financial analyst with CS First Boston from 1989 to 1991. Mr. Ryan is also a founder and the general partner of Almaz Capital Partners, an international VC firm, headquartered in Silicon Valley, which connects entrepreneurs and engineering talent in the USA and Eastern European /CIS countries and brings prominent startups to the global market. Mr. Ryan has a degree in Government from Harvard University.

*Mr. Strebulae* has been a non-executive director of Yandex since 2018. Mr. Strebulae has been on the faculty at the Graduate School of Business, Stanford University since 2004 and currently is the David S. Lobel Professor of Private Equity and a tenured Professor of Finance. He has also been a Research Associate at the National Bureau of Economic Research since 2010. He graduated from the London Business School with a doctorate in Finance. He also holds degrees from Lomonosov Moscow State University (B.Sc. Economics) and the New Economic School, Moscow (M.A. Economics). In addition to his qualifications in Finance, Mr. Strebulae brings to the Board his expertise in the global technology industry, as well as his experience in corporate innovation and leadership.

*Mr. Voloshin* has been a non-executive director of Yandex since August 2010 after serving as an advisor to the company for two years. Since February 2012, Alexander Voloshin has served as Chairman of the Board and Independent Director at JSC Freight One. As the leader of the Moscow International Financial Centre working group, Mr. Voloshin championed an overhaul to Russia's corporate governance rules, helping to update guidance in line with global best practice. He also served as Chairman of the Board of Directors of Uralkali from 2010 to 2014. Prior to joining our Board of Directors, Mr. Voloshin served as Chairman of the Board of MMC Norilsk Nickel from 2008 to 2010 and as Chairman of the Board of Directors of RAO "UES of Russia" from 1999 to 2008. From 1999 to 2003 Mr. Voloshin headed the Russian Presidential Administration. Prior to becoming Chief of Staff of the Russian President he worked as Deputy Chief of Staff from 1998 to 1999, and as Assistant to Chief of Staff from 1997 to 1998. Mr. Voloshin has been Chairman of the Board at Moscow Business School Skolkovo since 2016. He graduated from the Moscow Institute of Transport Engineers in 1978 and holds a degree in economics from the All-Russia Foreign Trade Academy.

*Mr. Yakovitsky* is the CEO of VTB Capital, VTB Group's investment banking business. He is also a member of VTB Capital's board of directors. In addition, he is the chairman of the Supervisory Board of VTB Bank (Europe) SE, headquartered in Frankfurt, Germany. Mr. Yakovitsky is also a member of the board of directors of VTB Capital Plc, VTB Capital's London subsidiary and a member of the board of directors of Rostelecom. Mr. Yakovitsky started his career in equity research at United Financial Group ("UFG"). He was ranked the #1 telecom analyst for Russia by Institutional Investor in 2004 and was cohead of Russian equity research at UFG and Deutsche Bank (which acquired UFG) in 2005-2008. He then joined VTB Capital in 2008 as co-head of equities and head of research, and became its Moscow CEO in 2009. Mr. Yakovitsky has degrees from Moscow Lomonosov State University, Department of History, as well as from the Nelson A. Rockefeller College of Public Affairs and Policy (Albany, US).

*Mr. Abovsky* was appointed Chief Operating Officer of Yandex in 2017 in addition to his role of Chief Financial Officer, that he has been performing since 2014. Mr. Abovsky joined Yandex as Vice President of Investor Relations in January 2013, taking on the additional role of Vice President of Corporate Development in October 2013. Mr. Abovsky began his career in the investment banking division of Morgan Stanley, and has over 18 years of experience in a variety of finance and investment management roles in the media and technology sectors. Mr. Abovsky holds a B.A. in Business Economics and Russian Literature from Brown University and an M.B.A. with High Distinction from Harvard Business School.

To our knowledge, there are no family relationships among any of the members of our board or senior management.

#### **Compensation and Share Ownership of Executive Officers and Directors.**

The aggregate cash compensation paid or accrued in 2019 for members of our senior management (a total of 12 persons), as a group, was RUB 673 million (\$8.5 million).

In May 2011, we granted each of our non-executive directors an option to acquire 28,000 Class A shares at the initial public offering price of \$25.00 per share, effective on the closing of our initial public offering. Such options vested over a four-year period. In May 2013, we granted to a new non-executive director an option to acquire 28,000 Class A shares at a price of \$27.74 per share. In May 2014, we granted a new non-executive director an option to acquire 28,000 Class A shares at a price of \$33.09 per share.

In May 2015, our Compensation Committee and Board approved grants of further equity awards to the members of our Board. Each member was granted 14,000 restricted shares units (below – “RSUs”). In addition, the chairman was granted an additional 14,000 RSUs; each member of the audit committee and compensation committee (other than the committee chairmen) was granted an additional 2,000 RSUs; and each chairmen of such committees was granted an additional 5,000 RSUs. Such awards vest over four years, with 25% vesting in May 2016 and the remainder vesting quarterly over the following three years.

In May 2016, we made an offer to our non-executive directors to exchange up to an aggregate of 196,000 of their outstanding options for RSUs based on an exchange ratio of 2:1. As a result of exchange, a total of seven non-executive directors exchanged an aggregate of 196,000 options for an aggregate of 98,000 RSUs. The replacement RSUs are subject to an additional 12 months vesting period beyond the original vesting schedule of the exchanged options. In addition, no exercise of the replacement RSUs are permitted for a 12 month period starting from the date of the exchange which occurred in May 2016.

In November 2016, our Compensation Committee and Board approved grants of additional 14,000 RSUs to the new chairman of the Board of Directors. The award vests over four years, with 25% vesting in June 2017 and the remainder vesting quarterly over the following three years.

In November 2016, our Compensation Committee and Board approved grants of 600,000 RSUs to our executive director. The award vests over four years, with 25% vesting in December 2018 and the remainder vesting quarterly over the following three years.

In May 2017, our Compensation Committee and Board approved grants of 125,000 RSUs to our non-executive directors. The award vests over four years, with 25% vesting in April 2018 and the remainder vesting quarterly over the following three years.

In October 2018, our Compensation Committee and Board approved grants of 15,000 RSUs to a non-executive director. The awards vest over three years, with 25% vesting in July 2018 and the remainder vesting quarterly over the following two years.

In February 2019, our Compensation Committee and Board approved grants of 7,500 RSUs to a non-executive director, including 1,250 RSUs immediately exercisable in March 2019 and 6,250 RSUs vesting quarterly over the following two and a half years.

In May 2019, our Compensation Committee and Board approved grants of 145,000 RSUs to our non-executive directors, including 75,000 RSUs vesting quarterly over three years, 65,000 RSUs vesting quarterly over two years and 5,000 RSUs vesting quarterly over a year.

For information on share ownership and options held by our directors and senior management, please see “Major Shareholders and Related Party Transactions”.

#### **Corporate Governance**

The principal standing committees of our board of directors are an audit committee, a compensation committee, a nominating committee, a corporate governance committee, an investment committee and a public interest committee. We have adopted a charter for each of these committees.

##### ***Audit Committee***

Our audit committee consists of three members, Messrs. Ryan (chairperson), Boynton and Strebulaev. Each member satisfies the “independence” requirements of the NASDAQ listing standards, and Mr. Ryan qualifies as an “audit committee financial expert,” as defined in Item 16A of Form 20-F and as determined by our board of directors. The audit committee oversees our accounting and financial reporting processes and the audits of our consolidated financial

statements. The audit committee is responsible for, among other things:

- making recommendations to our board of directors regarding the appointment by the shareholders of our independent auditors;
- coordinating our board's oversight of the internal control over financial reporting, disclosure controls and procedures and code of conduct;
- overseeing the work of the independent auditors, including resolving disagreements between management and the independent auditors relating to financial reporting;
- pre-approving all audit and non-audit services permitted to be performed by the independent auditors;
- reviewing the independence and quality control procedures of the independent auditors;
- discussing material off-balance sheet transactions, arrangements and obligations with management and the independent auditors;
- reviewing and approving all proposed related-party transactions;
- discussing the annual audited consolidated and statutory financial statements with management;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately with the independent auditors to discuss critical accounting policies, observations on internal controls, the auditor's engagement letter and independence letter and other material written communications between the independent auditors and the management;
- establishing procedures for an annual internal audit;
- reviewing the findings of annual internal audits prepared by the internal auditors; and
- attending to such other matters as are specifically delegated to our audit committee by our board of directors from time to time.

***Compensation Committee***

Our compensation committee consists of three members, Messrs. Rijnja (chairperson), Boynton and Ms. Dyson. Each member satisfies the "independence" requirements of the NASDAQ listing standards. The compensation committee assists the board of directors in reviewing and approving or recommending our compensation structure, including all forms of compensation relating to our directors and management. Members of our management may not be present at any committee meeting while the compensation of our chief executive officer is deliberated. Subject to the terms of the remuneration policy approved by our general meeting of shareholders from time to time, as required by Dutch law, the compensation committee is responsible for, among other things:

- reviewing and making recommendations to our board of directors with respect to compensation of our executive and non-executive directors;
- reviewing and approving the compensation, including equity compensation, change-of-control benefits and severance arrangements, of our chief financial officer and such other members of our management as it deems appropriate;

- overseeing the evaluation of our management;
- reviewing periodically and making recommendations to our board of directors with respect to any incentive compensation and equity plans, programs or similar arrangements;
- exercising the rights of our board of directors under any equity plans, except for the right to amend any such plans unless otherwise expressly authorized to do so; and
- attending to such other matters as are specifically delegated to our compensation committee by our board of directors from time to time.

#### ***Corporate Governance Committee***

Our corporate governance committee consists of three members, none of whom may be a designated director. The current members are Messrs. Boynton (chairperson), Rijnja and Voloshin, each of whom satisfies the “independence” requirements of the NASDAQ listing standards. The corporate governance committee is responsible for, among other things:

- considering, preparing and recommending to the board of directors a set of corporate governance guidelines applicable to the company;
- recommending to our board of directors persons to be appointed to each committee of the board of directors, other than the nominating committee and the public interest committee; and
- overseeing the board of directors’ annual review of its own performance and the performance of its committees.

#### ***Nominating Committee***

Our nominating committee consists of five members and is divided into two subcommittees. The nominating committee is responsible for, among other things, selecting and recommending to the board of directors persons to be nominated for election or re-election as directors at any general meeting of the shareholders.

Subcommittee I consists of one designated director, one director with a Russian passport and residency, and one other director. Subcommittee I is responsible for the recommendation to our board of directors for nomination of four directors (the “Class I Directors”), who will then be subject to the approval of our board of directors as a whole. The designated director will have the right to veto any candidates for such slots, provided that the exercise of such veto has first been approved by the Public Interest Foundation. The initial Class I Directors are Herman Gref, Mikhail Parakhin, Charles Ryan and Ilya Strebulaev.

Subcommittee II consists of three directors who are not Class I Directors and will, by simple majority, recommend to our board of directors for nomination six directors (the “Class II Directors”); the designated directors will have no right of veto over candidates for these seats. Our board of directors must adopt the recommendations of candidates recommended by Subcommittee II, unless our board of directors votes by a supermajority of ten directors (subject to adjustment for board vacancies) to reject such recommendation.

#### ***Investment Committee***

Our investment committee consists of Messrs. Ryan (chairperson), Boynton, Volozh and Ms. Dyson. The investment committee advises the board of directors and the company’s management regarding potential corporate transactions, including strategic investments, mergers, acquisitions and divestitures. The investment committee is responsible for, among other things:

- reviewing and providing guidance to management and the board of directors with respect to the acquisition, investment and divestiture strategies;
- assisting management and the board of directors with the identification of opportunities of potential corporate transactions;
- reviewing, and providing guidance to management and the board of directors with respect to potential corporate transactions, including the structure, timing or other terms or conditions of such transactions;
- overseeing the due diligence process with respect to potential corporate transaction; and
- monitoring and reporting to the board of directors regarding the implementation of any potential corporate transaction and the integration of any completed transaction.

***Public Interest Committee***

Our public interest committee consists of three members comprised of the then-current Chief Executive Officer and both of the designated directors. The current members of our public interest committee are Messrs. Volozh (chairperson), Yakovitsky and Komissarov. The public interest committee has no decision-making power on ordinary course matters and is responsible for decisions on the following key sensitive matters deemed to be of public interest:

- transactions or other transfers resulting in the granting of direct access to Russian users' personal data owned by us and non-depersonalized big data owned by us to non-Russian persons;
- the adoption, modification, amendment, and cancellation of the Yandex internal policies on protection of personal data and non-depersonalized big data of Russian users (including storage procedures, and sale/provision of such information to foreign persons);
- entry by the Company into any agreement which concerns Russia with a non-Russian state or an international intergovernmental organization (or its bodies and agencies); and
- direct or indirect transfers or encumbrances of material intellectual property rights, including licensing such rights, if as a result of such license the Company would lose the ability to use such rights in Russia.

Our board of directors cannot act in respect of any of these specified matters prior to receiving a recommendation from the public interest committee. If the public interest committee does not approve the matter referred to it, our board of directors will follow the decision of the public interest committee, unless the board rejects such decision by either (i) a supermajority of eight votes (subject to adjustment for board vacancies), which must include the affirmative votes of the two designated directors; or (ii) a supermajority of eight votes (subject to adjustment for board vacancies) (not including the affirmative votes of the two designated directors), provided that the public interest foundation board has given its approval.

**Employment Agreements**

Substantially all of our employees are employed by our operating subsidiaries. Our employment agreements generally contain the minimum statutory notice periods required under Russian or other local law. The employment agreements between our subsidiaries and certain senior managers and other employees contain non-competition and non-solicitation provisions, although we understand that such provisions are generally unenforceable under Russian law.



## Employees

The following table indicates the composition of our workforce as of December 31 each year indicated:

	2017	2018	2019
Russia	7,166	8,318	9,693
Other	279	449	399
<b>Total</b>	<b>7,445</b>	<b>8,767</b>	<b>10,092</b>
	2017	2018	2019
Product development	4,290	4,582	5,784
Sales, general and administration	2,716	3,712	3,808
Cost of sales	439	473	500
<b>Total</b>	<b>7,445</b>	<b>8,767</b>	<b>10,092</b>

The number of employees as of December 31, 2017 included employees of the Yandex.Market before its deconsolidation in April 2018, as described in Note 4 to our consolidated financial statements. This was partly compensated by a headcount reclassification from sales, general and administrative, which we implemented to ensure consistency in internal reporting for positions that we treat as outsourced labor.

We also typically employ several hundred contract workers on a part-time basis which are not reflected in the table above, and the numbers of such contract workers generally vary in line with the numbers of full-time staff.

Our employees are not represented by any collective bargaining agreements and we have never experienced a work stoppage. We believe our employee relations are good.

## Employee Plans

We grant equity awards in the form of share options, share appreciation rights, restricted shares and restricted share units (or so called “deferred shares”) under our Fourth Amended and Restated 2007 Equity Incentive Plan (the “2007 Plan”) and our 2016 Equity Incentive Plan (the “2016 Plan” and together with the 2007 Plan, the “Plans”) (“Company Awards”). Our 2016 Plan was approved at our 2016 annual general meeting of shareholders on May 27, 2016 and replaced our 2007 Plan. However, there remain unexercised grants under our 2007 Plan. The total number of shares available for issuance under the Plans is equal to 20% of the aggregate number of Class A and Class B shares outstanding from time to time.

Additionally, the 2016 Plan provides employees at certain of our business units, including Taxi, Classifieds and Market (the “Participating Subsidiaries”), the opportunity to receive equity awards in respect of such Participating Subsidiary (the “Business Unit Equity Awards”). Business Unit Equity Awards and any awards granted to management of the Participating Subsidiaries outside of the 2016 Plan are to not exceed 20% of such Participating Subsidiary’s shares issued and outstanding from time to time. In the future, additional of our business units may become Participating Subsidiaries.

*Plan administration.* Our board of directors or its compensation committee administers our Plans. Although our Plans sets forth certain terms and conditions of our equity awards, our board of directors or its compensation committee determines the provisions and terms and conditions of each grant. These include, among other things, the vesting schedule, repurchase provisions, forfeiture provisions, and form of payment upon exercise.

*Eligibility.* We may grant Company Awards to employees and directors of and consultants to our company and its subsidiaries. With respect to Business Unit Equity Awards, we may grant awards in the equity of a Participating Subsidiary to employees, officers, members of the board of directors, advisors and consultants of such Participating Subsidiary.

*Exercise price and term of equity awards.* With respect to the Company Awards, the exercise price of options or measurement price of share appreciation rights awards is the average closing price per Class A share on the NASDAQ Global Select Market on the 20 trading days immediately following the grant date. With respect to Business Unit Equity Awards, the exercise price of options or measurement price of share appreciation rights shall be determined from time to time.

time by the Board (following consultation with an independent valuation expert). Restricted share unit awards have no exercise or measurement price. Equity awards are generally exercisable up until the tenth anniversary of the grant date so long as the grantee's relationship with us has not terminated.

*Vesting schedule.* The notice of grant specifies the vesting schedule. Awards generally vest over a four-year period, with four-sixteenths vesting on the first anniversary of grant and an additional one-sixteenth vesting each quarter thereafter. When a grantee's employment or service is terminated, the grantee may generally exercise his or her options that have vested as of the termination date within ninety days of termination or as determined by our plan administrator.

*Class A and Class B Shares.* Outstanding options granted prior to October 2008 may be exercised, pursuant to their terms and the terms of the 2007 Plan, as follows:

- In the event that an optionee intends to exercise an option and immediately sell the shares acquired, we will issue Class A shares upon such exercise.
- In the event that an optionee intends to exercise an option and hold the shares acquired for some period of time, we will issue Class B shares upon such exercise. Such Class B shares will be subject to the transfer and conversion provisions applicable to all Class B shares.

Equity awards granted since October 2008 are in respect of Class A shares only, in accordance with their terms and the terms of the Plans.

*Amendment and Termination.* Our board of directors may at any time amend, suspend or terminate our 2016 Plan. Prior to any such amendment, suspension or termination, our board of directors must first make a determination that share options already granted will not be adversely affected. Unless terminated earlier, our 2016 Plan will continue in effect until May 2026.

*Equity Award Exchanges.*

In February 2018, we made an offer to our senior employees of one of our Business units to exchange up to an aggregate of 425,230 of their outstanding Business Unit Equity Awards for an aggregate of 2,029,987 RSUs. The replacement RSUs are fully vested.

#### **Item 7. Major Shareholders and Related Party Transactions.**

The following table contains information concerning each of our directors and members of our senior management and each shareholder known by us to beneficially own more than five percent of each class of our outstanding ordinary shares. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to our shares.

The number of shares outstanding used in calculating the percentage for each listed shareholder includes restricted share units in respect of Class A shares and the shares underlying options held by such shareholder that are to be exercisable within 60 days of February 20, 2020. The percentage of beneficial ownership is based on 293,684,378 Class A shares and 37,137,658 Class B shares outstanding as of February 20, 2020. All holders of our ordinary shares,

including those shareholders listed below, have the same voting rights with respect to such shares. Class A shares have one vote per share, and Class B shares have 10 votes per share.

Name of Beneficial Owner	Shares Beneficially Owned as of February 20, 2020					
	Class A Shares		Class B Shares		Total Percentage	
	Number of Shares	%	Number of Shares	%	By Voting Power(1)	By Number of Shares
<b>Directors and Senior Management:</b>						
Arkady Volozh(2)	327,396	*	32,209,684	86.73 %	48.48 %	9.84 %
John Boynton(3)	132,582	*	—	—	*	*
Eather Dyson(4)	185,659	*	—	—	*	*
Rogier Kijnga(5)	24,723	*	—	—	*	*
Charles Ryan(6)	219,474	*	—	—	*	*
Alexander Voloshin(7)	74,599	*	—	—	*	*
Herman Gref(8)	18,603	*	—	—	*	*
Ilya Strebulaev(9)	9,377	*	—	—	*	*
G. Gregory Ahovsky(10)	257,756	*	—	—	*	*
Tigran Khudaverdyan(11)	307,852	*	—	—	*	*
Mikhail Parakhin(12)	367,500	*	—	—	*	*
Alexey Komissarov(13)	1,225	*	—	—	*	*
Alexey Yakovitskiy(14)	1,225	*	—	—	*	*
<b>All current directors and senior management as a group (13 persons)(15)</b>	1,927,971	0.66 %	32,209,684	86.73 %	48.72 %	10.32 %
<b>Principal Shareholders:</b>						
Vladimir Ivanov	8,944,491	3.05 %	3,318,884	8.94 %	6.34 %	3.71 %
Capital Group Companies(16)	22,605,097	7.70 %	—	—	3.40 %	6.83 %
Invesco Ltd(17)	16,582,559	5.65 %	—	—	2.49 %	5.01 %
Harding Loevner LP(18)	15,656,737	5.33 %	—	—	2.35 %	4.73 %
<b>Total shares held by directors, management and 5% holders</b>	<b>65,716,855</b>	<b>22.38 %</b>	<b>35,528,568</b>	<b>95.67 %</b>	<b>63.30 %</b>	<b>30.60 %</b>

\* Represents beneficial ownership of less than one percent of such class.

- (1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B shares, voting together as a single class. Each holder of Class B shares is entitled to ten votes per Class B share and each holder of Class A shares is entitled to one vote per Class A share on all matters submitted to our shareholders for a vote. The Class A shares and Class B shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by Dutch law or our articles of association. Each Class B share is convertible at any time by the holder into one Class A share and one Class C share. The percentage of total voting power does not take into account the rights of the holder of the Priority Share. See "Information of the Company—Governance Structure."
- (2) Includes (a) 32,209,684 class B shares held by Genesis Trust & Corporate Services Ltd, as Trustee of the LASTAR Trust, the beneficiaries of which include Mr. Volozh or members of his family (b) 289,896 class A shares held directly by Mr. Volozh which were issued upon the settlement of equity awards and (c) options to purchase 37,500 Class A shares. Excludes options to purchase 112,500 Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (3) Includes (a) 60,000 Class A shares held by trusts, the beneficiaries of which include Mr. Boynton or members of his family, (b) 63,388 Class A shares held by the John W. Boynton IV Trust of 2006, and (c) 9,194 vested restricted share units in respect of Class A shares. Other than in respect of the shares held by the John W. Boynton IV Trust of 2006, Mr. Boynton disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Excludes 43,063 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (4) Includes 25,659 vested restricted share units in respect of Class A shares. Excludes 18,750 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.

- (5) Consists of 24,723 vested restricted share units in respect of Class A shares. Excludes 28,750 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (6) Includes (a) 184,892 Class A shares held by trusts, the beneficiaries of which include Mr. Ryan or members of his family and by Mr. Ryan directly, and (b) 34,582 vested restricted share units in respect of Class A shares. Excludes 28,750 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (7) Includes 24,599 vested restricted share units in respect of Class A shares. Excludes 14,375 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (8) Consists of 18,603 vested restricted share units in respect of Class A shares. Excludes 4,375 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (9) Consists of 9,377 vested restricted share units in respect of Class A shares. Excludes 7,813 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (10) Includes (a) 24,319 restricted share units in respect of Class A shares, and (b) options to purchase 233,437 Class A shares that are exercisable within 60 days after February 20, 2020. Excludes (x) 377,645 restricted share units in respect of Class A shares, and (y) options to purchase 596,563 Class A shares with a strike price of \$40.00 per share, in each case, which were granted at a strike price above fair market value on the date of the grant, which are not vested or exercisable within 60 days after February 20, 2020.
- (11) Consists of restricted share units in respect of Class A shares. Excludes (a) 491,535 restricted share units in respect of Class A shares, and (b) options to purchase 1,068,554 Class A shares with a strike price of \$36.62 per share, which were granted at a strike price above fair market value on the date of the grant, in each case, which are not vested or exercisable within 60 days after February 20, 2020.
- (12) Consists of options to purchase Class A shares that are exercisable within 60 days after February 20, 2020. Excludes (a) 150,000 restricted share units in respect of Class A shares, and (b) options to purchase 367,500 Class A shares with a strike price of \$40.00 per share, which were granted at a strike price above fair market value on the date of the grant, in each case, which are not vested or exercisable within 60 days after February 20, 2020.
- (13) Consists of vested restricted share units in respect of Class A shares. Excludes 20,625 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (14) Consists of vested restricted share units in respect of Class A shares. Excludes 20,625 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 20, 2020.
- (15) Includes (a) 531,358 vested restricted share units in respect of Class A shares, and (b) options to purchase 638,437 Class A shares that are exercisable within 60 days after February 20, 2020. Excludes (x) 1,206,306 restricted share units in respect of Class A shares, and (y) options to purchase 2,145,117 Class A shares and restricted share units that are not vested or exercisable within 60 days after February 20, 2020.
- (16) The number of shares reported is based on Bloomberg data as of September 30, 2019 and represents what we believe to be its aggregate beneficial ownership as of December 31, 2019.
- (17) The number of shares reported is based solely on the Schedule 13G filed by Invesco Ltd on February 13, 2020 and represents its beneficial ownership as of December 31, 2019.
- (18) The number of shares reported is based solely on the Schedule 13G filed by Harding Loevner LP on February 14, 2020 and represents its beneficial ownership as of December 31, 2019.

#### ***Holdings by U.S. Shareholders***

As of February 20, 2020, there was one holder of record of Class A shares (Cede & Co., as nominee for DTC) located in the United States, which held approximately 99.98% of our outstanding Class A shares by number, which represented approximately 44.15% of our outstanding shares by voting power.

#### **Related Party Transactions**

##### *Shareholders' Agreement*

Shareholders holding an aggregate of approximately 46 million Class A and Class B shares, representing approximately 55% of the voting power of our outstanding shares, are parties to a shareholders agreement, the principal terms of which are as follows:

*Board composition.* The parties have agreed to vote all of our shares held by them in favor of electing or re-electing those persons nominated by our board of directors for election or re-election as a director at any general meeting of our shareholders.

*Compliance with foreign ownership laws.* The parties have agreed to comply with any applicable laws from time to time in effect that regulate the owners of Yandex by non-Russian parties.

*Amendments to articles of association.* The parties have agreed that they will vote against any proposal to amend the articles of association in such a way as to eliminate:

- our multiple class share structure, with differential voting rights;
- the staggered three-year terms of our directors;
- the provision that our directors may only be removed by a two-thirds majority of votes cast representing at least 50% of our outstanding share capital;
- requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our board of directors;
- the supermajority requirements for shareholder approval of certain significant corporate actions, including a legal merger or demerger of our company or the amendment of our articles of association;
- the right of our board of directors to approve the accumulation by a party, group of related parties or parties acting in concert of the legal or beneficial ownership of 10% or more, in number or by voting power, of our outstanding Class A and Class B shares (taken together); or
- the rights of the holder of the priority share.

*Term and Amendment.* The shareholders agreement will remain in effect so long as any Class B shares remain outstanding. The agreement may be terminated and amended, and any provision thereof waived, with the prior written consent of parties to the agreement holding shares representing two-thirds or more of the voting power of the outstanding share capital held by parties to the agreement. The agreement will terminate with respect to any particular shareholder upon its affirmative election if it no longer holds any Class B Shares, as a result of the transfer of all Class B shares held by it, or the voluntary or mandatory conversion of all Class B Shares held by it into Class A Shares.

##### *Registration Rights Agreement*

We are party to a registration rights agreement with our major shareholders that allows them to require us to register Class A shares held by them under the U.S. Securities Act of 1933, as amended (the "Securities Act"), under certain circumstances.

*Demand registration rights.* Shareholders party to the agreement together holding approximately 34 million Class A and Class B shares have the right to require that we register their securities for sale. Certain other shareholders have the right to join in a demand registration. We have the right not to effect a demand registration (a) if we have already effected one demand registration, (b) if the aggregate price, net of underwriters' discounts or commissions, of all registrable securities included in such registration is less than \$7,500,000, (c) if the initiating shareholders propose to register securities that may be immediately registered on Form F-3, or (d) in a jurisdiction where we would be required to qualify to do business or execute a general consent to service of process in effecting such a registration. We have the right to defer filing of a registration statement for up to 120 days if our board of directors determines in good faith that filing of a registration statement would be detrimental to us, but we cannot exercise such deferral right more than once in any 12-month period.

*Piggyback registration rights.* If we propose to file a registration statement for a public offering of our securities other than relating to an employee share option, share purchase or similar plan or pursuant to a merger, exchange offer, or similar transaction, then we must offer holders of registrable securities an opportunity to include in this registration all or any part of their registrable securities. We must use our best effort to cause the underwriters in any underwritten offering to permit the shareholders who so requested to include their shares on the same terms and conditions as our securities to be registered.

*Form F-3 registration rights.* When we are eligible to use Form F-3, one or more shareholders party to the agreement holding shares with an aggregate market value of at least \$50,000,000 have the right to request that we file a registration statement on Form F-3. We are not obligated to file a registration statement on Form F-3 if (a) we have already effected two registrations on Form F-3 for holders of registrable securities during the 12-month period preceding a registration request, (b) the aggregate price, net of underwriters' commissions or discounts, of registrable securities included in such registration is less than \$10 million, or (c) in a jurisdiction where we would be required to qualify to do business or execute a general consent to service of process in effecting such a registration. We have the right to defer filing of a registration statement for up to 120 days if our board of directors determines in good faith that filing of a registration statement would be detrimental to us, but we cannot exercise such deferral right more than once in any 12-month period.

*Expenses of registration.* We will pay all expenses relating to any demand, piggyback or F-3 registration, other than underwriting commissions and discounts.

*Relationship with Sberbank*

Sberbank is a major financial institution and the largest savings bank in the Russian Federation. Approximately 51% of its voting shares are held by the Central Bank of the Russian Federation. Herman Gref, the Chief Executive Officer and Chairman of the Executive Board of Sberbank, is a member of our Board of Directors.

*Yandex.Money Joint Venture*

In July 2013, we sold a 75 percent (less 1 ruble) interest in our Yandex.Money business to Sberbank for \$60 million in cash and entered into a joint venture arrangement with Sberbank in respect of the future operation of this business, which continues under the Yandex.Money brand. Our joint venture agreement with Sberbank provides for standard minority protections and addresses corporate governance matters such as veto rights, deadlock mechanisms and rights of first refusal and co-sale.

Following the sale of the controlling interest and the deconsolidation of Yandex.Money in July 2013, we retained a noncontrolling interest and significant influence over Yandex.Money's business. We continue to use Yandex.Money for payment processing and to provide other services. In 2018, we also subleased to Yandex.Money part of our premises. The amount of revenues from subleasing and other services was RUB 51 million and RUB 37 million (\$0.5 million) for the years ended December 31, 2018 and 2019, respectively. The amount of fees for online payment commissions was RUB 432 million and RUB 783 million (\$9.9 million) for the years ended December 31, 2018 and 2019 respectively. As of December 31, 2018 and 2019, the amount of accounts receivable from Yandex.Money was RUB 344 million and RUB 214 million (\$2.7 million) and the amount of accounts payable to Yandex.Money was nil and RUB 13 million (\$0.2 million), respectively. We believe that the terms of the agreements with Yandex.Money are comparable to the terms obtained in arm's-length transactions with unrelated similarly situated customers and suppliers

*Yandex.Market Joint Venture*

Following the formation of Yandex.Market joint venture with Sberbank and the deconsolidation of Yandex.Market in April 2018, we retained a noncontrolling interest and significant influence over Yandex.Market's business. We continue to provide advertising and other services and to sublease to Yandex.Market part of our premises. In 2019, we also acquired traffic and content from Yandex.Market. The amount of revenues from advertising services was RUB 469 million and RUB 805 million (\$10.2 million) for the years ended December 31, 2018 and 2019 respectively. The amount of revenues from subleasing and other services was RUB 1,001 million and RUB 1,738 million (\$22.0 million) for the years ended December 31, 2018 and 2019, respectively. The amount of related cost of revenues was RUB 29 million (\$0.4 million) for the year ended December 31, 2019. As of December 31, 2018 and 2019, the amount of accounts receivable from Yandex.Market was RUB 407 million and RUB 318 million (\$4.0 million) and the amount of accounts payable was RUB 70 million and RUB 11 million (\$0.1 million), respectively.

*Internet-acquiring agreement with Sberbank*

In October 2017, we entered into an internet-acquiring agreement with Sberbank. The amount of fees was RUB 844 million and RUB 1,760 million (\$22.3 million) for the years ended December 31, 2018 and 2019, respectively. As of December 31, 2018 and 2019, the amount of accounts receivable related to internet-acquiring was RUB 1,081 million and RUB 468 million (\$5.9 million).

*Other agreements with Sberbank*

The Company may from time to time in the ordinary course of business enter into other transactions with Sberbank group companies.

*Loans granted to related parties*

As of December 31, 2018 and 2019, we had loans outstanding in the aggregate principal amount of RUB 207 million and RUB 43 million (\$0.5 million), respectively, to the CEOs of our business units, principally in connection with their purchase of equity interests in those subsidiaries, and to certain senior employees. The interest rate on the loans is up to 12% per annum and they mature in 2020-2029.

**Item 8. Financial Information.**

See the financial statements beginning on page F-1.

*Dividends*

We do not have any present plan to pay cash dividends on our shares in the near term. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

If and when we pay dividends in the future, they will be payable on a *pari passu* basis on the outstanding Class A and Class B shares and the priority share. Although our Class C shares are technically entitled to a maximum dividend of €0.01 per share when we declare dividends on our Class A and Class B shares, we intend to repurchase all Class C shares issued upon conversion of our Class B shares promptly following their issuance such that no dividends would be payable on our Class C shares. Cash dividends on our shares, if any, will be paid in U.S. dollars.

**Item 9. The Listing.**

*Markets*

Our Class A ordinary shares are currently listed on the NASDAQ Global Select Market, under the symbol "YNDX".

In June 2014, our Class A ordinary shares were admitted to trading on Moscow Exchange (MOEX) and are

currently listed in the Listing A Level 1, top quotation list on MOEX, under the symbol “YNDX”.

#### **Item 10. Additional Information.**

##### **Memorandum and Articles of Association**

We incorporate into this Annual Report the description of our amended articles of association contained in our F-1 registration statement (File No. 333-173766) originally filed with the SEC on April 28, 2011, as amended. Our articles of association were amended as of May 21, 2012, May 22, 2013, May 23, 2014, May 22, 2015 and June 1, 2016. Such amendments reduced the number of authorized shares upon the conversion of our Class B shares into Class A shares or were technical in nature to conform with changes in the requirements of Dutch law. On December 23, 2019, our articles of association were further amended in connection with our restructuring. See also “Item 4. Information on the Company – Governance Structure”.

##### **Material Contracts**

###### *Convertible debt*

In the first quarter of 2020 we issued and sold \$1.25 billion in aggregate principal amount of 0.75% convertible senior notes due 2025, to institutional investors that are not U.S. persons, outside the United States, in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

In connection with the offering of the notes, we entered into a Trust Deed, dated March 3, 2020, with BNY Mellon Corporate Trustee Services Limited, as trustee. The Trust Deed includes the terms and conditions upon which the notes are to be authenticated, issued and delivered. The notes are convertible into cash, our Class A shares or a combination of cash and our Class A shares, at our election, based on an initial conversion rate 47.5% premium above the reference share price of \$40.7289. The reference share price was calculated by taking the volume weighted average price of our Class A shares between opening and closing of trading on the NASDAQ Global Select Market on February 25, 2020. Accordingly, the corresponding initial conversion price is approximately \$60.0751 per Class A share, subject to adjustment on the occurrence of certain events. Prior to March 18, 2023, the notes are convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the close of business on the business day immediately preceding the maturity date of the notes.

The notes bear interest at a rate of 0.75% per year, payable semi-annually in arrears on September 3rd and March 3rd of each year, beginning on September 3rd, 2020. The notes mature on March 3, 2025, unless earlier repurchased, redeemed or converted in accordance with their terms. The notes are senior unsecured obligations and we do not have the right to redeem the notes prior to maturity, except in connection with certain changes in tax laws.

The net proceeds from the convertible note offering were approximately \$1.237 billion, after deducting the initial purchasers’ discount and estimated offering expenses.

###### *Yandex.Taxi joint venture with Uber*

###### *Contribution Agreement with respect to Yandex.Taxi*

On July 13, 2017, we entered into a Contribution Agreement (the “Contribution Agreement”) with Uber International C.V. (“Uber”), a wholly owned subsidiary of Uber Technologies, Inc., to combine Yandex.Taxi and the ride-hailing, food delivery and related logistics businesses of Uber in Russia and neighboring countries. On February 7, 2018, the transaction contemplated by the Contribution Agreement was closed.

As of December 31, 2019, the combined business operated in Russia, Armenia, Azerbaijan, Belarus, Côte d’Ivoire, Estonia, Finland, Georgia, Ghana, Israel, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Romania, Serbia and Uzbekistan.

Pursuant to the Contribution Agreement, the parties contributed their respective businesses within the territories to a newly formed Dutch company, MLU B.V. (“MLU”). In addition, Yandex contributed \$100 million in cash and Uber contributed \$225 million in cash to MLU at closing. Further, Yandex sold Uber an additional 2% stake in MLU in



exchange for shares of Class A common stock of Uber. As of December 2019, MLU is owned approximately 61.00% by Yandex, 37.96% by Uber and 1.04% by the employees based on the total number of outstanding shares.

The Contribution Agreement contains warranties, indemnities and covenants customary for a joint venture combination of this nature.

Both parties have licensed their respective brands to MLU for use in the territories. In addition, Yandex licensed its core maps, location-based services and related technology to MLU. The MLU business now operates on the existing Yandex.Taxi technology platform.

Uber granted Yandex a right to require Uber to repurchase the Uber Class A shares received by Yandex in respect of the secondary sale described above, and Uber has a right to require Yandex to sell such Uber shares back to Uber during such period, in each case at an agreed valuation and during an agreed time period.

At closing and in connection with the Contribution Agreement, Yandex and Uber entered into a deed of covenant, pursuant to which each agreed to accept certain restrictive covenants towards MLU in the ride-hailing, food delivery, and related logistics business in the territories for an agreed period, as well as certain non-solicitation restrictions with respect to employees of MLU.

*Shareholders Agreement with respect to Yandex.Taxi*

On February 7, 2018, Yandex and Uber entered into a shareholders agreement (the "Shareholders Agreement") in respect of the governance and operation of MLU. Pursuant to the Shareholders Agreement, Yandex has the right to appoint a majority of the members of the supervisory board of MLU. As a significant minority shareholder, Uber has protective rights customary for a joint venture of this nature. Both parties have agreed to customary restrictions on transfer of their shares in MLU, as well as customary rights of first refusal, tag-along, drag-along and public offering registration rights.

*Yandex.Market joint venture with Sberbank*

*Subscription Agreement with respect to Yandex.Market*

On December 12, 2017, we and our wholly owned subsidiary Yandex.Market B.V. entered into a subscription agreement (the "Subscription Agreement") with Public Joint Stock Company "Sberbank of Russia" ("Sberbank").

Pursuant to the Subscription Agreement, an affiliate of Sberbank subscribed for new ordinary shares of Yandex.Market for 30 billion rubles (approximately \$500 million as of signing). As a result of the transaction, Yandex and Sberbank each own approximately 45% of the issued shares in the capital of Yandex.Market; 10% is held by an equity incentive foundation to facilitate current and future equity ownership by management and employees of Yandex.Market. The Subscription Agreement contains warranties, indemnities and covenants customary for a transaction of this nature.

Yandex.Market engages in e-commerce, with a core focus on a B2C online retail marketplace. In the Russian Federation, other CIS states, Baltics states and Georgia, the principal shareholders can engage in the core business solely through Yandex.Market.

We continue to provide to Yandex.Market the rights to use the Yandex.Market brand, as well as technology, promotion and related services, all of which on arms' length terms. Sberbank has also entered into an agreement with Yandex.Market to provide promotion and related services on arms' length terms.

*Shareholders Agreement with respect to Yandex.Market*

At the closing of the Yandex.Market joint venture described above, we, Sberbank and Yandex.Market, among others, entered into a shareholders' agreement (the "Shareholders' Agreement") in respect of the governance and operation of Yandex.Market. Pursuant to the Shareholders' Agreement, the board of directors of Yandex.Market has seven members: three are appointed by Yandex.Market (one of whom is independent of Yandex); three are appointed by Sberbank (one of whom is independent of Sberbank); and the fourth is initially the Chief Executive Officer of

Yandex.Market. Each principal shareholder has protective rights customary for a joint venture of this nature. Both parties agreed to customary restrictions on transfer of their shares in Yandex.Market, as well as customary rights of first refusal, tag-along, drag-along and public offering initiation. Yandex and Sberbank also agreed to certain restrictive covenants in the exclusive territories, as well as certain non-solicitation restrictions with respect to employees of Yandex.Market. The transaction was closed on April 27, 2018.

*Sale and Purchase Agreement with Respect to the Property Site for the New Moscow Headquarters*

In December 2018, we announced the purchase of rights to a land plot of approximately 4 hectares situated at 15 Kosygina Street, Moscow, Russia ("Property Site").

In connection with the acquisition of the Property Site, we, directly and indirectly, entered into a series of agreements with Orlenok Hotel Complex OJSC, the owner of the principal facility on the Property Site, as well as a number of additional owners of smaller adjacent facilities and lease rights to the land. We have acquired the rights to the land, buildings and fixtures, including the underlying long-term land leases from the Moscow City government related to the land plot. In particular, on November 27, 2018 we entered into a sale and purchase agreement with a special purpose vehicle NAPA LLC which aggregated all the rights to the Property Site and the facilities on the Property Site.

The total aggregate acquisition cost of the Property Site is approximately US\$145 million (exclusive of 18% VAT). The transaction agreements contain representations, warranties and undertakings customary for a transaction of this nature, including a condition that all purchases and sales of individual facilities be completed simultaneously, as well as a condition that appropriate additional governmental approvals and permits be obtained.

*Vezet Transaction*

On July 14, 2019, MLU B.V. entered into an agreement to purchase 100% of the issued share capital of Axelcroft Limited (the "SPA") from Fasten CY limited ("Fasten"). Fasten operates taxi business under a number of brands, including Vezet and Rutaxi, in over 100 Russian cities.

In connection with the SPA, Fasten has undertaken to complete a pre-completion restructuring of the Vezet business. As a result of the restructuring, Axelcroft Limited will become the holding company of the Vezet group, which will be comprised of material intellectual property and call centers. Following completion of the transaction, the parties intend to fully integrate the Vezet business operations into the operations of Yandex.Taxi.

Pursuant to the SPA, upon the completion of the transaction and subject to the parties' mutual integration obligations, Fasten will receive (i) up to \$71.5 million in cash and (ii) up to 3.6% of the issued share capital of MLU B.V., each (i) and (ii) subject to adjustments depending on operating and integration milestones and KPIs.

The SPA contains conditions precedent, warranties, indemnities and covenants customary for transactions of this nature. Completion of the transaction is conditional, among other things, on receipt of a merger control clearance by MLU B.V. from the Russian antitrust authority.

**Exchange Controls**

Under existing laws of the Netherlands, there are no exchange controls applicable to the transfer to persons outside of the Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company.

**Taxation**

**Taxation in the Netherlands**

*General*

The information set out below is a general summary of the material Dutch tax consequences in connection with the acquisition, ownership and transfer of our Class A shares. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of our Class A shares, who

may be subject to special tax treatment under any applicable law, and this summary is not intended to be applicable in respect of all categories of holders of the Class A shares. In particular, this summary is not applicable in respect of any holder who is, is deemed to be or is treated as a resident of the Netherlands for Dutch tax purposes nor to a holder that holds, alone or together with his partner, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of, or certain other rights over, profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of our liquidation proceeds. Such interest in our Class A shares is further referred to as a Substantial Interest (*aanmerkelijk belang*).

Please note that under Dutch tax law an individual is considered as a holder of Class A shares as well if he/she is deemed to hold an interest in the Class A shares pursuant to the attribution rules of article 2.14a of the Dutch Income Tax Act 2001, with respect to property that has been segregated, for instance in a trust or a foundation.

The summary is based upon the tax laws of the Netherlands as in effect on the date of this Annual Report, as well as regulations, rulings and decisions of the Netherlands and its taxing and other authorities available on or before such date and now in effect. All references in this summary to the Netherlands and Netherlands law are to the European part of the Kingdom of The Netherlands and its law, respectively, only. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, we recommend that investors or shareholders consult with their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of our Class A shares, including, in particular, the application to their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of our Class A shares.

Our company currently takes the view that it is a resident of the Netherlands for tax purposes, including for purposes of tax treaties concluded by the Netherlands, and this summary so assumes. This summary further assumes that the holders of Class A shares will be treated for Dutch tax purposes as the absolute beneficial owners of those Class A shares and any dividends (as defined below) received or realized with respect to such shares.

#### ***Dividend Withholding Tax***

##### *General*

Dividends paid on the Class A shares to a holder of such shares are generally subject to Dutch dividend withholding tax at a rate of 15%. The term “dividends” for this purpose includes, but is not limited to:

- distributions in cash or in kind, deemed and constructive distributions, and repayments of paid-in capital not recognized for Dutch dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of shares or, generally, consideration for the repurchase of shares in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- the par value of shares issued to a shareholder or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognized for Dutch dividend withholding tax purposes was made or will be made; and
- partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*), unless the general meeting of our shareholders has resolved in advance to make such a repayment and provided that the par value of the shares concerned has been reduced by a corresponding amount by way of an amendment of our articles of association.

Generally we are responsible for the withholding of taxes at source and the remittance of the amounts withheld to the Dutch tax authorities; the dividend withholding tax will not be for our account.

If we have received a profit distribution from a foreign subsidiary located (a) in a jurisdiction with which the Netherlands has concluded a treaty for the avoidance of double taxation or (b) in Bonaire, St. Eustatius, Saba, Aruba, Curacao or St. Maarten, in which subsidiary we hold at least 25% of the nominal paid-up capital or if the relevant tax treaty therein provides, we hold at least 25% of the voting rights, which distribution is exempt from Dutch corporate income tax and has been subject to a foreign withholding tax of at least 5%, we are not required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax in respect of dividends distributed by our company. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (i) 3% of the portion of the dividends distributed by our company that is subject to Dutch dividend withholding tax; and (ii) 3% of the profit distributions our company received from qualifying foreign subsidiaries in the calendar year in which our company distributes the dividends (up to the moment of such dividend distribution) and the two previous calendar years; further limitations and conditions apply.

The amount of Dutch withholding tax that we may retain reduces the amount of dividend withholding tax that we are required to pay to the Dutch tax authorities, but does not reduce the amount of tax we are required to withhold from dividends paid to a holder of our Class A shares. Upon request, a holder of our Class A shares will be notified by our company of the amount of the Dutch withholding tax that was retained by us.

*Non-residents of the Netherlands (including but not limited to U.S. holders)*

The following is a description of the material Dutch tax consequences of holders of our Class A shares who under certain circumstances may not be subject to the above described 15% Dutch dividend withholding tax.

Entities (i) that are resident in another EU Member State, in a State of the European Economic Area (the "EEA") i.e. Iceland, Norway and Liechtenstein, or a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands; and (ii) that are not subject to taxation by reference to profits in such State, in principle have the possibility to obtain a full refund of Dutch dividend withholding tax, provided such entities would not have been subject to Dutch corporate income tax either had they been resident within the Netherlands, and provided further that such entities do not perform a similar function to that of a tax exempt investment institutions or fiscal investment institutions as referred to in the Dutch Corporate Income Tax Act 1969, and with respect to entities resident in a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands, provided such entities hold their Class A shares as a portfolio investment, i.e. such shares are not held with a view to the establishment or maintenance of lasting and direct economic links between such holder of Class A shares and our company, and these shares do not allow such holder to effectively participate in the management or control of our company.

Further, a holder of Class A shares who is resident in another EU Member State or in a State of the EEA i.e. Iceland, Norway and Liechtenstein, in principle has the possibility to obtain a refund of Dutch dividend withholding tax, provided that (i) such dividends are not taxable with the holder of Class A shares for personal income tax purposes or corporate income tax purposes and (ii) insofar the Dutch dividend withholding tax exceeds the amount of personal income tax or corporate income tax that would have been due had the holder of Class A shares been resident in the Netherlands, and with respect to a holder of Class A shares resident in a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands, provided the Class A shares are held by such holder as a portfolio investment, i.e. such shares are not held with a view to the establishment or maintenance of lasting and direct economic links between such holder of Class A shares and our company, and these shares do not allow such holder to effectively participate in the management or control of our company.

A holder of Class A shares who is considered to be a resident of the United States and is entitled to the benefits of the 1992 Double Taxation Treaty between the United States and the Netherlands ("U.S. holder"), as amended most recently by the Protocol signed March 8, 2004 (the "Treaty") will generally be subject to Dutch dividend withholding tax at the rate of 15% unless such U.S. holder is an exempt pension trust as described in article 35 of the Treaty, or an exempt organization as described in article 36 of the Treaty.

U.S. holders that are exempt pension trusts or exempt organizations as described in articles 35 and 36, respectively, of the Treaty may qualify for an exemption from Dutch withholding tax and may generally claim (i) in the case of an exempt pension trust full exemption at source by timely filing two completed copies of form IB 96 USA signed by the U.S. holder accompanied with U.S. form 6166 (as issued by the U.S. Internal Revenue Service and valid for the relevant tax year) or (ii) in the case of either an exempt pension trust or an exempt organization a full refund by

filing through the withholding agent as mentioned in article 9 of the Dutch Dividend Withholding Tax Act 1965 (which is generally the company) one of the following forms signed by the U.S. holder within three years after the end of the calendar year in which the withholding tax was levied:

- if the U.S. holder is an exempt pension trust as described in article 35 of the Treaty: two completed copies of Form IB 96 USA accompanied with U.S. Form 6166 as issued by the U.S. Internal Revenue Service valid for the relevant tax year and
- if the U.S. holder is an exempt organization as described in article 36 of the Treaty: two completed copies of Form IB 95 USA accompanied with U.S. Form 6166 as issued by the U.S. Internal Revenue Service, valid for the relevant tax year.

#### ***Taxes on Income and Capital Gains***

##### *General*

The description of taxation set out in this section of this Annual Report is not intended for any holder of Class A shares who is:

- an individual for whom the income or capital gains derived from the Class A shares are attributable to employment activities the income from which is taxable in the Netherlands; or
- an individual who or an entity which holds, or is deemed to hold, a Substantial Interest in our company (as defined above).

##### *Non-residents of the Netherlands (including, but not limited to, U.S. holders)*

A Non-Resident of the Netherlands who holds Class A shares is generally not subject to Dutch income or corporate income tax (other than dividend withholding tax described above) on the income and capital gains derived from the Class A shares, provided that:

- such Non-Resident of the Netherlands does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands or effectively managed in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Class A shares are attributable or deemed attributable;
- in the case of a Non-Resident of the Netherlands who is an individual, (a) such individual does not carry out any activities in the Netherlands with respect to the Class A shares that exceed ordinary active asset management (*normaal vermogensbeheer*), (b) the benefits derived from such Class A shares are not intended as remuneration for activities performed by a holder of Class A shares or by a person connected to such holder as meant by article 3.92b paragraph 5 of the Dutch Income Tax Act 2001 and (c) such individual does not derive income or capital gains from the Class A shares that are taxable as benefits from "other miscellaneous activities" in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*);
- in the case of a Non-Resident of the Netherlands which is an entity, it is neither entitled to a share in the profits of an enterprise effectively managed in the Netherlands, nor co-entitled to the net worth of such enterprise, other than by way of the holding of securities, to which enterprise the Class A shares or payments in respect of the Class A shares are attributable; and
- in the case of a Non-Resident of the Netherlands who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or, through an employment contract, to which enterprise the Class A shares or payments in respect of Class A shares are attributable.

A U.S. holder that is entitled to the benefits of the Treaty and whose Class A shares are not attributable to a Dutch enterprise or deemed enterprise, will generally not be subject to Dutch taxes on any capital gain realized on the disposal of such Class A shares.

***Gift, Estate or Inheritance Taxes***

No Dutch gift, estate or inheritance taxes will arise on the transfer of Class A shares by way of a gift by, or on the death of, a holder of Class A shares who is neither resident nor deemed to be resident in the Netherlands, unless in the case of a gift of the Class A shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands (i) such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or (ii) the gift of the Class A shares is made under a condition precedent and the holder of these shares is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift, estate and inheritance taxes, an individual who holds the Dutch nationality will be deemed to be resident in the Netherlands if he or she has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his or her death. Additionally, for purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident in the Netherlands if he or she has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

***Value-Added Tax***

There is no Dutch value-added tax payable in respect of payments in consideration for the sale of the Class A shares (other than value added taxes on fees payable in respect of services not exempt from Dutch value added tax).

***Other Taxes and Duties***

There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar documentary tax or duty other than court fees payable in the Netherlands by a holder of Class A shares in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Class A shares.

***Residence***

Other than as set forth above, a holder of Class A shares will not become or be deemed to become a resident of the Netherlands, nor will a holder of Class A shares otherwise become subject to taxation in the Netherlands, solely by reason of holding the Class A shares.

***Taxation in the United States***

The following summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our Class A shares is based upon current law and does not purport to be a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase our Class A shares. This summary is based on current provisions of the Internal Revenue Code, existing, final, temporary and proposed United States Treasury Regulations, administrative rulings and judicial decisions, in each case as available on the date of this Annual Report. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

This section summarizes the material U.S. federal income tax consequences to U.S. holders, as defined below, of Class A shares. This summary addresses only the U.S. federal income tax considerations for U.S. holders that hold the Class A shares as capital assets. This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder, nor does it address any state, local or foreign tax matters or matters relating to any U.S. federal tax other than the income tax. Each investor should consult its own professional tax advisor with respect to the tax consequences of the purchase, ownership and disposition of the Class A shares. This summary does not address tax

considerations applicable to a holder of Class A shares that may be subject to special tax rules including, without limitation, the following:

- certain financial institutions;
- insurance companies;
- dealers or traders in securities, currencies, or notional principal contracts;
- tax-exempt entities;
- regulated investment companies;
- persons that hold the Class A shares as part of a wash sale, hedge, straddle, conversion, constructive sale or similar transaction;
- persons that hold the Class A shares through partnerships or certain other pass-through entities;
- persons that own (or are deemed to own) 10% or more of our voting shares; and
- persons that have a “functional currency” other than the U.S. dollar.

Further, this summary does not address alternative minimum tax consequences or indirect effects on the holders of equity interests in entities that own our Class A shares. In addition, this discussion does not consider the U.S. tax consequences to non-U.S. holders of Class A shares.

For the purposes of this summary, a “U.S. holder” is a beneficial owner of Class A shares that is, for U.S. federal income tax purposes:

- an individual who is either a citizen or resident of the United States;
- a corporation, or other entity that is treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state of the United States or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more “United States persons,” within the meaning of the Internal Revenue Code, have the authority to control all of the substantial decisions of such trust.

If a partnership holds Class A shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership.

We will not seek a ruling from the U.S. Internal Revenue Service (“IRS”) with regard to the U.S. federal income tax treatment of an investment in our Class A shares, and we cannot assure you that the IRS will agree with the conclusions set forth below.

*Distributions.* Subject to the discussion under “*Passive Foreign Investment Company Considerations*” below, the gross amount of any distribution (including any amounts withheld in respect of Dutch withholding tax) actually or constructively received by a U.S. holder with respect to Class A shares will be taxable to the U.S. holder as a dividend to the extent paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder’s adjusted tax basis in the Class A shares. Distributions in excess of our current and accumulated earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as capital gain from the sale or exchange of property. However, since we do not calculate our

earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. The U.S. holder will not be eligible for any dividends-received deduction in respect of the dividend otherwise allowable to corporations.

Under the Internal Revenue Code, qualified dividends received by certain non-corporate U.S. holders (i.e. individuals and certain trusts and estates) currently are subject to a maximum income tax rate of 20%. This reduced income tax rate is applicable to dividends paid by “qualified foreign corporations” to such non-corporate U.S. holders that meet the applicable requirements, including a minimum holding period (generally, at least 61 days during the 121-day period beginning 60 days before the ex-dividend date). We believe that we are a qualified foreign corporation under the Internal Revenue Code. Accordingly, dividends paid by us to non-corporate U.S. holders with respect to Class A shares that meet the minimum holding period and other requirements are expected to be treated as “qualified dividend income.” However, dividends paid by us will not qualify for the 20% U.S. federal income tax rate cap if we are treated, for the tax year in which the dividends are paid or the preceding tax year, as a “passive foreign investment company” for U.S. federal income tax purposes, as discussed below. Dividends paid by us that are not treated as qualified dividends will be taxable at the normal (and currently higher) ordinary income tax rates, except to the extent that they are taxable otherwise if we are a passive foreign investment company as described below.

Dividends received by a U.S. holder with respect to Class A shares generally will be treated as foreign source income for the purposes of calculating that holder’s foreign tax credit limitation. Subject to applicable conditions and limitations, and subject to the discussion in the next two paragraphs, any Dutch income tax withheld on dividends may be deducted from taxable income or credited against a U.S. holder’s U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us generally will constitute “passive category income” (but, in the case of some U.S. holders, may constitute “general category income”).

A “United States person,” within the meaning of the Internal Revenue Code, that is an individual, an estate or a nonexempt trust is generally subject to a 3.8% surtax on the lesser of (i) the United States person’s “net investment income” for the year and (ii) the excess of the United States person’s “modified adjusted gross income” for that year over a threshold (which, in the case of an individual, will be between \$125,000 and \$250,000, depending on the individual’s U.S. tax filing status). A U.S. holder’s net investment income generally will include, among other things, dividends on, and gains from the sale or other taxable disposition of, our Class A shares, unless (with certain exceptions) those dividends or gains are derived in the ordinary course of a trade or business. Net investment income may be reduced by deductions properly allocable thereto; however, the U.S. foreign tax credit may not be available to reduce the surtax.

Upon making a distribution to shareholders, we may be permitted to retain a portion of the amounts withheld as Dutch dividend withholding tax. See “—Taxation in the Netherlands—Dividend Withholding Tax—General.” The amount of Dutch withholding tax that we may retain reduces the amount of dividend withholding tax that we are required to pay to the Dutch tax authorities but does not reduce the amount of tax we are required to withhold from dividends paid to U.S. holders. In these circumstances, it is likely that the portion of dividend withholding tax that we are not required to pay to the Dutch tax authorities with respect to dividends distributed to U.S. holders would not qualify as a creditable tax for U.S. foreign tax credit purposes.

*Sale or other disposition of Class A shares.* A U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale or exchange of Class A shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder’s tax basis for those Class A shares. Subject to the discussion under “*Passive Foreign Investment Company Considerations*” below, this gain or loss will be capital gain or loss and will generally be treated as from sources within the United States. Capital gain or loss will be long-term capital gain or loss if the U.S. holder held the Class A shares for more than one year at the time of the sale or exchange; in general, long-term capital gains realized by non-corporate U.S. holders are eligible for reduced rates of tax. The deductibility of losses incurred upon the sale or other disposition of capital assets is subject to limitations.

*Passive foreign investment company considerations.* A corporation organized outside the United States generally will be classified as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes in any taxable year in which, after applying the applicable look-through rules, either: (i) at least 75% of its gross income is passive income, or (ii) at least 50% of the average gross value of its assets is attributable to assets that produce passive



income or are held for the production of passive income. In arriving at this calculation, a pro rata portion of the income and assets of each corporation in which we own, directly or indirectly, at least a 25% interest by value, must be taken into account. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. We believe that we were not a PFIC for any prior tax year after 2013. Based on estimates of our gross income and the average value of our gross assets, and on the nature of the active businesses conducted by our “25% or greater” owned subsidiaries, we do not expect to be a PFIC in the current taxable year and do not expect to become one in the foreseeable future. However, because our status for any taxable year will depend on the composition of our income and assets and the value of our assets for such year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable year. In particular, the value of our assets may be determined in large part by reference to the market price of our Class A shares, which may fluctuate considerably. If we were a PFIC for any taxable year during which a U.S. holder held Class A shares, gain recognized by the U.S. holder on a sale or other disposition (including a pledge) of the Class A shares would be allocated ratably over the U.S. holder’s holding period for the Class A shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for that taxable year. Similar rules would apply to the extent any distribution in respect of Class A shares exceeds 125% of the average of the annual distributions on Class A shares received by a U.S. holder during the preceding three years or the holder’s holding period, whichever is shorter. Elections may be available that would result in alternative treatments (such as a mark-to-market treatment) of the Class A shares. In addition, if we are considered a PFIC for the current taxable year or any future taxable year, U.S. holders will be required to file annual information returns for such year, whether or not the U.S. holder disposed of any Class A shares or received any distributions in respect of Class A shares during such year.

**Backup Withholding and Information Reporting.** U.S. holders generally will be subject to information reporting requirements with respect to dividends on Class A shares and on the proceeds from the sale, exchange or disposition of Class A shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an “exempt recipient.” In addition, certain U.S. holders who are individuals may be required to report to the IRS information relating to their ownership of the Class A shares, subject to certain exceptions (including an exception for shares held in an account maintained by a U.S. financial institution). U.S. holders may be subject to backup withholding (currently at 24%) on dividends and on the proceeds from the sale, exchange or disposition of Class A shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder provides a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax and the amount of any backup withholding will be allowed as a credit against a U.S. holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

#### **Documents on Display**

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. Such reports and other information, when so filed, may be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) or at [ir.yandex.com/sec.cfm](http://ir.yandex.com/sec.cfm). As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

#### **Item 11. Quantitative and Qualitative Disclosures About Market Risk.**

See “Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures About Market Risk.”

#### **Item 12. Description of Securities Other than Equity Securities.**

Not applicable.

**PART II.**

**Item 13. Defaults, Dividend Arrearages and Delinquencies.**

Not applicable.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.**

Not applicable.

**Item 15. Controls and Procedures.**

***Evaluation of Disclosure Controls and Procedures***

The company's management, with the participation of the company's chief executive officer and chief financial officer, evaluated the effectiveness of the company's disclosure controls and procedures as of December 31, 2019. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on the evaluation of the company's disclosure controls and procedures as of December 31, 2019, the company's chief executive officer and chief financial officer concluded that, as of such date, the company's disclosure controls and procedures were effective at the reasonable assurance level.

***Management's Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This rule defines internal control over financial reporting as a process designed by, or under the supervision of, a company's chief executive officer and chief financial officer and effected by its board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Management assessed the design and operating effectiveness of our internal control over financial reporting as of December 31, 2019. This assessment was performed under the direction and supervision of our chief executive officer and chief financial officer, and based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, we concluded that as of December 31, 2019, our internal control over financial reporting was effective.

There has been no change in the company's internal control over financial reporting occurred during the fiscal year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by JSC KPMG, our independent registered public accounting firm. Their report may be found below.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors  
Yandex N.V.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Yandex N.V. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated April 2, 2020 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ JSC "KPMG"

Moscow, Russia

April 2, 2020

**Item 16A. Audit Committee Financial Expert.**

Mr. Ryan qualifies as an “audit committee financial expert,” as defined in Item 16A of Form 20-F and as determined by our board of directors.

**Item 16B. Code of Ethics.**

We have adopted a written code of ethics that applies to our Board of Directors, all of our employees, including our principal executive and principal financial officers, and any of the company’s direct and indirect subsidiaries. A copy of the code of ethics, which we refer to as our “Code of Business Ethics and Conduct”, is available on our website at [ir.vandex.com/documents.cfm](http://ir.vandex.com/documents.cfm). Any amendments to our code of ethics will be disclosed on our website within five business days of the occurrence.

**Item 16C. Principal Accountant Fees and Services.**

The following table summarizes the fees of JSC KPMG, our independent registered public accounting firm, or its affiliates billed to us for each of the last two fiscal years:

	2018	2019
	(RUB in million)	
Audit Fees(1)	69.1	133.0
All Other Fees(2)	1.1	—
Total Fees	70.2	133.0

(1) Audit fees for 2019 and 2018 were for professional services provided for the interim review procedures and the audit of our consolidated annual financial statements included in our Annual Reports on Form 20-F or services normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

(2) All other fees relate to due diligence investigations and advisory services.

*Pre-Approval Policies for Non-Audit Services*

In 2011, we established a policy pursuant to which we will not engage our auditors to perform any non-audit services unless the audit committee pre-approves the service. The audit committee pre-approved all of the non-audit services performed for us by JSC KPMG during 2019.

**Item 16D. Exemptions from the Listing Standards for Audit Committees.**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

Period	(a) Total Number of Shares Purchased(1)	(b) Average Price Paid per Share(2)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(3)
January 1 - 31, 2019	—	—	—	—
February 1 - 28, 2019	—	—	—	—
March 1 - 31, 2019	—	—	—	—
April 1 - 30, 2019	—	—	—	—
May 1 - 31, 2019	—	—	—	—
June 1 - 30, 2019	—	—	—	—
July 1 - 31, 2019	—	—	—	—
August 1 - 31, 2019	—	—	—	—
September 1 - 30, 2019	—	—	—	—
October 1 - 31, 2019	—	—	—	—
November 1 - 30, 2019	190,000	\$ 40.5886	190,000	\$ 292,288,168
December 1 - 31, 2019	285,791	\$ 41.6281	285,791	\$ 280,391,233
<b>Total</b>	<b>475,791</b>	<b>\$ 41.2130</b>	<b>475,791</b>	<b>\$ 280,391,233</b>

(1) - As of trade date;

(2) - Weighted average per month;

(3) - On March 11, 2013, we announced that our board of directors had authorized a program to repurchase up to 12 million of our Class A shares from time to time in open market transactions. On December 10, 2013, we announced that our board of directors had authorized an increase in our existing 12 million share repurchase program by 3 million shares, to a total of up to 15 million shares. The program was completed in June 2014. On July 29, 2014, we announced an additional increase of the amended repurchase program for an additional 3 million shares.

In June 2018, the Company's Board of Directors authorized a program to repurchase up to \$100 worth of Class A shares from time to time in open market transactions in effect for up to twelve months. In July 2018, the Company's Board of Directors authorized an increase in the existing program to approximately \$150 worth of Class A shares.

On November 18, 2019 we announced a share repurchase program of up to \$300 million of Class A shares from time to time in open market transactions effective for up to the following twelve months.

Period	(a) Total Number of Shares Purchased(1)	(b) Average Price Paid per Share(2)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(3)
January 1 - 31, 2018	—	—	—	—
February 1 - 28, 2018	—	—	—	—
March 1 - 31, 2018	—	—	—	—
April 1 - 30, 2018	—	—	—	—
May 1 - 31, 2018	—	—	—	—
June 1 - 30, 2018	100,996	\$ 34.7481	100,996	\$ 96,490,581
July 1 - 31, 2018	600	\$ 34.9667	600	\$ 146,469,601
August 1 - 31, 2018	3,300,208	\$ 31.6865	3,300,208	\$ 41,897,698
September 1 - 30, 2018	1,212,737	\$ 30.7168	1,212,737	\$ 4,646,254
October 1 - 31, 2018	146,138	\$ 32.4531	145,260	—
November 1 - 30, 2018	—	—	—	—
December 1 - 31, 2018	—	—	—	—
<b>Total</b>	<b>4,760,679</b>	<b>\$ 31.5277</b>	<b>4,757,801</b>	<b>—</b>

**Item 16F. Changes in Registrant's Certifying Accountant**

None.

**Item 16G. Corporate Governance.**

The Sarbanes Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, NASDAQ rules provide that foreign private issuers may follow home country practice in lieu of the NASDAQ corporate governance standards, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws. The home country practices followed by our company in lieu of NASDAQ rules are described below:

- We do not follow NASDAQ's quorum requirements applicable to meetings of shareholders. In accordance with Dutch law and generally accepted business practice, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders.
- We do not follow NASDAQ's requirements regarding the provision of proxy statements for general meetings of shareholders. Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in the Netherlands. We do intend to provide shareholders with an agenda and other relevant documents for the general meeting of shareholders.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes Oxley Act, the rules adopted by the SEC and NASDAQ's listing standards. As a Dutch company listed on a government recognized stock exchange, we are required to apply the provisions of the Dutch Corporate Governance Code, or explain any deviation from the provisions of such code in our Dutch Annual Report required by Dutch law.

**Item 16H. Mine Safety Disclosure.**

Not applicable.

YANDEX N.V.  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors  
Yandex N.V.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Yandex N.V. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements as of and for the year ended December 31, 2019 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Russian rubles have been translated into United States dollars on the basis set forth in Note 2 "Summary of significant accounting policies – Foreign currency translation" to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 2, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standard Codification Topic 842, Leases.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used



and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Evaluation of the fair value measurement of the redeemable noncontrolling interest*

As discussed in Notes 2 and 15 to the consolidated financial statements, the redeemable noncontrolling interest amounted to RUB 14,246 million at December 31, 2019, associated with two business units. The redeemable noncontrolling interests are measured at the redemption value based on the fair value of these business units using a discounted cash flow model, which required the Company to make significant estimates and assumptions. The key assumptions relate to the future revenue growth rates, projected adjusted earnings margins and discount rates.

We identified the evaluation of the fair value measurement of the redeemable noncontrolling interest as a critical audit matter, because testing the key assumptions utilized within the discounted cash flow models used to estimate the fair value of the business units involved a high degree of subjective auditor judgement.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's fair value evaluation process, including controls over the development of the key assumptions listed above used in estimating the fair value of the respective business units. We compared the historical forecasted future revenue and adjusted earnings margins for these business units to their actual results to assess the Company's ability to accurately forecast. We evaluated the Company's future revenue growth rates and projected adjusted earnings margins for these business units by comparing the forecasts to those of the Company's peers and publicly available data such as industry benchmarks. We performed a sensitivity analysis over the key assumptions listed above to assess the impact of changes to those assumptions on the Company's determination of fair value of the business units. We involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the discount rates by comparing them against discount rate ranges that were independently developed using publicly available market data for comparable entities, and
- developing an estimate of the business units' fair values using the business units' cash flow forecasts and independently developed discount rates, and compared the results to the Company's fair value estimates.

/s/ JSC "KPMG"

We have served as the Company's auditor since 2017.

Moscow, Russia

April 2, 2020

YANDEX N.V.

CONSOLIDATED BALANCE SHEETS

(In millions of Russian rubles ("RUB") and U.S. dollars ("\$"), except share and per share data)

	Notes	As of December 31,		
		2018*	2019	2019
		RUB	RUB	\$
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	5	68,798	56,415	715.5
Term deposits			31,891	404.5
Accounts receivable, net	5, 18	14,570	17,832	226.2
Prepaid expenses		2,119	3,315	42.0
Funds receivable, net		2,217	1,226	15.5
Other current assets	5, 18	4,177	9,605	121.8
Total current assets		91,881	120,284	1,525.5
Property and equipment, net	8	39,740	47,856	606.9
Operating lease right-of-use assets	9	17,654	21,218	269.1
Intangible assets, net	10	11,545	10,365	131.5
Non-current content assets, net	12	335	3,295	41.8
Goodwill	10	52,662	52,205	662.1
Long-term prepaid expenses		1,800	2,289	29.1
Investments in non-marketable equity securities	4, 5	36,484	28,073	356.0
Deferred tax assets	11	3,523	1,847	23.4
Other non-current assets	5	3,473	3,694	46.8
<b>TOTAL ASSETS</b>		<b>259,097</b>	<b>291,126</b>	<b>3,692.2</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable and accrued liabilities	5, 18	22,904	34,978	443.6
Income and non-income taxes payable	5	4,059	8,020	101.7
Deferred revenue		2,792	3,542	44.9
Total current liabilities		29,755	46,540	590.2
Deferred tax liabilities	11	1,572	1,951	24.7
Operating lease liabilities	9	12,560	10,841	137.5
Other accrued liabilities		569	2,359	30.0
Total liabilities		44,456	61,691	782.4
Commitments and contingencies	13			
Redeemable noncontrolling interests	15	13,035	14,246	180.7
Shareholders' equity:				
Priority share: €1.00 par value; shares authorized (1 and 1); shares issued (1 and 1); shares outstanding (1 and nil)	14	—	—	—
Preference shares: €0.01 par value; 1,000,000,001 and nil shares authorized, nil shares issued and outstanding	14	—	—	—
Ordinary shares: par value (Class A: €0.01, Class B: €0.10 and Class C: €0.09); shares authorized (Class A: 1,000,000,000 and 500,000,000, Class B: 46,997,887 and 37,138,658 and Class C: 46,997,887 and 37,748,658); shares issued (Class A: 292,437,655 and 293,527,655, Class B: 37,878,658 and 37,138,658, and Class C: nil and 610,000, respectively); shares outstanding (Class A: 286,848,365 and 292,719,508, Class B: 37,878,658 and 37,138,658, and Class C: nil)	14	263	261	3.3
Treasury shares at cost (Class A: 5,589,290 and 808,147, Priority share: nil and 1, respectively)	14	(10,769)	(411)	(5.2)
Additional paid-in capital		69,729	68,050	863.0
Accumulated other comprehensive income	2, 5	8,182	4,841	61.4
Retained earnings		111,465	122,187	1,549.6
Total equity attributable to Yandex N.V.		178,870	194,928	2,472.1
Noncontrolling interests		22,726	20,261	257.0
Total shareholders' equity		201,606	215,189	2,729.1
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>259,097</b>	<b>291,126</b>	<b>3,692.2</b>

\* Balances restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases. Prior periods have been adjusted accordingly.

The accompanying notes are an integral part of the consolidated financial statements.

YANDEX N.V.

CONSOLIDATED STATEMENTS OF INCOME

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

	Notes	Year ended December 31,			
		2017*	2018*	2019	2019
		RUB	RUB	RUB	\$
Revenues	17, 18	94,054	127,657	175,391	2,224.4
Operating costs and expenses:					
Cost of revenues(1)		23,952	35,893	55,788	707.5
Product development(1)		18,866	22,579	29,209	370.4
Sales, general and administrative(1)	18	27,155	36,206	50,155	636.1
Depreciation and amortization		11,239	12,137	14,777	187.4
Goodwill impairment	10	—	—	762	9.7
Total operating costs and expenses		81,212	106,815	150,691	1,911.1
Income from operations		12,842	20,842	24,700	313.3
Interest income		2,909	3,382	3,315	42.0
Interest expense		(897)	(945)	(74)	(0.9)
Effect of Yandex.Market deconsolidation	4, 11	—	28,244	—	—
Income/(loss) from equity method investments		353	(194)	(3,886)	(49.3)
Other (loss)/income, net	5	(1,110)	1,130	(1,200)	(15.2)
Income before income tax expense		14,097	52,459	22,855	289.9
Income tax expense	11	5,016	8,201	11,656	147.9
Net income		9,081	44,258	11,199	142.0
Net loss attributable to noncontrolling interests		120	1,726	1,627	20.6
Net income attributable to Yandex N.V.		9,201	45,984	12,826	162.6
Net income per Class A and Class B share:					
Basic	3	28.33	140.77	39.21	0.50
Diluted	3	27.77	137.20	38.21	0.48
Weighted average number of Class A and Class B shares outstanding:					
Basic	3	324,747,888	326,667,118	327,127,314	327,127,314
Diluted	3	331,243,961	335,162,062	335,428,137	335,428,137

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

Cost of revenues	178	180	293	3.7
Product development	2,477	4,450	6,294	79.8
Sales, general and administrative	1,538	1,922	3,268	41.5

\* Restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases. Prior periods have been adjusted accordingly.

The accompanying notes are an integral part of the consolidated financial statements.

YANDEX N.V.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Year ended December 31,			
	2017*	2018*	2019	2019
	RUB	RUB	RUB	\$
Net income	9,081	44,258	11,199	142.0
Foreign currency translation adjustment:				
Foreign currency translation adjustment, net of tax of nil	968	8,102	(4,306)	(54.6)
Foreign currency translation adjustment, net of tax of nil	968	8,102	(4,306)	(54.6)
Total other comprehensive income/(loss)	968	8,102	(4,306)	(54.6)
Total comprehensive income	10,049	52,360	6,893	87.4
Total comprehensive loss/(income) attributable to noncontrolling interests	120	(133)	2,592	32.9
Total comprehensive income attributable to Yandex N.V.	10,169	52,227	9,485	120.3

\* Restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases. Prior periods have been adjusted accordingly.

The accompanying notes are an integral part of the consolidated financial statements.

YANDEX N.V.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Notes	Year ended December 31,			
	2017* RUB	2018* RUB	2019 RUB	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	9,081	44,258	11,199	142.0
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property and equipment	9,131	9,833	12,164	154.3
Amortization of intangible assets	2,108	2,304	2,613	33.1
Operating lease right-of-use assets amortization	4,131	5,466	9,195	116.6
Amortization of debt discount and issuance costs	684	728	—	—
Share-based compensation expense	4,193	6,552	9,855	125.0
Deferred income tax benefit/(expense)	(1,423)	(2,264)	1,845	23.4
Foreign exchange losses/(gains)	1,075	(1,169)	1,294	16.4
Effect of deconsolidation of Yandex Market	—	(28,244)	—	—
Goodwill impairment	4	—	762	9.7
Amortization of contents assets	12	1	1,167	14.8
(Income)/loss from equity method investments	—	(353)	3,886	49.3
Other	—	60	355	4.5
Changes in operating assets and liabilities excluding the effect of acquisitions:				
Accounts receivable, net	—	(1,996)	(4,705)	(44.0)
Prepaid expenses and other assets	—	(2,066)	(5,577)	(71.4)
Accounts payable and accrued liabilities	—	(930)	991	12.5
Deferred revenue	—	321	479	10.0
Change in content assets	12	(270)	(375)	(4.5)
Change in content liabilities	—	25	92	25.0
Net cash provided by operating activities	—	23,772	28,212	44,379
<b>CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES:</b>				
Purchases of property and equipment and intangible assets	—	(12,389)	(28,323)	(260.5)
Proceeds from sale of property and equipment	—	73	235	4.4
Acquisitions of businesses, net of cash acquired	4	(918)	19,844	(347)
Investments in non-marketable equity securities	—	(191)	(155)	(0.9)
Proceeds from sale of equity securities	4	287	34	4.6
Proceeds from maturity of debt securities	—	2,987	—	—
Investments in term deposits	—	(70,082)	(55,592)	(90.975)
Maturities of term deposits	—	72,731	92,469	735.2
Loans granted, net of proceeds from repayments	—	(166)	(372)	(2.2)
Deconsolidation of cash and cash equivalents of Yandex Market	—	(2,181)	—	—
Net cash (used in)/provided by investing activities	—	(7,788)	35,409	(40.136)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>				
Proceeds from exercise of share options	—	328	115	2.0
Repurchases of share options	—	(77)	—	(1.1)
Purchase of redeemable noncontrolling interests	—	—	(747)	(9.5)
Proceeds from sale of noncontrolling interests	—	—	20	0.3
Repurchases of convertible debt	—	(668)	—	—
Repayment of convertible debt	—	—	(21,281)	—
Repurchases of ordinary shares	—	—	(10,085)	(18.0)
Payment for contingent consideration	—	(195)	(1,504)	(1.2)
Payment for finance leases	—	—	(3)	(3.0)
Other financing activities	—	25	(46)	0.1
Net cash used in financing activities	—	(587)	(32,804)	(30.4)
Effect of exchange rate changes on cash and cash balances	—	(976)	4,288	(66.9)
Net change in cash and cash balances	—	14,421	25,855	(157.7)
Cash and cash balances at beginning of period	—	28,810	43,231	271.7
Cash and cash balances at end of period	—	43,231	68,886	716.0
Reconciliation of cash and cash balances:				
Cash and cash equivalents, beginning of period	—	28,232	42,662	68.798
Restricted cash, beginning of period	—	578	569	8.8
Cash and cash balances, beginning of period	—	28,810	43,231	68.886
Cash and cash equivalents, end of period	—	42,662	68,798	56.415
Restricted cash, end of period	—	569	88	3.8
Cash and cash balances, end of period	—	43,231	68,886	56.453
Supplemental disclosure of cash flow information:				
Cash paid for income taxes	—	5,704	8,874	111.85
Cash paid for acquisitions	4	918	351	4.5
Interest paid	—	208	112	—
Non-cash investing activities:				
Change in accounts payable for property and equipment	—	38	27	5.65
Settlement of loans granted and interest receivable through acquisition	4	—	795	—
Settlement of investments in relation to purchases of intangible assets	—	173	—	—
Fair value of contingent consideration included in purchase price at acquisition	4	151	—	—

\* Adjusted to reflect restatement of cash flows from operating activities due to adoption of ASC 842 Leases, which required the recognition of right-of-use (ROU) assets and lease liabilities for operating leases.

The accompanying notes are an integral part of the consolidated financial statements.

YANDEX N.V.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

	Priority Share Issued and Outstanding (Note 14)**		Ordinary Shares Issued and Outstanding		Treasury shares at cost	Additional Paid-In Capital	Accumulated Other Comprehensive Income(Loss)	Retained Earnings	Non- redeemable NCI	Total	Redeemable non- controlling interests
	Shares	Amount	Shares	Amount							
	RUB		RUB		RUB	RUB	RUB	RUB	RUB	RUB	RUB
<b>Balance as of January 1, 2017</b>	<b>1</b>	<b>—</b>	<b>322,616,940</b>	<b>284</b>	<b>(8,368)</b>	<b>16,579</b>	<b>896</b>	<b>67,695</b>	<b>—</b>	<b>77,086</b>	<b>1,506</b>
Share-based compensation expense	—	—	—	—	—	4,193	—	—	—	4,193	—
Exercise of share options (Note 16)	—	—	3,687,902	—	—	335	—	—	—	335	—
Tax withholding related to exercise of share awards	—	—	—	—	—	(85)	—	—	—	(85)	—
Class B shares conversion	—	—	—	(13)	—	13	—	—	—	—	—
Reissue of shares for options exercised	—	—	—	—	4,554	(4,554)	—	—	—	—	—
Repurchase of convertible debt	—	—	—	—	—	(12)	—	—	—	(12)	—
Foreign currency translation adjustment	—	—	—	—	—	—	968	—	—	968	—
Net income / (loss)	—	—	—	—	—	—	—	9,201	—	9,201	(120)
Change in redemption value of redeemable noncontrolling interests	—	—	—	—	—	—	—	(8,435)	—	(8,435)	8,435
<b>Balance as of December 31, 2017*</b>	<b>1</b>	<b>—</b>	<b>326,304,842</b>	<b>271</b>	<b>(13,814)</b>	<b>16,469</b>	<b>1,864</b>	<b>68,461</b>	<b>—</b>	<b>83,251</b>	<b>9,821</b>
Share-based compensation expense	—	—	—	—	—	6,552	—	—	—	6,552	—
Exercise of share options (Note 16)	—	—	3,182,860	—	—	110	—	—	—	110	—
Tax withholding related to exercise of share awards	—	—	—	—	—	(84)	—	—	—	(84)	—
Class B shares conversion	—	—	—	(8)	—	8	—	—	—	—	—
Repurchases of shares (Note 14)	—	—	(4,760,679)	—	(10,157)	—	—	—	—	(10,157)	—
Reissue of shares for options exercised	—	—	—	—	3,202	(3,202)	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	6,243	—	1,809	8,052	50
Business combination	—	—	—	—	—	—	—	—	22,588	71,972	278
Settlement of contingent consideration by Class A shares	—	—	—	—	500	—	—	—	—	500	—
Other	—	—	—	—	(3)	—	75	(29)	—	38	—
Net income / (loss)	—	—	—	—	—	—	—	45,984	(1,661)	44,323	(65)
Change in redemption value of redeemable noncontrolling interests	—	—	—	—	—	—	—	(2,951)	—	(2,951)	2,951
<b>Balance as of December 31, 2018*</b>	<b>1</b>	<b>—</b>	<b>324,727,023</b>	<b>263</b>	<b>(10,750)</b>	<b>69,729</b>	<b>8,182</b>	<b>114,465</b>	<b>22,736</b>	<b>201,606</b>	<b>13,635</b>
Share-based compensation expense	—	—	—	—	—	9,855	—	—	—	9,855	—
Exercise of share options (Note 16)	—	—	5,591,934	—	—	156	—	—	—	156	—
Tax withholding related to exercise of share awards	—	—	—	—	—	(102)	—	—	—	(102)	—
Class B shares conversion	—	—	—	(2)	—	2	—	—	—	—	—
Repurchases of shares (Note 14)	—	—	(460,791)	—	(1,206)	—	—	—	—	(1,206)	—
Reissue of shares for options exercised	—	—	—	—	11,564	(11,564)	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	(3,341)	—	(947)	(4,288)	(18)
Purchase of redeemable noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(1747)
Other	—	—	—	—	—	(26)	—	189	—	163	(218)
Net income / (loss)	—	—	—	—	—	—	—	12,826	(1,528)	11,298	(99)
Change in redemption value of redeemable noncontrolling interests	—	—	—	—	—	—	—	(2,293)	—	(2,293)	2,293
<b>Balance as of December 31, 2019</b>	<b>1</b>	<b>—</b>	<b>329,858,166</b>	<b>261</b>	<b>(411)</b>	<b>68,850</b>	<b>4,841</b>	<b>122,187</b>	<b>20,261</b>	<b>215,189</b>	<b>14,246</b>
<b>Balance as of December 31, 2019, \$</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3.2</b>	<b>(5.2)</b>	<b>863.0</b>	<b>61.4</b>	<b>1,549.6</b>	<b>257.0</b>	<b>2,729.1</b>	<b>180.7</b>

\* Restated to reflect adoption of ASC 842 Leases, which requires the recognition of right-of-use assets and lease liabilities for operating leases. Prior periods have been adjusted accordingly.

\*\* Priority share held in treasury as of December 31, 2019, to be transferred to Public Interest Foundation upon formation.

The accompanying notes are an integral part of the consolidated financial statements.

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

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

**1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS**

Yandex N.V., together with its consolidated subsidiaries (together, the “Company”), is a technology company that builds intelligent products and services powered by machine learning. The Company generates a substantial part of its revenues from online advertising, while the share of other revenues, primarily represented by commission-based revenues of its Taxi business, continues to increase as a portion of the Company’s total revenues. Yandex N.V. was incorporated under the laws of the Netherlands in June 2004 and is the holding company of Yandex LLC, incorporated in the Russian Federation in October 2000, and other subsidiaries.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying consolidated financial statements differ from the financial statements prepared by the Company’s individual legal entities for statutory purposes in that they reflect certain adjustments, not recorded in the accounting records of the Company’s individual legal entities, which are appropriate to present the financial position, results of operations and cash flows in accordance with U.S. GAAP. Distributable retained earnings of the Company are based on amounts reported in statutory accounts of individual entities and may significantly differ from amounts calculated on the basis of U.S. GAAP.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the parent company and the entities it controls. All inter-company transactions and balances within the Company have been eliminated upon consolidation.

Noncontrolling interests in consolidated subsidiaries are included in the consolidated balance sheets as a separate component of equity. We report consolidated net income inclusive of both the Company’s and the noncontrolling interests’ share, as well as amounts of consolidated net income/(loss) attributable to each of the Company and the noncontrolling interests.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. The most significant estimates relate to impairment assessments of investments in non-marketable equity securities, redeemable noncontrolling interests, impairment assessments of goodwill and intangible assets, useful lives of property and equipment and intangible assets, accounts receivable allowance, fair values of share-based awards, deferred tax assets recoverability, operating lease incremental borrowing rate, fair values of financial instruments, income taxes and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

**Foreign Currency Translation**

The functional currency of the Company’s parent company is the U.S. dollar. The functional currency of the Company’s operating subsidiaries is generally the respective local currency. The Company has elected the Russian ruble as its reporting currency. All balance sheet items are translated into Russian rubles based on the exchange rate on the balance sheet date and revenue and expenses are translated at monthly weighted average rates of exchange. Translation

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

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

gains and losses are recorded as foreign currency translation adjustments in other comprehensive income. Foreign exchange transaction gains and losses are included in other (loss)/income, net in the accompanying consolidated statements of income.

**Convenience Translation**

Translations of amounts from RUB into U.S. dollars for the convenience of the reader have been made at the exchange rate of RUB 78.8493 to \$1.00, the prevailing exchange rate as of March 25, 2020. March 25, 2020 is the most recent practicable date used for convenience translation of RUB amounts due to significant changes of exchange rate from RUB 61.9057 to \$1 as of December 31, 2019 (Note 19). No representation is made that the RUB amounts could have been, or could be, converted into U.S. dollars at such rate.

**Certain Risks and Concentrations**

The Company's revenues are substantially derived from online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in users' internet preferences or advertiser spending behavior could adversely affect the Company's financial position and results of operations.

In addition, the Company's principal business activities are within the Russian Federation. Laws and regulations affecting businesses operating in the Russian Federation are subject to frequent changes, which could impact the Company's financial position and results of operations.

Other revenues, primarily represented by commission-based revenues of the Taxi business, continue to represent an increasing share of the Company's total revenues. Significant changes in the ride-hailing industry could adversely affect the Company's financial position and results of operations.

Approximately half of the Company's revenue is collected on a prepaid basis; credit terms are extended to major sales agencies and to larger loyal clients. Accounts receivable are typically unsecured and are primarily derived from revenues earned from customers located in the Russian Federation.

No individual customer or groups of affiliated customers represented more than 10% of the Company's revenues in 2017, 2018 and 2019.

Financial instruments that can potentially subject the Company to a significant concentration of credit risk consist, in addition to accounts receivable, primarily of cash, cash equivalents and term deposits. The primary focus of the Company's treasury strategy is to preserve capital and meet liquidity requirements.

The Company's treasury policy addresses the level of credit exposure by working with different geographically diversified banking institutions, subject to their conformity to an established minimum credit rating for banking relationships. To manage the risk exposure, the Company maintains its portfolio of investments in a variety of term deposits and money market funds.

**Revenue Recognition**

On January 1, 2018, the Company adopted Accounting Standards Update (the "ASU") on revenue from contracts with customers (Topic 606), using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605. The adoption of Topic 606 did not have a material impact on the Company's consolidated financial statements and there was no adjustment to beginning retained earnings on January 1, 2018.



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Revenue is recognized when the control of promised goods or services is transferred to the Company's customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company identifies its contracts with customers and all performance obligations within those contracts. The Company then determines the transaction price and allocates the transaction price to the performance obligations within the Company's contracts with customers, recognizing revenue when, or as, the Company satisfies its performance obligations. Revenue is recorded net of value added tax ("VAT").

The Company's principal revenue streams and their respective accounting treatments are discussed below:

**Online Advertising Revenues**

The Company's online advertising revenues are generated from serving online ads on its own websites and on Yandex ad network members' websites. Advance payments received by the Company from advertisers are recorded as deferred revenue on the Company's consolidated balance sheets and recognized as online advertising revenues in the period services are provided.

Advertising sales commissions and bonuses that are paid to agencies are accounted for as an offset to revenues and amounted to RUB 7,375, RUB 9,367 and RUB 10,576 (\$134.1) in 2017, 2018 and 2019, respectively.

In accordance with U.S. GAAP, the Company reports online advertising revenues gross of fees paid to Yandex ad network members, because the Company is the principal to its advertisers and retains collection risk. The Company records fees paid to ad network members as traffic acquisition costs, a component of cost of revenues.

The Company recognizes online advertising revenues based on the following principles:

The Company's Yandex.Direct service offers advertisers the ability to place performance-based ads on Yandex and Yandex ad network member websites targeted to users' search queries or website content. The Company recognizes as revenues fees charged to advertisers as "click-throughs" occur. A "click-through" occurs each time a user clicks on one of the performance-based ads that are displayed next to the search results or on the content pages of Yandex or Yandex ad network members' websites.

The Company recognized revenue for Yandex.Market services in the consolidated statements of income until the deconsolidation of Yandex.Market in April 2018 (Note 4). Yandex.Market services were priced on a cost per click (CPC) basis, similar to Yandex.Direct.

The Company recognizes revenue from brand advertising on its websites and on Yandex ad network member websites as "impressions" are delivered. An "impression" is delivered when an advertisement appears on pages viewed by users.

The Company may accept a lower consideration than the amount promised per the contract for certain revenue transactions and certain customers may receive cash-based incentives or credits, which are accounted for as variable consideration when estimating the amount of revenue to recognize. The Company believes that there will be no significant changes to the estimates of variable consideration.

**Revenues of Taxi business**

The revenues of the Taxi business primarily consist of commissions for providing ride-hailing services and commissions for food delivery services.

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For ride-hailing services provided to individual transportation services users, the Company is not a principal and reports only Yandex.Taxi and Uber's commission fees as revenue. For services provided to corporate transportation services clients the Company acts as the principal and revenue and related costs are recorded gross. In the regions, where revenues exceed promotional discounts to users and minimum fare guarantees to drivers, the discounts and guarantees are netted against revenues. In the regions, where discounts to users and minimum fare guarantees exceed the related revenues, the excess is presented in sales, general and administrative expenses in the consolidated statements of income.

For food delivery services provided to individual service users, the Company is not a principal and reports only Yandex.Eats's commission fees as revenue. In the regions, where revenues exceed promotional discounts to users, the discounts are netted against revenues. In the regions, where discounts to users exceed the related revenues, the excess is presented in sales, general and administrative expenses in the consolidated statements of income.

The Company recorded RUB 19,095 (\$242.2) of promotional discounts to users and minimum fare guarantees in 2019 (RUB 14,311 in 2018 and RUB 9,737 in 2017), of which RUB 17,202 (\$218.2) (RUB 11,574 in 2018 and RUB 4,606 in 2017) were netted against revenues and RUB 1,893 (\$24.0) (RUB 2,737 in 2018 and RUB 5,131 in 2017) were presented in sales, general and administrative expenses.

**Other Revenue**

The Company's other revenue primarily consists of revenues from the Company's car-sharing business and media services.

The Company's revenue from its car-sharing business and media services is recognized over the period when the respective services are provided to users.

**Practical Expedients and Exemptions**

The Company accounts for sales commissions and agency bonuses as incurred because the amortization period is one year or less.

The Company does not disclose the value of unsatisfied performance obligations as of period end for contracts with an original expected duration of one year or less and contracts for which the Company recognizes revenue at the amount to which the Company has the right to invoice for services performed.

**Cost of Revenues**

Cost of revenues primarily consists of traffic acquisition costs. Traffic acquisition costs consist of amounts ultimately paid to Yandex ad network members and to certain other partners ("distribution partners") who distribute the Company's products or otherwise direct search queries to the Company's websites. These amounts are primarily based on revenue-sharing arrangements with ad network members and distribution partners. Traffic acquisition costs are expensed as incurred. Cost of revenues also includes expenses associated with the operation of the Company's data centers, including personnel costs, share-based compensation, rent, utilities and bandwidth costs; cost of corporate taxi services; Yandex.Drive car leases, gasoline costs and outsourced services such as insurance, maintenance and other services; as well as content acquisition costs, cost of devices sold and other cost of revenues.

**Product Development Expenses**

Product development expenses consist primarily of personnel costs incurred for the development of, enhancement to and maintenance of the Company's search engine and other Company's websites and technology

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platforms. Product development expenses also include rent and utilities attributable to office space occupied by development staff.

Software development costs, including costs to develop software products, are expensed before technological feasibility is reached. Technological feasibility is typically reached shortly before the release of such products and, as a result, development costs that meet the criteria for capitalization were not material for the periods presented.

**Advertising and Promotional Expenses**

The Company expenses advertising and promotional costs in the period in which they are incurred. For the years ended December 31, 2017, 2018 and 2019, promotional and advertising expenses totaled approximately RUB 13,054, RUB 15,372 and RUB 18,350 (\$232.7), respectively.

**Social Security Contributions**

The Company makes contributions to governmental pension, medical and social funds on behalf of its employees. In Russia, the amount was calculated using a regressive rate (from 14% to 4% for accredited IT companies and from 30% to 15% for other companies in 2019, 2018 and 2017) based on the annual compensation of each employee. These contributions are expensed as incurred.

**Share-Based Compensation**

The Company grants share options, share appreciation rights ("SARs"), restricted share units ("RSUs") and business unit equity awards (together, "Share-Based Awards") to its employees and consultants.

The Company estimates the fair value at the grant date of share options, SARs and business unit equity awards that are expected to vest using the Black-Scholes-Merton ("BSM") pricing model and recognizes the fair value on a straight-line basis over the requisite service period. The fair value of RSUs is measured based on the fair market values of the underlying share on the dates of grant.

The assumptions used in calculating the fair value of Share-Based Awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, the Company's share-based compensation expense could be materially different in the future. The Company accounts for forfeitures as they occur.

Cancellation of an award accompanied by the concurrent grant of a replacement award is accounted for as a modification of the terms of the cancelled award ("modification awards"). The compensation costs associated with the modification awards are recognized if either the original vesting condition or the new vesting condition has been achieved. Such compensation costs cannot be less than the grant-date fair value of the original award. The incremental compensation cost is measured as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date. Therefore, in relation to the modification awards, the Company recognizes share-based compensation over the vesting periods of the new awards, which comprises (1) the amortization of the incremental portion of share-based compensation over the remaining vesting term and (2) any unrecognized compensation cost of the original award, using either the original term or the new term, whichever is higher for each reporting period.

**Income Taxes**

Current tax expense/(benefit) is calculated as the estimated amount expected to be recovered from or paid to the taxing authorities based on the taxable income for the period. Deferred tax assets and liabilities are recognized for the

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future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for carryforwards. Deferred tax assets, including those for operating loss carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the deferred tax asset or liability is expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are classified as non-current. Deferred tax assets are reduced by a valuation allowance to the amount that is more likely than not to be realized. In making such a determination, management consider all available evidence, including future reversals of existing taxable temporary differences, projected future taxable income, limitations and enacted changes to the tax legislation in respective jurisdictions, tax-planning strategies, and results of recent operations.

The effects of tax positions are recognized in the consolidated financial statements if it is more likely than not that they will be sustained on examination by the taxing authorities, including resolution of related appeals or litigation processes, if any.

Recognized tax benefits are measured as the largest amount that is greater than 50 percent likely of being realized upon settlement.

The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the consolidated statements of income. Accrued interest and penalties are presented in the consolidated balance sheets within other accrued liabilities, non-current or income and non-income taxes payable together with unrecognized tax benefits based on the timing of expected resolution.

**Comprehensive Income**

Comprehensive income is defined as the change in equity during a period from non-owner sources. U.S. GAAP requires the reporting of comprehensive income in addition to net income. Comprehensive income of the Company includes net income and foreign currency translation adjustments. For the years ended December 31, 2017, 2018 and 2019 total comprehensive income included, in addition to net income, the effect of translating the financial statements of the Company's legal entities domiciled outside of Russia from these entities' functional currencies into Russian rubles.

Accumulated other comprehensive income of RUB 8,182 as of December 31, 2018 and RUB 4,841 (\$61.4) as of December 31, 2019 solely comprises cumulative foreign currency translation adjustment.

**Noncontrolling Interests and Redeemable Noncontrolling Interests**

Interests held by third parties in consolidated majority-owned subsidiaries are presented as noncontrolling interests, which represent the noncontrolling stockholders' interests in the underlying net assets of the Company's consolidated majority-owned subsidiaries. Noncontrolling interests that are not redeemable are reported in the equity section of the consolidated balance sheets. The net income attributable to noncontrolling interest reflects the share of the net income of the Company's consolidated subsidiaries, in which there are either noncontrolling interests or redeemable noncontrolling interests.

Ownership interests in the Company's consolidated subsidiaries held by the senior employees of these subsidiaries are considered redeemable as according to the terms of the business unit equity awards the employees have the right to redeem their interests for cash. Accordingly, such redeemable noncontrolling interests have been presented as mezzanine equity in the consolidated balance sheets. Adjustments to the redemption value of the redeemable noncontrolling interests are recorded through retained earnings.

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**Fair Value of Financial Instruments**

Financial instruments carried on the balance sheets include cash and cash equivalents, term deposits, restricted cash, investments in equity securities, accounts receivable and funds receivable, loans to employees, accounts payable and accrued liabilities. The carrying amounts of cash and cash equivalents, short-term deposits, current restricted cash, accounts receivable and funds receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of those instruments.

**Term Deposits**

Bank deposits are classified depending on their original maturity as (i) cash and cash equivalents if the original maturities are three months or less; (ii) current term deposits if the original maturities are more than three months, but no more than one year; and (iii) non-current term deposits if the original maturities are more than one year.

**Investments in Equity Securities**

Investments in the stock of entities in which the Company can exercise significant influence but does not own a majority equity interest or otherwise control are accounted for using the equity method. The Company records its share of the results of these companies within the other (loss)/income, net line on the consolidated statements of income. Investments in the non-marketable stock of entities in which the Company can exercise little or no influence are accounted for using the cost method. Both equity and cost method accounted investments are included in investments in non-marketable equity securities line on the consolidated balance sheets.

The Company reviews its investments in equity securities for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Investments identified as having an indication of impairment are subject to further analysis to determine if the impairment is other-than-temporary and this analysis requires estimating the fair value of the investment. The determination of fair value of the investment involves considering factors such as current economic and market conditions, the operating performance of the companies including current earnings trends and forecasted cash flows, and other company and industry specific information. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to other (loss)/income, net and a new cost basis in the investment is established.

**Variable Interest Entities**

Entities that do not have sufficient equity at risk to allow the entity to finance its activities without additional financial support or in which the equity investors, as a group, do not have the characteristic of a controlling financial interest are referred to as variable interest entities ("VIE"). A VIE is consolidated by the variable interest holder that is determined to have the controlling financial interest (primary beneficiary) as a result of having both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose, and the Company's relative exposure to the related risks of the VIE on the date it becomes initially involved in the VIE. The Company reassesses its VIE determination with respect to an entity on an ongoing basis.

As of December 31, 2017, the Company held interests in a third party, Edadeal, a Russian limited liability company ("Edadeal"), through loans and a 10% equity interest. Edadeal was primarily financed by the Company's loans and operated an application for grocery shopping offers, coupons and cashback. The Company had treated Edadeal as a VIE since Edadeal did not have sufficient equity at risk. The Company had determined that it should not consolidate Edadeal as it was not the primary beneficiary and lacked power through voting or similar rights to direct the activities that most significantly affected Edadeal's economic performance. The Company's investments related to Edadeal included in investments in non-marketable equity securities and loans granted to third parties (Note 5) totaled RUB 361

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as of December 31, 2017, representing the Company's maximum exposure to loss. In October 2018, the Company acquired the remaining 90% interest in Edadeal (Note 4).

**Accounts Receivable, Net**

Accounts receivable are stated at their net realizable value.

The Company provides an allowance for doubtful accounts based on management's periodic review for recoverability of accounts receivable from customers and other receivables. The Company evaluates the collectability of its receivables based upon various factors, including the financial condition and payment history of major customers, an overall review of collections experience of other accounts and economic factors or events expected to affect the Company's future collections.

**Inventories**

Inventories are valued at the lower of cost or net realizable value. The Company estimates the net realizable value of such inventories based on analysis and assumptions. A change to the carrying value of inventories is recorded to cost of goods sold.

**Property and Equipment**

Property and equipment are recorded at cost and depreciated over their useful lives. Capital expenditures incurred before property and equipment are ready for their intended use are capitalized as assets not yet in use.

Depreciation is computed under the straight-line method using estimated useful lives as follows:

	Estimated useful lives
Servers and network equipment	3.0-4.0 years
Infrastructure systems	3.0-10.0 years
Office furniture and equipment	3.0 years
Buildings	10.0-20.0 years
Land rights	50.0 years
Leasehold improvements	the shorter of 5.0 years or the remaining period of the lease term
Other equipment	2.0-5.0 years

Land is not depreciated.

Depreciation of assets included in assets not yet in use commences when they are ready for the intended use.

**Leases**

The Company determines if an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether it has the right to control the identified asset. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and also include any lease payments made prior to or on lease commencement and exclude lease incentives and initial direct costs incurred, as applicable.

As the implicit rate in the Company's leases is generally unknown, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease

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payments. The Company gives consideration to its credit risk, term of the lease, total lease payments and adjust for the impacts of collateral, as necessary, when calculating its incremental borrowing rates. The lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise any such options. Lease costs for the Company's operating leases are recognized on a straight-line basis within operating expenses over the lease term. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of finance leases is included in interest expense and recognized using the effective interest method over the lease term.

The Company has elected to separately account for lease and non-lease components for any leases within its existing classes of assets based on the identifiable standalone price of such non-lease components and, as a result, allocates part of lease contract consideration to non-lease component and account for it separately. The Company has also elected to not apply the recognition requirement to any leases within its existing classes of assets with a term of 12 months or less.

Operating leases are included in the operating lease right-of-use assets and accounts payable and accrued liabilities lines for current leases and in the operating lease liabilities line for non-current leases in the Company's consolidated balance sheets. Finance leases are included in the property and equipment, net, accounts payable and accrued liabilities and other accrued liabilities lines in the Company's consolidated balance sheets.

**Goodwill and Intangible Assets**

Goodwill represents the excess of purchase consideration over the Company's share of fair value of the net assets of acquired businesses. During the measurement period, which may be up to one year from the acquisition date, the Company may prospectively apply adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Goodwill is not subject to amortization but is tested for impairment at least annually.

The Company performs a qualitative assessment to determine whether further impairment testing on goodwill is necessary. If the Company believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, a quantitative impairment test is required. Otherwise, no further testing is required. The quantitative impairment test is performed by comparing the carrying value of each reporting unit's net assets (including allocated goodwill) to the fair value of those net assets. If the reporting unit's carrying amount is greater than its fair value, the Company recognizes a goodwill impairment charge for the amount by which the carrying value of a reporting unit exceeds its fair value.

The Company did not recognize any goodwill impairment for the years ended December 31, 2017 and 2018. In 2019, the Company recognized goodwill impairment in the amount of RUB 762 (\$9.7) related to Food Party LLC acquisition as a result of the annual goodwill impairment test. The impairment is the full amount of goodwill recognized at the Food Party LLC acquisition date and allocated to the Taxi segment. The goodwill impairment is the result of the absence of expected synergies from integration of Food Party LLC business model with the existing operations of the Company's other businesses or technologies, resulting in a change of business model of Food Party LLC. Fair value of Food Party LLC is considered to be equal to the carrying amount of the Food Party's net assets as of December 31, 2019.

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The Company amortizes intangible assets using the straight-line method and estimated useful lives of assets ranging from 1.0 to 15.9 years, with a weighted-average life of 8.2 years:

	Estimated useful lives
Acquisition-related intangible assets:	
Content and software	1.0-10.0 years
Customer relationships	2.0-15.9 years
Patents and licenses	6.8 years
Non-compete agreements	2.0-5.0 years
Trade names and domain names	2.0-10.0 years
Workforce	4.0 years
Supplier relationships	1.0 year
Other technologies and licenses	the shorter of 5.0 years or the underlying license terms

**Impairment of Long-lived Assets Other Than Goodwill**

The Company evaluates the carrying value of long-lived assets other than goodwill for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. When such a determination is made, management's estimate of undiscounted cash flows to be generated by the assets is compared to the carrying value of the assets to determine whether impairment is indicated. If impairment is indicated, the amount of the impairment recognized in the consolidated financial statements is determined by estimating the fair value of the assets and recording a loss for the amount by which the carrying value exceeds the estimated fair value. This fair value is usually determined based on estimated discounted cash flows.

**Content assets**

The Company licenses and produces content, including original programming, in order to offer users unlimited viewing of TV series and films via subscription or ad-supported models. Most of our content license agreements are for a fixed fee and specific windows of availability. Payments for content assets, including additions to streaming assets and the changes in related liabilities, are classified within net cash provided by operating activities on the consolidated statements of cash flows. For licenses, the Company capitalizes the fee per title/package and records a corresponding liability at the gross amount of the liability when the license period begins, the cost of the title is known and the title is accepted and available for streaming. Content which is licensed for less than a year is recognized as current content assets, net within the other current assets line and content which is licensed for a period of more than one year is recognized as non-current content assets, net on the consolidated balance sheets.

For produced content, the Company capitalizes costs associated with content production, including development costs, direct costs and production overhead. These amounts are included in the non-current content assets, net line on the consolidated balance sheets.

For the advertising-supported programming channels, the Company's general policy is to amortize each program's costs on a straight-line basis over its license period. For over-the-top (OTT) services that are not advertising-supported, the Company's general policy is to amortize each program based on factors such as estimated viewing patterns. The Company amortizes content assets (licensed and produced) in the cost of revenues line on the consolidated statements of income. The Company reviews factors impacting the amortization of content assets on an ongoing basis.

For films and television programs predominantly monetized individually, the amortization of capitalized costs is based on the proportion of the film's (or television program's) revenues recognized for such period to the film's (or television program's) estimated remaining ultimate revenues (i.e., the total revenue to be received throughout a film's or television program's life cycle).



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The Company's video business model is subscription-based, rather than based on revenues generated from individual programs. Main content assets, both licensed and produced, are reviewed in aggregate at a film group level when an event or change in circumstances indicates a change in the expected usefulness of the content asset or that the fair value may be less than unamortized cost. To date, the Company has not identified any such event or changes in circumstances. If such changes are identified in the future, these aggregated content assets will be stated at the lower of unamortized cost or fair value. In addition, unamortized costs for assets that have been, or are expected to be, abandoned are written off.

Recently Adopted Accounting Pronouncements

Effective January 1, 2019, the Company adopted Topic 842 "Leases", as amended, which supersedes the lease accounting guidance under Topic 840, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a ROU model that requires a lessee to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statements of income. The Company adopted the new guidance using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application (January 1, 2017). The Company elected to restate retrospectively comparative periods presented in the consolidated financial statements with the cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented.

The new standard provides a number of optional practical expedients in transition. The Company elected the practical expedients to not reassess its prior conclusions about lease identification under the new standard, to not reassess lease classification, and to not reassess initial direct costs. The Company also elected not to apply the recognition requirements of ASC 842 to short-term leases.

The effect of the changes made to the comparative periods presented in the consolidated financial statements was as follows:

	Before ASC 842 adoption	Effect of ASC 842 adoption	Other reclassifications*	As reported
	RUB	RUB	RUB	RUB
Prepaid expenses as of December 31, 2018	2,608	(489)	—	2,119
Funds receivable, net as of December 31, 2018	—	—	2,217	2,217
Other current assets as of December 31, 2018	6,444	(50)	(2,217)	4,177
Operating lease right-of-use assets as of December 31, 2018	—	17,654	—	17,654
Deferred tax assets as of December 31, 2018	3,239	284	—	3,523
Retained earnings as of December 31, 2017	60,036	425	—	60,461
Retained earnings as of December 31, 2018	112,644	(1,179)	—	111,465
Accounts payable and accrued liabilities as of December 31, 2018	16,886	6,018	—	22,904
Operating lease liabilities as of December 31, 2018	—	12,560	—	12,560
Cost of revenues for the year ended December 31, 2017	23,937	15	—	23,952
Cost of revenues for the year ended December 31, 2018	35,890	3	—	35,893
Product development for the year ended December 31, 2017	18,761	105	—	18,866
Product development for the year ended December 31, 2018	22,569	10	—	22,579
Sales, general and administrative for the year ended December 31, 2017	27,681	74	—	27,755
Sales, general and administrative for the year ended December 31, 2018	36,200	6	—	36,206
Income from operations for the year ended December 31, 2017	13,036	(194)	—	12,842
Income from operations for the year ended December 31, 2018	20,861	(19)	—	20,842
Income from equity method investments for the year ended December 31, 2017	—	—	353	353
Other loss, net for the year ended December 31, 2017	(1,466)	709	(353)	(1,110)
Loss from equity method investments for the year ended December 31, 2018	—	—	(194)	(194)
Other income, net for the year ended December 31, 2018	2,922	(1,986)	194	1,130
Income tax expense for the year ended December 31, 2017	4,926	90	—	5,016
Income tax expense for the year ended December 31, 2018	8,603	(402)	—	8,201
Net income for the year ended December 31, 2017	8,656	425	—	9,081
Net income for the year ended December 31, 2018	45,861	(1,603)	—	44,258

\* Certain reclassifications have been made to the prior years' consolidated balance sheets and consolidated statements of

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income due to separation of certain line items in 2017 and 2018.

The effect of the changes made for per share amounts for the year ended December 31, 2017 was as follows:

	Before ASC 842 adoption		Effect of ASC 842 adoption		As reported	
	Class A RUB	Class B RUB	Class A RUB	Class B RUB	Class A RUB	Class B RUB
Net income, allocated for basic	7,583	1,193	367	58	7,950	1,251
Reallocation of net income as a result of conversion of Class B to Class A shares	1,193	—	58	—	1,251	—
Reallocation of net income to Class B shares	—	(19)	—	—	—	(19)
Net income, allocated for diluted	8,776	1,174	425	58	9,201	1,232
Weighted average ordinary shares outstanding—basic	280,586,437	44,161,451	—	—	280,586,437	44,161,451
Dilutive effect of:						
Conversion of Class B to Class A shares	44,161,451	—	—	—	44,161,451	—
Share-Based Awards	6,496,073	146,027	—	—	6,496,073	146,027
Weighted average ordinary shares outstanding—diluted	331,243,961	44,307,478	—	—	331,243,961	44,307,478
Net income per share attributable to ordinary shareholders:						
Basic	27.02	27.02	1.31	1.31	28.33	28.33
Diluted	26.49	26.49	1.28	1.28	27.77	27.77

The effect of the changes made for per share amounts for the year ended December 31, 2018 was as follows:

	Before ASC 842 adoption		Effect of ASC 842 adoption		As reported	
	Class A RUB	Class B RUB	Class A RUB	Class B RUB	Class A RUB	Class B RUB
Net income, allocated for basic	42,010	5,577	(1,415)	(188)	40,595	5,389
Reallocation of net income as a result of conversion of Class B to Class A shares	5,577	—	(188)	—	5,389	—
Reallocation of net income to Class B shares	—	(140)	—	4	—	(136)
Net income, allocated for diluted	47,587	5,437	(1,603)	(184)	45,984	5,253
Weighted average ordinary shares outstanding—basic	288,380,711	38,286,407	—	—	288,380,711	38,286,407
Dilutive effect of:						
Conversion of Class B to Class A shares	38,286,407	—	—	—	38,286,407	—
Share-Based Awards	8,494,944	6,529	—	—	8,494,944	6,529
Weighted average ordinary shares outstanding—diluted	335,162,062	38,292,936	—	—	335,162,062	38,292,936
Net income per share attributable to ordinary shareholders:						
Basic	145.67	145.67	(4.90)	(4.90)	140.77	140.77
Diluted	141.98	141.98	(4.78)	(4.78)	137.20	137.20

In the first quarter of 2019, the Company early adopted an ASU that clarifies accounting for content assets. The standard aligns the accounting for production costs of episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. This ASU also requires that an entity reassesses estimates of the use of a film in a film group and accounts for any changes prospectively. In addition, it requires that an entity tests films and license agreements for program material for impairment at a film group level when the film or license agreements are predominantly monetized with other films and license agreements. The new standard was applied prospectively. There was no material impact on the Company's consolidated financial statements. See also Summary of Significant Accounting Policies – Content assets above and Note 12 – Content assets.

**Effect of Recently Issued Accounting Pronouncements**

In June 2016, the FASB issued an ASU which requires the measurement and recognition of expected credit

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losses for financial assets held at amortized cost to be presented at the net amount expected to be collected. The ASU is effective for reporting periods beginning after December 15, 2019. Early adoption is permitted for reporting periods beginning after December 15, 2018. This ASU replaces the existing incurred loss impairment model with a forward-looking expected credit loss model which will result in earlier recognition of credit losses. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The Company adopted the standard effective January 1, 2020, using modified retrospective method with a cumulative effect adjustment to be recognized in the opening balance of retained earnings in the period of adoption. Based on the composition of the Company's investment portfolio, current market conditions and historical credit loss activity, the Company expects to record a cumulative-effect adjustment to accumulated retained earnings of approximately RUB 500 (\$6.3) on January 1, 2020 in connection with the adoption of ASU. The adjustment reflects the expected allowance based on Company's current estimate.

In August 2018, the FASB issued an ASU which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This ASU is effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The Company adopted the standard effective January 1, 2020, and is currently evaluating the impact that the guidance will have on the consolidated financial statements.

No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future financial statements.

**3. NET INCOME PER SHARE**

Basic net income per Class A and Class B ordinary share for the years ended December 31, 2017, 2018 and 2019 is computed on the basis of the weighted average number of ordinary shares outstanding using the two class method. Basic net income per share is computed using the weighted average number of ordinary shares outstanding during the period, including restricted shares. Diluted net income per ordinary share is computed using the effect of the outstanding Share-Based Awards calculated using the "treasury stock" method.

The computation of the diluted net income per Class A share assumes the conversion of Class B shares, while the diluted net income per Class B share does not assume the conversion of those shares. The net income per share amounts are the same for Class A and Class B shares because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation. The number of Share-Based Awards excluded from the diluted net income per ordinary share computation, because their effect was anti-dilutive for the years ended December 31, 2017, 2018 and 2019, was 1,862,125, 3,016,826 and 4,305,674, respectively. The effects of Business Unit Equity Awards were excluded from the diluted net income per ordinary share computation for the year ended December 31, 2018, because the effects were anti-dilutive. The effects of Business Unit Equity Awards were excluded from the diluted net income per ordinary share computation for the year ended December 31, 2017, because the effects were not significant.

The Company's convertible notes due 2018 provided for a flexible settlement feature. In December 2018, the convertible debt matured and the Company repaid the convertible debt for cash. The convertible debt was anti-dilutive in the years ended December 31, 2017 and 2018.

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The components of basic and diluted net income per share were as follows:

	Year ended December 31,					
	2017		2018		2019	
	Class A RUB	Class B RUB	Class A RUB	Class B RUB	Class A RUB	Class B RUB
Net income, allocated for basic	7,950	1,251	40,595	5,389	11,349	1,439
Reallocation of net income as a result of conversion of Class B to Class A shares	1,251	—	5,389	—	1,477	18.7
Reallocation of net income to Class B shares	—	(19)	—	(136)	—	(38)
Dilution in Classfields	—	—	—	—	(10)	(0.1)
Net income, allocated for diluted	9,201	1,232	45,984	5,253	12,816	1,439
Weighted average ordinary shares outstanding—basic	280,586,437	44,161,451	288,380,711	38,286,007	289,468,245	37,659,069
Dilutive effect of:						
Conversion of Class B to Class A shares	44,161,451	—	38,286,007	—	37,659,069	—
Share-Based Awards	6,499,073	146,027	8,499,944	6,429	8,300,823	—
Weighted average ordinary shares outstanding—diluted	331,245,961	44,507,478	335,162,062	38,292,916	335,428,137	37,659,069
Net income per share attributable to ordinary shareholders:						
Basic	28.33	28.33	140.77	140.77	39.21	0.50
Diluted	27.77	27.77	137.20	137.20	38.21	0.48

4. BUSINESS COMBINATIONS AND INVESTMENT TRANSACTIONS

Acquisitions in 2019

TheQuestion

In March 2019, the Company completed the acquisition of assets and assumption of liabilities of Znanie Company Limited (Cyprus) and its two subsidiaries, Znanie Development Company Limited (Cyprus) and Znanie LLC (Russia) ("TheQuestion"). TheQuestion is an internet-based question-and-answer social network. The primary purpose of the acquisition of TheQuestion was to enlarge the database of answers to specific search queries and to enhance the quality of search results provided by Yandex's Search portal. The fair value of the consideration transferred totaled RUB 384 (\$4.9), including cash consideration of RUB 351 (\$4.5) and deferred consideration of RUB 33 (\$0.4). The deferred consideration arrangement requires the Company to pay additional cash consideration to the former investors within a four-year period. No additional consideration has been paid to date. The Company accounted for the acquisition as a business combination.

Set out below is the condensed balance sheet of TheQuestion as of March 11, 2019, reflecting an allocation of the purchase price to net assets acquired:

	March 11, 2019 RUB
<b>ASSETS:</b>	
Intangible assets	113
Other current assets	5
Goodwill	295
<b>Total assets</b>	<b>413</b>
Current liabilities	6
Deferred tax liabilities	23
<b>Total liabilities</b>	<b>29</b>
Net assets	384
<b>Total purchase consideration</b>	<b>384</b>

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The RUB 295 assigned to goodwill is attributable to the Search and Portal reportable segment and is primarily attributable to expected synergies that result from convergence with TheQuestion's unique question-and-answer data. RUB 113 assigned to intangible assets relates to software that will be amortized over a period of 1 year.

The results of operations of TheQuestion for the period prior to the acquisition would not have had a material impact on the Company's results of operations for the year ended December 31, 2018. Accordingly, no pro forma financial information is presented.

**Acquisitions in 2018**

**Uber**

In February 2018, the Company and Uber International C.V. ("Uber"), a subsidiary of Uber Technologies Inc., completed the combination of Yandex.Taxi Holding B.V. with several Uber legal entities into MLU B.V., a Dutch private limited liability company. The Company and Uber each contributed their legal entities operating the ride-hailing and food delivery businesses in Russia, Kazakhstan, Azerbaijan, Armenia, Belarus and Georgia, and \$100.0 (RUB 5,722 as of the date of acquisition) and \$225.0 (RUB 12,874 as of the date of acquisition) in cash, respectively. The merger was accounted for as a business combination.

Immediately after the completion of the transaction, Uber Technologies Inc. transferred 1,527,507 of its Class A Common Shares to the Company in exchange for additional 2.03% in the share capital of MLU B.V. At the same time, Uber Technologies Inc. entered into an arrangement with the Company to hold an option to repurchase these shares after the 3-year period from the one-year anniversary of deal close, while the Company has an option to sell these shares to Uber. This option was exercised in the year 2019 (Note 5).

As a result of the above transactions, 61.00% of the share capital of the combined entity is held by the Company, 37.96% by Uber and 1.04% by the employees of the MLU business based on the total number of outstanding shares.

The acquisition-date fair value of the consideration transferred amounted to RUB 53,261, which consisted of cash consideration, in the amount of RUB 3,061 and non-cash consideration, represented by the fair value of noncontrolling interest in the Yandex.Taxi business contributed.

The fair value of non-cash consideration at the acquisition date was RUB 50,200, which was determined using a discounted cash flow model. This fair value measurement is based on significant unobservable inputs and thus represents a Level 3 measurement as defined by ASC 820.

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Set out below is the condensed balance sheet of the Uber business contributed as of February 7, 2018, reflecting the allocation of the purchase price to net assets acquired:

	February 7, 2018 RUB
<b>ASSETS:</b>	
Cash and cash equivalents	20,762
Other current assets	314
Property and equipment	70
Intangible assets	7,257
Goodwill	42,026
Investments in non-marketable equity securities	4,392
<b>Total assets</b>	<b>74,821</b>
<b>LIABILITIES:</b>	
Other current liabilities	403
Deferred tax liabilities	1,508
<b>Total liabilities</b>	<b>1,911</b>
Total net assets acquired	72,910
Fair value of the noncontrolling interest	19,649
<b>Total purchase consideration</b>	<b>53,261</b>

Of the RUB 7,257 assigned to intangible assets, approximately RUB 2,115 relates to the acquired license in the territories for the Uber brand that will be amortized over a period of 6.9 years and approximately RUB 5,142 represents customer relationships that will be amortized over a period of 15.9 years.

The RUB 42,026 of goodwill was assigned to the Taxi reportable segment. The Company expects to achieve significant synergies and cost reductions using Yandex's deep technological expertise and the global ride-hailing expertise of Uber. None of the goodwill is expected to be deductible for income tax purposes.

The Company recognized RUB 319 and RUB 482 of acquisition related costs that were expensed in the years ended December 31, 2017 and December 31, 2018, respectively. These costs are recorded in sales, general and administrative expenses in the consolidated statements of income.

The fair value of the noncontrolling interest was determined based on the fair value of the Uber business contributed. The fair value was estimated using a discounted cash flow model. As Uber was a private company as of the closing date, the fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement as defined in ASC 820.

The fair value of the Uber business was determined using cash flow projections based on financial budgets and forecasts covering a five-year period. The cash flows beyond that five-year period have been estimated based on sustainable long-term growth rates.

The pro forma consolidated statements of income, as if had been included in the consolidated results of the Company for the year ended December 31, 2017, would include revenue in the amount of RUB 668 and net loss in the amount of RUB 7,531.

The results of operations of the Uber business contributed after acquisition for the period since February 7, 2018 to December 31, 2018 include revenue in the amount of RUB 861 and net loss in the amount of RUB 1,380.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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The unaudited pro forma consolidated statements of income, as if had been included in the consolidated results of the Company for the year ended December 31, 2018, would include revenue in the amount of RUB 1,031 and net loss in the amount of RUB 1,495.

The unaudited pro forma amounts have been calculated after applying the Company's accounting policies and adjusting the results of the Uber business contributed to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied on January 1, 2017, together with the consequential tax effects.

**Edadeal**

In October 2018, the Company completed the acquisition of 90% in Edadeal LLC and its subsidiary ("Edadeal"), a daily deal and coupon aggregator, which is used to find deals for grocery stores, thus increasing the Company's ownership interest from 10% to 100%. As of the date of acquisition, the Company measured the fair value of the Company's initial 10% equity investments in Edadeal at the amount of RUB 26, which was reflected in the purchase consideration. Cash consideration transferred totaled RUB 233. The acquisition was accounted for as a business combination.

Set out below is the condensed balance sheet of Edadeal as of October 5, 2018, reflecting an allocation of the purchase price to net assets acquired:

	October 5, 2018 RUB
<b>ASSETS:</b>	
Cash and cash equivalents	20
Accounts receivable	176
Other current assets	15
Intangible assets, net	357
Goodwill	622
Deferred tax assets	5
<b>Total assets</b>	<b>1,195</b>
Long-term debt	621
Short-term debt	174
Accounts payable and accrued liabilities	84
Deferred tax liabilities	57
<b>Total liabilities</b>	<b>936</b>
Net assets	259
<b>Total purchase consideration</b>	<b>259</b>

The RUB 622 assigned to goodwill is attributable to the Search and Portal reportable segment and is primarily attributable to expected synergies that result from convergence with Edadeal's unique audience and data. Of the RUB 357 assigned to intangible assets, approximately RUB 251 relates to software that will be amortized over a period of 4.0 years, RUB 61 relates to customer relationships and RUB 45 relates to brand.

The results of operations of Edadeal for the period prior to acquisition would not have had a material impact on the Company's results of operations for the years ended December 31, 2017 and 2018. Accordingly, no pro forma financial information is presented. The results of operations of Edadeal did not have a material impact on the Company's results of operations for the year ended December 31, 2018.

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**Formation of Yandex.Market joint venture in 2018**

*Yandex.Market*

On April 27, 2018, the Company and Sberbank formed a joint venture based on the Yandex.Market platform. As a part of the deal, Sberbank subscribed for new ordinary shares of Yandex.Market for RUB 30,000. Since that date, each of the Company and Sberbank hold an equal number of the outstanding shares in Yandex.Market, with up to 10% of outstanding shares allocated to management and an equity incentive pool. The Company retained a noncontrolling interest and significant influence over Yandex.Market's business. Accordingly, Yandex.Market's results of operations before the transaction are classified within continuing operations.

On April 27, 2018, the Company deconsolidated Yandex.Market from the Company's consolidated financial results and accounted for its investment under the equity method within the investments in non-marketable equity securities line in the consolidated statements of income, initially at fair value of RUB 29,985. It resulted in a gain on the deconsolidation in the amount of RUB 28,244. Fair value has been determined using valuation techniques such as discounted cash flows. Starting April 27, 2018, the Company records a share of Yandex.Market's financial results within the other (loss)/income, net line in the consolidated statements of income.

**Other**

During the year ended December 31, 2018, the Company completed other acquisitions for total consideration of approximately RUB 751. In aggregate, RUB 17 was cash acquired, RUB 14 was attributed to property and equipment, RUB 130 was attributed to intangible assets, RUB 792 was attributed to goodwill, RUB 15 was attributed to deferred tax liabilities, RUB 22 was attributed to net current assets assumed and RUB 209 was attributed to redeemable noncontrolling interests. Goodwill is mainly attributable to the Taxi reportable segment and primarily arises due to specific synergies that result from the integration with the existing operations of other businesses or technologies of the Company.

**Acquisitions in 2017**

**Shkulev**

In June 2017, the Company completed the acquisition of assets and assumption of liabilities of Hearst Shkulev Digital LLC ("Shkulev"), one of the biggest regional auto classifieds with the leading position in Sverdlovsk and Chelyabinsk regions of the Russian Federation, for a cash consideration of RUB 401, including a contingent consideration of RUB 52, subject to successful technical integration and client base transition. As of December 31, 2019, the total amount of contingent consideration was paid. The Company accounted for the acquisition as a business combination.



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Set out below is the condensed balance sheet of Shkulev as of June 28, 2017, reflecting an allocation of the purchase price to net assets acquired:

	June 28, 2017
	RUB
<b>ASSETS:</b>	
Intangible assets	59
Deferred tax assets	68
Goodwill	274
<b>Total assets</b>	<b>401</b>
Net assets	401
<b>Total purchase consideration</b>	<b>401</b>

The RUB 274 assigned to goodwill is attributable to the Classifieds reportable segment and primarily arises due to specific synergies that result from convergence with other vertical aggregators developed by the Company and the Company's distribution capabilities. Of the RUB 59 assigned to intangible assets, approximately RUB 22 relates to software and website, RUB 12 relates to domain name and trademark, RUB 10 relates to customer relationships and RUB 15 represents non-compete agreements.

The results of operations of Shkulev for the period prior to acquisition would not have had a material impact on the Company's results of operations for the years ended December 31, 2016 and 2017. Accordingly, no pro forma financial information is presented. The results of operations of Shkulev did not have a material impact on the Company's results of operations for the year ended December 31, 2017.

**FoodFox**

In December 2017, the Company completed the acquisition of a 100% ownership interest in Deloam Management Limited and its subsidiary ("FoodFox"). FoodFox is one of the leading food delivery operators in Moscow. The primary purpose of the acquisition of FoodFox was to enlarge the range of services provided by the Company. The fair value of consideration transferred totaled RUB 595 and consisted of cash consideration of RUB 541 and deferred consideration of RUB 54. The deferred consideration arrangement requires the Company to pay the additional cash consideration to FoodFox's former shareholders and convertible debt holders, when certain legal conditions are being met within four-year period. No deferred consideration has been paid to date.

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Set out below is the condensed balance sheet of FoodFox as of December 22, 2017, reflecting an allocation of the purchase price to net assets acquired:

	December 22, 2017
	RUB
<b>ASSETS:</b>	
Intangible assets	82
Goodwill	639
Other current assets	25
<b>Total assets</b>	<b>746</b>
<b>LIABILITIES:</b>	
Current liabilities	20
Other non-current liabilities	115
Deferred tax liabilities	16
<b>Total liabilities</b>	<b>151</b>
Net assets	595
<b>Total purchase consideration</b>	<b>595</b>

The RUB 639 assigned to goodwill is attributable to the Taxi reportable segment and primarily arises due to expected synergies and the assembled workforce of FoodFox that does not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes. As of December 31, 2017, there were no changes in the recognized amount of goodwill resulting from the acquisition of FoodFox. Of the RUB 82 assigned to intangible assets, approximately RUB 63 relates to software that will be amortized over a period of 5.0 years. The remaining RUB 19 was assigned to client relationships.

The pro forma consolidated statements of income, as if FoodFox had been included in the consolidated results of the Company for the year ended December 31, 2017, would include revenue in the amount of RUB 104 and net loss in the amount of RUB 409. These amounts have been calculated after applying the Company's accounting policies and adjusting the results of FoodFox to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied on January 1, 2017, together with the consequential tax effects.

The results of operations of FoodFox after acquisition for the period since December 22, 2017 to December 31, 2017 did not have a material impact on the Company's results of operations for the year ended December 31, 2017.

**Other**

During the year ended December 31, 2017, the Company completed another acquisition for total consideration of approximately RUB 66. In aggregate, RUB 30 was attributed to intangible assets, RUB 29 was attributed to goodwill and RUB 7 was attributed to deferred tax assets. Goodwill is attributable to the Classifieds reportable segment and primarily arises due to specific synergies that result from convergence with other vertical aggregators developed by the Company and the Company's distribution capabilities.

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5. CONSOLIDATED FINANCIAL STATEMENTS DETAILS

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2018 and 2019 consisted of the following:

	2018	2019	2019
	RUB	RUB	\$
Cash	6,330	35,829	454.4
Cash equivalents:			
Bank deposits	62,463	20,192	256.1
Investments in money market funds	3	3	0.1
Other cash equivalents	2	391	4.9
<b>Total cash and cash equivalents</b>	<b>68,798</b>	<b>56,415</b>	<b>715.5</b>

Accounts Receivable, Net

Accounts receivable as of December 31, 2018 and 2019 consisted of the following:

	2018	2019	2019
	RUB	RUB	\$
Trade accounts receivable	15,240	18,647	236.5
Allowance for doubtful accounts	(670)	(815)	(10.3)
<b>Total accounts receivable, net</b>	<b>14,570</b>	<b>17,832</b>	<b>226.2</b>

Movements in the allowance for doubtful accounts are as follows:

	2017	2018	2019	2019
	RUB	RUB	RUB	\$
Balance at the beginning of the period	450	652	670	8.5
Charges to expenses	243	103	311	3.9
Utilization	(41)	(85)	(166)	(2.1)
<b>Balance at the end of the period</b>	<b>652</b>	<b>670</b>	<b>815</b>	<b>10.3</b>

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**Other Current Assets**

Other current assets as of December 31, 2018 and 2019 consisted of the following:

	2018	2019	2019
	RUB	RUB	\$
VAT reclaimable	2,002	3,879	49.2
Prepaid income tax	78	1,321	16.8
Other receivables	398	1,009	12.8
Loans to employees	744	998	12.7
Inventory	265	808	10.1
Interest receivable	261	409	5.2
Current content assets	152	395	5.0
Loans granted to third parties	11	328	4.2
Prepaid other taxes	21	107	1.4
Loans granted to related parties (Note 18)	174	5	0.1
Restricted cash	71	22	0.3
Other	—	324	4.0
<b>Total other current assets</b>	<b>4,177</b>	<b>9,605</b>	<b>121.8</b>

The loans granted to third parties as of December 31, 2019 represent a U.S. dollar loan bearing interest of 2% which is expected to be fully repaid, along with accrued interest, within 12 months after the reporting date, and a current part of a RUB denominated loan bearing interest of 3% per annum maturing in 2020–2025.

Restricted cash as of December 31, 2018 and 2019 consisted of cash reserved as a letter of credit for the purchase of datacenter equipment in the amount of RUB 40 and nil respectively, cash reserved as a guarantee deposit for a lease agreement in the amount of RUB 21 and RUB 18 (\$0.2) respectively, and other restricted cash in the total amount of RUB 10 and RUB 4 (\$0.1) respectively.

**Other Non-current Assets**

Other non-current assets as of December 31, 2018 and 2019 consisted of the following:

	2018	2019	2019
	RUB	RUB	\$
Loans to employees	2,139	2,763	35.0
VAT reclaimable	626	820	10.4
Loans granted to third parties	402	37	0.4
Restricted cash	17	16	0.2
Interest receivable	5	6	0.1
Other receivables	73	—	—
Loans granted to related parties (Note 18)	33	38	0.5
Other non-current assets	178	14	0.2
<b>Total other non-current assets</b>	<b>3,473</b>	<b>3,694</b>	<b>46.8</b>

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Investments in Non-Marketable Equity Securities

Investments in non-marketable equity securities as of December 31, 2018 and 2019 consisted of the following:

	2018 RUB	2019 RUB	2019 \$
Yandex.Market B.V. (Note 4)	29,404	25,075	318.0
Uber International C.V. (Note 4)	4,392	—	—
Yandex.Money	1,676	2,132	27.0
Other	1,012	866	11.0
<b>Total investments in non-marketable equity securities</b>	<b>36,484</b>	<b>28,073</b>	<b>356.0</b>

Other includes limited partnership stakes in unaffiliated venture capital funds and minority investments in unaffiliated technology companies in the amount of RUB 866 and RUB 768 (\$9.7) as of December 31, 2018 and 2019. There were no changes in the percentage share in 2019.

In July 2013, the Company completed the sale of a 75% (less one ruble) interest in the charter capital of Yandex.Money to Sberbank for a cash consideration of RUB 1,964 (\$59.1 at the exchange rate as of the sale date). The Company retained a noncontrolling interest (25% plus one ruble) and significant influence over Yandex.Money's business; accordingly, the Company accounts for its investment under the equity method. The Company records its share of the results of the investee in the amount of income of RUB 464 and income of RUB 455 (\$5.8) for the years ended December 31, 2018 and 2019, respectively, within the other (loss)/income, net line in the consolidated statements of income.

Summarized Financial Information of Yandex.Market B.V.

The following table presents summarized information about the assets, liabilities of the Company's equity method investee Yandex.Market B.V. as of December 31, 2018 and 2019:

	2018 RUB	2019 RUB	2019 \$
Current assets	33,816	30,136	382.2
Non-current assets	442	6,297	79.9
Current liabilities	3,050	7,448	94.5
Non-current liabilities	46	5,140	65.2

The following table presents summarized information about the results of operations of Yandex.Market B.V. for the year ended December 31, 2019 and for the period since the deconsolidation of Yandex.Market (Note 4) to December 31, 2018:

	2018* RUB	2019 RUB	2019 \$
Total revenues	6,196	19,370	245.7
Total operating expenses	(8,026)	(28,900)	(366.5)
<b>Net loss</b>	<b>(611)</b>	<b>(7,777)</b>	<b>(98.6)</b>

\* From April 28 till December 31, 2018

The Company records its share in the results of the investee in the amount of a net loss of RUB 576 and a net loss of RUB 4,330 (\$54.9) for the years ended December 31, 2018 and 2019, respectively, within the other (loss)/income, net line in the consolidated statements of income.

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**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as of December 31, 2018 and 2019 comprise the following:

	2018	2019	2019
	RUB	RUB	\$
Trade accounts payable and accrued liabilities	14,715	21,916	277.9
Operating lease liabilities, current	6,516	10,603	134.5
Salary and other compensation expenses payable/accrued to employees	1,673	2,459	31.2
<b>Total accounts payable and accrued liabilities</b>	<b>22,904</b>	<b>34,978</b>	<b>443.6</b>

**Other (Loss)/Income, Net**

The following table presents the components of other (loss)/income, net for the periods presented:

	2017	2018	2019	2019
	RUB	RUB	RUB	\$
Foreign exchange (losses)/gains	(1,075)	1,169	(1,294)	(16.4)
Gain from sale of equity securities	33	—	—	—
Loss from repurchases of convertible debt	(6)	—	—	—
Other	(62)	(39)	94	1.2
<b>Total other (loss)/income, net</b>	<b>(1,110)</b>	<b>1,130</b>	<b>(1,200)</b>	<b>(15.2)</b>

**Income and non-income taxes payable**

Income and non-income taxes payable line of consolidated balance sheets includes income taxes payable in the amount of RUB 843 and RUB 418 (\$5.3) as of December 31, 2018 and 2019, respectively.

**Reclassifications Out of Accumulated Other Comprehensive Income**

There were no reclassifications of losses out of accumulated other comprehensive income in the years ended December 31, 2017, 2018 and 2019.

**6. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS**

The Company does not enter into derivative arrangements for hedging, trading or speculative purposes. However, some of the Company's contracts have embedded derivatives that are bifurcated and accounted for separately from the host agreements. None of these derivatives are designated as hedging instruments.

The Company recognizes such derivative instruments as either assets or liabilities on the accompanying consolidated balance sheets at fair value and records changes in the fair value of the derivatives in the accompanying consolidated statements of income as other (loss)/income, net.

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The fair value of derivative instruments as of December 31, 2018 and 2019 is as follows:

	Balance Sheet Location	2018 RUB	2019 RUB	2019 \$
Foreign exchange contracts	Other non-current assets	70	14	0.2
<b>Total derivative assets</b>		<b>70</b>	<b>14</b>	<b>0.2</b>
Foreign exchange contracts	Other accrued liabilities	1	1	0.1
<b>Total derivative liabilities</b>		<b>1</b>	<b>1</b>	<b>0.1</b>

The effect of derivative instruments not designated as hedging instruments on income for the years ended December 31, 2017, 2018 and 2019 amounted to a gain of RUB 41 and losses of RUB 1 and RUB 98 (\$1.2), respectively.

The Company used non-derivative financial instruments to protect the Company from the risk that the U.S. dollar-denominated Moscow office rent expenses will be adversely affected by changes in the exchange rates and to avoid income statement volatility. In March 2017, the Company designated \$102.8 (RUB 5,976 at the exchange rate as of the date of designation) of its U.S. dollar-denominated deposits with a third party bank as a hedging instrument to hedge the foreign currency exposure to changes in the fair value of the unrecognized firm commitment on its Moscow headquarters operating lease arrangements. As of December 31, 2018, this deposit was used in the full amount.

The Company also used non-derivative financial instruments to protect the Company from risk that the U.S. dollar-denominated purchases of its servers and network equipment will be adversely affected by changes in the exchange rates and to avoid volatility of balances related to property and equipment, net on the consolidated balance sheets. In the first and third quarters of 2019, the Company designated \$108.3 (RUB 7,010 at the exchange rate as of the dates of designation) of its U.S. dollar-denominated deposits with a third party bank as a hedging instrument to hedge the foreign currency exposure to changes in the fair value of the unrecognized firm commitments on purchases of its servers and network equipment. As of December 31, 2019, these deposits were used in the full amount.

## 7. FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1—observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3—redeemable noncontrolling interests and deferred consideration that were measured on a recurring basis with a fair value. The fair value was determined based on significant unobservable inputs and thus represented a Level 3 measurement as defined by ASC 820.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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The fair value of assets and liabilities as of December 31, 2018, including those measured at fair value on a recurring basis, consisted of the following:

	Level 1 RUB	Level 2 RUB	Level 3 RUB	Total RUB
Assets :				
Cash equivalents:				
Bank deposits(1) (Note 5)	—	62,463	—	62,463
Investments in money market funds (Note 5)	3	—	—	3
Derivative contracts(2) (Note 6)	—	70	—	70
Restricted cash (Note 5)	88	—	—	88
Loans to employees (Note 5)	—	2,883	—	2,883
Loans granted (Note 5)	—	620	—	620
	<b>91</b>	<b>66,036</b>	<b>—</b>	<b>66,127</b>
Liabilities:				
Contingent consideration(2)	—	—	83	83
Derivative contracts(2) (Note 6)	—	1	—	1
Redeemable noncontrolling interests (Note 15)	—	—	13,035	13,035
	<b>—</b>	<b>1</b>	<b>13,118</b>	<b>13,119</b>

(1) Bank deposits with original maturities of three months or less are included in cash equivalents. Bank deposits with maturities of more than three months are classified as term deposits.

(2) Amounts are measured at fair value on a recurring basis. The Company had no other financial assets or liabilities measured at fair value on a recurring basis during the year ended December 31, 2018.

The fair value of assets and liabilities as of December 31, 2019, including those measured at fair value on a recurring basis, consisted of the following:

	Level 1 RUB	Level 2 RUB	Level 3 RUB	Total RUB	Total \$
Assets :					
Cash equivalents:					
Bank deposits(1) (Note 5)	—	20,192	—	20,192	256.1
Investments in money market funds (Note 5)	3	—	—	3	0.1
Derivative contracts(2) (Note 6)	—	14	—	14	0.2
Restricted cash (Note 5)	38	—	—	38	0.5
Loans to employees (Note 5)	—	3,804	—	3,804	48.3
Loans granted (Note 5)	—	365	—	365	4.6
	<b>41</b>	<b>24,375</b>	<b>—</b>	<b>24,416</b>	<b>309.8</b>
Liabilities:					
Contingent consideration(2)	—	—	—	—	—
Derivative contracts(2) (Note 6)	—	1	—	1	0.1
Redeemable noncontrolling interests (Note 15)	—	—	14,246	14,246	180.7
	<b>—</b>	<b>1</b>	<b>14,246</b>	<b>14,247</b>	<b>180.8</b>

(1) Bank deposits with original maturities of three months or less are included in cash equivalents. Bank deposits with maturities of more than three months are classified as term deposits.



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(2) Amounts are measured at fair value on a recurring basis. The Company had no other financial assets or liabilities measured at fair value on a recurring basis during the year ended December 31, 2019.

The fair values of the Company's Level 1 financial assets are based on quoted market prices of identical underlying securities. The fair values of the Company's Level 2 financial assets and liabilities are based on quoted prices and market observable data of similar instruments.

There were no transfers of financial assets and liabilities between the levels of the fair value hierarchy during the years ended December 31, 2017, 2018 and 2019.

The total gains attributable to bank deposits and investments in money market funds amounted to RUB 2,598, RUB 2,897 and RUB 2,755 (\$35.0) in 2017, 2018 and 2019, respectively. Such amounts are included in interest income in the consolidated statements of income.

The Company measures at fair value non-financial assets and liabilities recognized as a result of business combinations.

**8. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net of accumulated depreciation, as of December 31, 2018 and 2019 consisted of the following:

	2018 RUB	2019 RUB	2019 \$
Servers and network equipment	49,570	59,409	753.3
Land, land rights and buildings	16,261	16,410	208.1
Infrastructure systems	8,753	9,537	121.0
Office furniture and equipment	3,585	4,843	61.4
Leasehold improvements	1,325	1,980	25.1
Other equipment	519	3,010	38.2
Assets not yet in use	1,435	3,778	47.9
Total	81,448	98,967	1,255.0
Less: accumulated depreciation	(41,708)	(51,111)	(648.1)
<b>Total property and equipment, net</b>	<b>39,740</b>	<b>47,856</b>	<b>606.9</b>

In December 2018, the Company purchased rights to a land plot in Moscow, Russia, from third parties. The Company has acquired the rights to the land and buildings, including the underlying long-term land lease rights from the Moscow Property Department of Moscow government related to the land plot, for the total amount of approximately RUB 10,046. Subject to obtaining required regulatory approvals the Company intends to construct the headquarters on this land plot.

Assets not yet in use primarily represent infrastructure systems, computer equipment and other assets under installation, including related prepayments, and comprise the cost of the assets and other direct costs applicable to purchase and installation. Leasehold improvements included in assets not yet in use amounted to RUB 250 and RUB 98 (\$1.2) as of December 31, 2018 and 2019, respectively.

Depreciation expenses related to property and equipment for the years ended December 31, 2017, 2018 and 2019 amounted to RUB 9,131, RUB 9,833 and RUB 12,164 (\$154.3), respectively.

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9. LEASES

The Company has operating leases for corporate offices, parking spots and leases for cars, which are part of Yandex.Drive service. The Company's leases have remaining lease terms of 1 to 5 years, some of which include options to terminate the leases within 1 year.

The components of lease expense were as follows:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
<b>Total operating lease cost</b>	<b>4,131</b>	<b>5,466</b>	<b>9,195</b>	<b>116.6</b>
Finance lease cost:				
Amortization of right-of-use assets	—	3	174	2.2
Interest on lease liabilities	—	1	75	0.9
<b>Total finance lease cost</b>	<b>—</b>	<b>4</b>	<b>249</b>	<b>3.1</b>

Supplemental cash flow information related to leases was as follows:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	3,747	5,475	9,199	116.7
Financing cash flows from finance leases	—	3	240	3.0
Right-of-use assets obtained in exchange for lease obligations, additions:				
Operating leases	1,721	7,235	12,233	155.1
Finance leases	—	113	1,568	19.9

Supplemental balance sheet information related to leases was as follows:

	2018 RUB	2019 RUB	2019 \$
<b>Operating leases</b>			
Operating lease right-of-use assets	17,654	21,218	269.1
Operating lease liabilities – current (Note 5)	6,516	10,603	134.5
Operating lease liabilities – non-current	12,560	10,841	137.5
<b>Total operating lease liabilities</b>	<b>19,076</b>	<b>21,444</b>	<b>272.0</b>
	2018 RUB	2019 RUB	2019 \$
<b>Finance leases</b>			
Property and equipment, at cost	113	1,680	21.3
Accumulated depreciation	(2)	(175)	(2.2)
<b>Property and equipment, net</b>	<b>111</b>	<b>1,505</b>	<b>19.1</b>
Other current liabilities	36	462	5.9
Other long-term liabilities	76	1,094	13.9
<b>Total finance lease liabilities</b>	<b>112</b>	<b>1,556</b>	<b>19.8</b>

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Maturities of lease liabilities were as follows:

	Operating leases		Finance leases	
	RUB	\$	RUB	\$
<b>Year ended December 31,</b>				
2020	11,832	150.1	578	7.3
2021	8,535	108.2	566	7.2
2022	1,472	18.7	379	4.8
2023	792	10.0	31	0.4
2024	676	8.6	28	0.4
Thereafter	291	3.7	617	7.8
<b>Total lease payments</b>	<b>23,598</b>	<b>299.3</b>	<b>2,199</b>	<b>27.9</b>
Less imputed interest	(2,154)	(27.3)	(643)	(8.1)
<b>Total</b>	<b>21,444</b>	<b>272.0</b>	<b>1,556</b>	<b>19.8</b>

Information about weighted-average remaining lease term is presented below:

	2018	2019
<b>Weighted average remaining lease term, years</b>		
Operating leases	3.1	2.6
Finance leases	3.0	7.3

Information about weighted-average discount rate is presented below:

	2018	2019
<b>Weighted average discount rate, %</b>		
Operating leases	6.66%	7.31%
Finance leases	9.12%	8.85%

As of December 31, 2019, the Company has additional operating leases that have not yet commenced of RUB 401 (\$5.1). These operating leases will commence in fiscal year 2020 with lease terms of 3 to 5 years.

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10. GOODWILL AND INTANGIBLE ASSETS, NET

The changes in the carrying amount of goodwill are as follows:

	Search and Portal RUB	Taxi RUB	Classifieds RUB	Media Services RUB	E-commerce RUB	Total RUB	Total \$
Balance as of January 1, 2018	1,607	863	5,188	1,564	106	9,328	—
Goodwill acquired	641	42,799	—	—	—	43,440	—
Disposal due to Yandex Market deconsolidation (Note 4)	—	—	—	—	(106)	(106)	—
Balance as of December 31, 2018	2,248	43,662	5,188	1,564	—	52,662	667.9
Goodwill acquired	295	—	—	—	—	295	3.7
Goodwill impairment (Note 2)	—	(762)	—	—	—	(762)	(9.7)
Foreign currency translation adjustment	4	—	6	—	—	10	0.2
Balance as of December 31, 2019	2,547	42,900	5,194	1,564	—	52,205	662.1

Goodwill is non-deductible for tax purposes for all business combinations completed in the years ended December 31, 2017, 2018 and 2019.

In the year ended December 31, 2017 the goodwill of KinoPoisk was represented within Other Bets and Experiments, but in the year ended December 31, 2018 due to the new structure of reportable segments (Note 17), it is included in Media Services.

Intangible assets, net of amortization, as of December 31, 2018 and 2019 consisted of the following intangible assets:

	2018			2019			
	Cost RUB	Less: Accumulated amortization RUB	Net carrying value RUB	Cost RUB	Less: Accumulated amortization RUB	Net carrying value RUB	Net carrying value \$
Acquisition-related intangible assets:							
Trade names and domain names	3,331	(803)	2,528	3,291	(1,233)	2,058	26.1
Customer relationships	6,108	(731)	5,377	6,108	(1,180)	4,928	62.5
Content and software	1,040	(554)	486	1,153	(832)	321	4.1
Supplier relationships	12	(7)	5	12	(12)	—	—
Workforce	276	(276)	—	276	(276)	—	—
Patents and licenses	52	(37)	15	52	(44)	8	0.1
Non-compete agreements	41	(34)	7	41	(40)	1	—
Total acquisition-related intangible assets:	10,860	(2,442)	8,418	10,933	(3,617)	7,316	92.8
Other intangible assets:							
Technologies and licenses	7,937	(5,321)	2,616	7,316	(4,839)	2,477	31.4
Assets not yet in use	511	—	511	572	—	572	7.3
Total other intangible assets:	8,448	(5,321)	3,127	7,888	(4,839)	3,049	38.7
Total intangible assets	19,308	(7,763)	11,545	18,821	(8,456)	10,365	131.5

Amortization expenses of acquisition-related intangible assets for the years ended December 31, 2017, 2018 and 2019 were RUB 379, RUB 1,007 and RUB 1,179 (\$15.0) respectively.

Trade names and domain names in the amount of RUB 2,115 and customer relationships in the amount of RUB 5,142 represent intangible assets acquired in 2018 under the transaction with Uber (Note 4).

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Amortization expenses of other intangible assets for the years ended December 31, 2017, 2018 and 2019 were RUB 1,729, RUB 1,297 and RUB 1,434 (\$18.1), respectively.

Estimated amortization expense over the next five years and thereafter for intangible assets is as follows:

	Acquired intangible assets RUB	Other intangible assets RUB	Total intangible assets RUB	\$
2020	982	1,197	2,179	27.6
2021	946	703	1,649	20.9
2022	901	366	1,267	16.1
2023	822	179	1,001	12.7
2024	745	32	777	9.9
Thereafter	2,920	—	2,920	37.0
<b>Total</b>	<b>7,316</b>	<b>2,477</b>	<b>9,793</b>	<b>124.2</b>

11. INCOME TAX

Income taxes are computed in accordance with Russian Federation, Dutch and other national tax laws. The taxable income of Yandex LLC was subject to federal and local income tax at a combined nominal rate of 20% for the years ended December 31, 2017, 2018 and 2019. Yandex N.V. is incorporated in the Netherlands, and its taxable profits were subject to income tax at the rate of 25% in the years ended December 31, 2017, 2018 and 2019.

Dividends paid to Yandex N.V. by its Russian subsidiaries are subject to a 5% dividend withholding tax, computed in accordance with the laws of the Russian Federation and in reliance on the provisions of the Netherlands-Russia tax treaty. Due to the so-called participation exemption, dividends distributed by the Company's Russian subsidiaries to Yandex N.V. are exempt from income tax in the Netherlands.

Income tax expense for the years ended December 31, 2017, 2018 and 2019 consisted of the following:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Current tax expense—Russia	(5,640)	(8,220)	(9,052)	(114.8)
Current tax expense—Netherlands	(503)	(1,672)	(563)	(7.1)
Current tax expense—other	(296)	(573)	(196)	(2.6)
Total current tax expense	(6,439)	(10,465)	(9,811)	(124.5)
Deferred tax benefit/(expense)—Russia	1,018	1,656	(1,351)	(17.1)
Deferred tax benefit/(expense)—Netherlands	346	270	(418)	(5.3)
Deferred tax benefit/(expense)—other	59	338	(76)	(1.0)
Total deferred tax benefit/(expense)	1,423	2,264	(1,845)	(23.4)
<b>Total income tax expense</b>	<b>(5,016)</b>	<b>(8,201)</b>	<b>(11,656)</b>	<b>(147.9)</b>

The components of income before income tax expense for the years ended December 31, 2017, 2018 and 2019 are as follows:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Income before income tax expense—Russia	18,784	33,392	38,626	489.9
(Loss)/income before income tax expense—Netherlands	(6,140)	17,665	(16,916)	(214.5)
Income before income tax expense—other	1,453	1,402	1,145	14.5
<b>Total income before income tax expense</b>	<b>14,097</b>	<b>52,459</b>	<b>22,855</b>	<b>289.9</b>

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The amount of income before income tax expense in the Netherlands in the year ended December 31, 2018 includes the effect of deconsolidation of Yandex.Market (Note 4) in the amount of RUB 28,244 which is non-taxable.

The amount of income tax expense that would result from applying the Dutch statutory income tax rate to income before income taxes reconciled to the reported amount of income tax expense is as follows for the years ended December 31, 2017, 2018 and 2019:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Expected expense at Dutch statutory income tax rate of 25%	3,525	13,115	5,714	72.5
Effect of:				
Tax on inter-company dividends	872	802	764	9.7
Non-deductible share-based compensation	1,048	1,638	2,464	31.2
Other expenses not deductible for tax purposes	612	721	1,908	24.2
Accrual/(reversal) of unrecognized tax benefit	227	(102)	319	4.0
Reversal of prior year unrecognized tax benefit accrual following tax audits	—	—	(417)	(5.3)
Equity method loss of Yandex.Market	—	73	1,088	13.8
Effect of deconsolidation of Yandex.Market	—	(7,061)	—	—
Difference in foreign tax rates	(1,357)	(1,832)	(2,381)	(30.2)
Change in valuation allowance	332	850	2,285	29.0
Other	(243)	(3)	(89)	(1.0)
<b>Income tax expense</b>	<b>5,016</b>	<b>8,201</b>	<b>11,656</b>	<b>147.9</b>

Movements in the valuation allowance are as follows:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Balance at the beginning of the period	(659)	(922)	(1,730)	(21.9)
Charged to expenses	(332)	(850)	(2,285)	(29.0)
Foreign currency translation adjustment	69	42	205	2.6
<b>Balance at the end of the period</b>	<b>(922)</b>	<b>(1,730)</b>	<b>(3,810)</b>	<b>(48.3)</b>

As of December 31, 2018 and 2019, the Company included accrued interest and penalties related to unrecognized tax benefits, totaling RUB 32 and RUB 121 (\$1.5), respectively, as a component of other accrued liabilities, non-current and RUB 36 and RUB 52 (\$0.7), respectively, as a component of accounts payable and accrued liabilities as of December 31, 2018 and as a component of prepaid income tax in the other current assets line as of December 31, 2019. As of December 31, 2018 and 2019, RUB 239 and RUB 439 (\$5.6), respectively, of unrecognized tax benefits, if recognized, would affect the effective tax rate. The interest and penalties recorded as part of income tax expense in the years ended December 31, 2017, 2018 and 2019 resulted in an expense of RUB 99, a benefit of RUB 50 and an expense of RUB 106 (\$1.3), respectively. The Company does not anticipate significant increases or decreases in unrecognized income tax benefits over the next twelve months.

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A reconciliation of the total amounts of unrecognized tax benefits is as follows:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Balance at the beginning of the period	580	290	239	3.0
Increases related to prior years tax positions	98	9	155	2.0
Decreases related to prior years tax positions	(13)	(111)	(11)	(0.1)
Increases related to current year tax positions	41	51	56	0.7
Settlements	(416)	—	—	—
<b>Balance at the end of the period</b>	<b>290</b>	<b>239</b>	<b>439</b>	<b>5.6</b>

Temporary differences between the financial statement carrying amount and the tax bases of assets and liabilities and carryforwards give rise to the following deferred tax assets and liabilities as of December 31, 2018 and 2019:

	2018 RUB	2019 RUB	2019 \$
Assets/(liabilities) arising from tax effect of:			
<b>Deferred tax asset</b>			
Accrued expenses	2,696	3,223	40.9
Net operating loss carryforward	3,254	3,452	43.8
Intangible assets	399	451	5.7
Property and equipment	553	464	5.9
Operating lease liabilities	3,778	4,572	58.0
Other	28	76	0.9
<b>Total deferred tax asset</b>	<b>10,708</b>	<b>12,238</b>	<b>155.2</b>
Valuation allowance	(1,730)	(3,810)	(48.3)
<b>Total deferred tax asset, net of valuation allowance</b>	<b>8,978</b>	<b>8,428</b>	<b>106.9</b>
<b>Deferred tax liability</b>			
Property and equipment	(1,129)	(2,265)	(28.7)
Intangible assets	(1,684)	(1,480)	(18.8)
Unremitted earnings	(510)	(953)	(12.1)
Deferred expenses	(19)	(89)	(1.1)
Allowance for doubtful accounts	(24)	(25)	(0.3)
Operating lease assets	(3,495)	(3,651)	(46.4)
Other	(166)	(69)	(0.8)
<b>Total deferred tax liability</b>	<b>(7,027)</b>	<b>(8,532)</b>	<b>(108.2)</b>
<b>Net deferred tax asset/(liability)</b>	<b>1,951</b>	<b>(104)</b>	<b>(1.3)</b>
Net deferred tax assets	3,523	1,847	23.4
Net deferred tax liabilities	(1,572)	(1,951)	(24.7)

As of December 31, 2019, Yandex N.V. had net operating loss carryforwards ("NOLs") for Dutch income tax purposes of RUB 4,783 (\$60.7), of which tax losses in the amount of RUB 3,501 were generated before January 1, 2019. For Dutch corporate tax purposes tax losses incurred in 2018 and earlier expire between 2020 and 2027. Tax losses arising beginning on or after January 1, 2019 may be carried forward for 6 years, i.e. up to 2025. As of December 31, 2019, a benefit of RUB 325 (\$4.1) related to the Dutch NOLs described above would be recorded by the Company in additional paid-in capital if and when realized.

As of December 31, 2019, the Group had NOLs for Russian income tax purposes of RUB 5,604 (\$71.1) which have an indefinite term of carryforward. Russian income tax law also specifies that the tax base for 2020 may be reduced by 50% maximum of tax losses carried forward.

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As of December 31, 2019, the Dutch entities of the Group (other than Yandex N.V. described above) also had NOLs for Dutch income tax purposes of RUB 5,257 (\$66.7). For Dutch corporate tax purposes tax losses incurred in 2018 and earlier in the amount of RUB 4,878 may be set against taxable profit between 2020 and 2027. Tax losses arising beginning on or after January 1, 2019 may be carried forward for 6 years, i.e. up to 2025.

The Company has accrued for 5% dividend withholding tax on the portion of the current year profit of the Company's principal Russian operating subsidiary that is considered not to be indefinitely reinvested in Russia. As of December 31, 2019, the amount of unremitted earnings upon which dividend withholding taxes have not been provided is approximately RUB 83,531 (\$1,059.4). The Company estimates that the amount of the unrecognized deferred tax liability which would become payable by the Company in case of a dividends distribution related to these earnings is approximately RUB 4,177 (\$53.0).

The tax years 2017-2019 remain open for examination by the Russian tax authorities with respect to the Company's principal Russian operating subsidiary, Yandex LLC. A tax audit of Yandex LLC covering the tax years 2015-2016 was completed by the Russian tax authorities in 2018 and all related income tax charges assessed were fully accrued in the Company's consolidated financial statements as of December 31, 2019. The tax years 2014-2019 remain open for examination by the Dutch tax authorities with respect to Yandex N.V.

12. CONTENT ASSETS

Content assets as of December 31, 2018 and 2019 consisted of the following:

	2018 RUB	2019 RUB	2019 \$
Licensed content, net	471	2,992	37.9
Produced content, net			
Released, less amortization	16	101	1.3
In production and in development	—	597	7.6
Total	487	3,690	46.8
Less current content assets, net	152	395	5.0
Non-current content assets, net	335	3,295	41.8

The Company recognized amortization expense of licensed content of RUB 180 and RUB 1,045 (\$13.3) for the years ended December 31, 2018 and 2019, respectively.

The Company recognized amortization expense of produced content of RUB 4 and RUB 122 (\$1.5) for the years ended December 31, 2018 and 2019, respectively.

Estimated amortization expense over the next three years for content assets is as follows:

	Licensed content RUB	Produced content RUB	Total content assets RUB	\$
2020	1,308	110	1,418	18.0
2021	1,079	10	1,089	13.8
2022	452	17	469	5.9
Total	2,839	137	2,976	37.7



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13. COMMITMENTS AND CONTINGENCIES

**Lease and Other Commitments**

In December 2008, the Company signed an agreement for a ten-year lease of office space in Moscow. In April 2011, the Company entered into two more lease agreements to increase the size of its rented office space located in its headquarters complex in Moscow for the remaining period of the original lease. In April 2014, the Company further extended its headquarters complex signing a seven-year lease agreement for additional office space and extending the existing rent agreements to 2021. During the years 2017, 2018 and 2019 the Company signed additional agreements to rent additional office space in Moscow until the end of years 2021, 2022 and 2024.

For future minimum lease payments due under the Moscow offices leases and other non-cancellable operating leases for more than one year, please refer to Note 9.

Additionally, the Company has entered into purchase commitments for license content agreements, other goods and services and acquisition of businesses, which total RUB 4,933 (\$62.6) in 2020, RUB 2,887 (\$36.6) in 2021, RUB 892 (\$11.3) in 2022, RUB 430 (\$5.5) in 2023, and RUB 331 (\$4.2) in 2024 and thereafter. U.S. dollar amounts have been translated into RUB at a rate of RUB 61.9057 to \$1.00, the official exchange rate quoted as of December 31, 2019 by the Central Bank of the Russian Federation.

**Legal Proceedings**

In the ordinary course of business, the Company is a party to various legal proceedings, and subject to claims, certain of which relate to copyright infringement, as well as to the alleged breach of certain contractual arrangements. The Company intends to vigorously defend any lawsuit and believe that the ultimate outcome of any pending litigation, other legal proceedings or other matters will have no material adverse effect on financial condition, results of operations or liquidity of the Company.

As of December 31, 2019, the Company was subject to certain claims, which are denominated in U.S. dollars, in the aggregate claimed amount of approximately RUB 2,114 (\$26.8). The Company has not recorded a liability in respect of those claims as of December 31, 2019.

**Environment and Current Economic Situation**

The Company's operations are primarily located in the Russian Federation. Consequently, the Company is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to interpretation and frequent changes.

Taxes are subject to review and investigation by a number of authorities authorized by law to impose fines and penalties. Although the Company believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above factors may create tax risks for the Company. In addition to the obligations shown in the lease commitments section above, approximately RUB 439 (\$5.6) of unrecognized tax benefits have been recorded as liabilities, and the Company is uncertain as to if or when such amounts may be settled (Note 11). Related to unrecognized tax benefits, the Company has also recorded a liability for potential penalties of RUB 108 (\$1.4) and interest of RUB 65 (\$0.8). As of December 31, 2019, except for the income tax contingencies described above, the Company accrued RUB 622 (\$7.9) for contingencies related to non-income taxes, including penalties and interest. Additionally, the Company has identified possible contingencies related to non-income taxes, which are not accrued. Such possible non-income tax contingencies could materialize and require the Company to pay additional amounts of

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tax. As of December 31, 2019, the Company estimates such contingencies related to non-income taxes, including penalties and interest, to be up to approximately RUB 7,663 (\$97.2).

In the past three years the Russian economy growth has remained positive, but decelerated from 2.5% in 2018 to 1.3% in 2019 primarily on the back of the broad-based slowdown in the global trade (which caused turbulence in global financial markets), the lower-than-expected budget spending, as well as the weak real disposable income dynamic and the tight monetary policy in the first half of the year. Inflation has initially peaked at 5.3% in March 2019 (mostly due to the VAT rate hike from 18% to 20%, which took effect from January 1, 2019), but then started to decline and fell below the Bank of Russia' target of 4% in October 2019. Lower-than expected inflation resulted in five key rate cuts by the Bank of Russia from 7.75% to 6.25%. In the second half of the year the economy growth accelerated, underpinned by monetary easing, faster public spending and moderate recovery of consumption. Unemployment remained at historical lows of around 4.5%. These factors among others were supportive of the 20% growth in online advertising market in 2019 (based on the AKAR data).

The budget balance has been positive in 2019, reaching 1.8 percent of the country's Gross Domestic Product in 2019, down from 2.7 percent in the previous year.

Despite the crude oil price being 10% lower on average in 2019 compared to 2018, the Russian ruble demonstrated resilience and appreciated by 12% against the U.S. dollar in 2019. The Russian ruble appreciation was followed by decreasing inflation. In 2019 inflation was 3.0% compared to 4.3% in 2018.

In addition, the first few months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors (such as OPEC+ agreement breakdown in early March 2020), this has resulted in a sharp decrease in oil prices and the stock market indices, as well as a depreciation of the Russian ruble. These developments are further increasing the level of uncertainty in the business environment.

The above mentioned developments may lead to reduced access of Russian businesses to international capital markets, increased inflation and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Company is at this stage difficult to determine.

**14. SHARE CAPITAL**

The Company has three authorized classes of ordinary shares, Class A, Class B and Class C with €0.01, €0.10 and €0.09 par value, respectively. The principal features of the three classes of ordinary shares are as follows:

- Class A shares, par value €0.01 per share, entitled to one vote per share. The Class A shares share ratably with the Class B shares, on a *pari passu* basis, in any dividends or other distributions.
- Class B shares, par value €0.10 per share, entitled to ten votes per share. Class B shares may only be transferred to qualified holders. In order to sell a Class B share, it must be converted into a Class A share.
- Class C shares, par value €0.09 per share, entitled to nine votes per share. The Class C shares are entitled to a fixed nominal amount in the event of a dividend or distribution limited to €0.01 per share in any one financial year if any such shares were to be outstanding on the record date for a dividend declaration. The Class C shares are used for technical purposes related to the conversion of Class B shares into Class A shares. During the periods between conversion and cancellation, all Class C shares are held by Yandex Conversion Foundation (Stichting Yandex Conversion). Yandex Conversion Foundation was incorporated under the laws of the Netherlands in October 2008 for the sole purpose of facilitating the conversion of Class B shares into Class A shares. Yandex Conversion Foundation is managed by a board of directors appointed by the Company.

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On September 21, 2009, the Company issued a Priority Share to Sberbank. In December 2019, the Priority Share was repurchased by the Company; the Company intends to transfer the Priority Share to a newly formed Public Interest Foundation, as described below. As amended, the Priority Share gives the holder (other than the Company) the right to veto the accumulation of stakes in the Company in excess of 10% by a single entity, a group of related parties or parties acting in concert, as well as the right to make binding nominations of two of the 12 members of the Company's Board of Directors. Transfer of the Priority Share requires the approval of the Board. The Priority Share was repurchased from Sberbank at its par value of €1, and is entitled to a normal pro rata dividend distribution. The Priority Share was held in treasury as of December 31, 2019, and therefore was issued but not outstanding as of such date.

The Company's articles of association previously authorized a special class of preference shares as a form of an anti-takeover defense. At the Extraordinary General Meeting which was held December 20, 2019 certain amendments to the Articles of Association regarding authorized capital were approved, which included cancellation of authorization of preference shares.

The share capital as of each balance sheet date is as follows (EUR in millions):

	December 31, 2018			December 31, 2019		
	Shares	EUR	RUB	Shares	EUR	RUB
Authorized:	2,093,995,776			574,887,317		
Priority share	1			1		
Preference shares	1,000,000,001			—		
Class A ordinary shares	1,000,000,000			500,000,000		
Class B ordinary shares	46,997,887			37,138,658		
Class C ordinary shares	46,997,887			37,748,658		
Issued and fully paid:	330,316,314	€	6.7	331,276,314	€	6.7
Priority share	1			1		
Preference shares	—			—		
Class A ordinary shares	292,437,655	2.9	129	293,527,655	2.9	130
Class B ordinary shares	37,878,658	3.8	136	37,138,658	3.7	133
Class C ordinary shares	—			610,000	0.1	4

Class C shares held in treasury are not disclosed as such due to the technical nature of this class of shares.

The Company repurchases its Class A shares from time to time in part to reduce the dilutive effects of its Share-Based Awards to employees of the Company.

In June 2018, the Company's Board of Directors authorized a program to repurchase up to \$100 worth of Class A shares from time to time in open market transactions in effect for up to twelve months. In July 2018, the Company's Board of Directors authorized an increase in the existing program to approximately \$150 worth of Class A shares.

On November 18, 2019 we announced a share repurchase program of up to \$300 of Class A shares from time to time in open market transactions effective for up to the following twelve months.

There were no repurchases in the year ended December 31, 2017. Treasury stock is accounted for under the cost method. For the year ended December 31, 2018, the Company repurchased 4,760,679 Class A shares at an average price of \$31.55 per share for a total amount of RUB 10,085. Treasury stock is accounted for under the cost method. For the year ended December 31, 2019, the Company repurchased 460,791 Class A shares at an average price of \$41.16 per share for a total amount of RUB 1,205 (\$15.3). Treasury stock is accounted for under the cost method.

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15. REDEEMABLE NONCONTROLLING INTERESTS

Redeemable noncontrolling interests (RNCI) mainly relate to the equity incentive arrangements the Company has made available to the senior employees of the Taxi and Classifieds business units, pursuant to which such persons are eligible to acquire depository receipts, or receive options to acquire depository receipts (DRs), which entitle them to economic interests in the respective subsidiaries of the Company.

The redeemable noncontrolling interests as of December 31, 2018 and 2019 were measured at the redemption value and consisted of the following:

	2018	2019	2019
	RUB	RUB	\$
RNCI related to the DRs acquired by the senior employees	3,554	3,681	46.7
RNCI related to the options to acquire DRs	9,203	10,565	134.0
RNCI recognized in connection with the business combinations	278	—	—
<b>Total redeemable noncontrolling interests</b>	<b>13,035</b>	<b>14,246</b>	<b>180.7</b>

The changes in the redeemable noncontrolling interests are as follows:

	2018	2019	2019
	RUB	RUB	\$
<b>Balance at the beginning of period</b>	<b>9,821</b>	<b>13,035</b>	<b>165.3</b>
Change in redemption value	3,058	1,337	17.0
Additional recognition	4,201	956	12.1
Net loss attributable to redeemable noncontrolling interests	(65)	(99)	(1.3)
Other	(13)	(218)	(2.8)
Purchase of redeemable noncontrolling interests	—	(747)	(9.5)
Acquisition of redeemable noncontrolling interests	209	—	—
Exchange of noncontrolling interests	(4,226)	—	—
Foreign currency translation adjustment	50	(18)	(0.1)
<b>Balance at the end of period</b>	<b>13,035</b>	<b>14,246</b>	<b>180.7</b>

The fair value of the redeemable noncontrolling interests were measured at the redemption value using a discounted cash flow ("DCF") methodology. The most significant quantitative inputs used to measure the redemption value are the future revenue growth rates, projected adjusted earnings margins, terminal growth rate and discount rates. The inputs are based on the Company's past experience and best estimates of future cash flows (Note 7).

In February 2018, the Company offered the senior employees of one of its business units an opportunity to exchange up to an aggregate of 425,230 of their outstanding Business Unit Equity Awards for an aggregate of 2,029,987 RSUs, this exchange was completed in February 2018. The replacement RSUs are fully vested. The exchange was accounted for as a modification of the Business Unit Equity Awards resulting in additional RUB 195 recognized immediately upon modification (Note 16). The exchange effect of redeemable noncontrolling interests was RUB 4,226 in 2018.

In October 2018, the Company recognized RUB 209 of the redeemable noncontrolling interests arisen due to acquisition of Food Party LLC ("Food Party"). In October 2019, the Company signed an agreement for a repurchase of all outstanding shares of Food Party.

During the year ended December 31, 2019, the Company completed the purchase of redeemable noncontrolling interests in the amount of RUB 747.

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No dividends were paid or payable to the redeemable noncontrolling interests in 2019 and 2018.

16. SHARE-BASED COMPENSATION

Employee Equity Incentive Plan

The Company has granted Share-Based Awards to employees of the Company pursuant to its Fourth Amended and Restated 2007 Equity Incentive Plan (the “2007 Plan”) and the 2016 Equity Incentive Plan (the “2016 Plan,” and together with the 2007 Plan, the “Plans”).

On February 7, 2007, the Company’s Board adopted the 2007 Plan, which superseded the previous 2001 Employee Share Option Plan, and subsequently amended the 2007 Plan on October 11, 2007, October 14, 2008, November 10, 2011, February 10, 2012, and July 24, 2013. The 2016 Plan was approved at the 2016 annual general meeting of shareholders on May 27, 2016 and replaced the 2007 Plan. However, there remain unexercised grants under the 2007 Plan. A share option issued under the Plans entitles the holder to purchase an ordinary share at a specified exercise price. SARs issued under the Plans entitle the holder to receive a number of Class A shares determined by reference to appreciation from and after the date of grant in the fair market value of a Class A share over the measurement price. RSUs awarded under the Plans entitle the holder to receive a fixed number of Class A shares at no cost upon the satisfaction of certain time-based vesting criteria. The holders of RSUs have no rights to dividends or dividends equivalent. The 2016 Plan provides for the issuance of Share-Based Awards to employees, officers, advisors and consultants of the Company and members of the Board of the Company to acquire or, in regard to SARs, to benefit from the appreciation of ordinary shares representing in the aggregate a maximum of 20% of the issued share capital of the Company.

Under the Plans, the award exercise or measurement price per share is set at the “fair market value” and denominated in U.S. dollars on the date the Share-Based Awards are granted by the Company’s Board. For purposes of the Plans, “fair market value” means (A) at any time when the Company’s shares are not publicly traded, the price per share most recently determined by the Board to be the fair market value; and (B) at any time when the shares are publicly traded, (i) in the case of RSUs, the closing price per Class A Share (as adjusted to account for the ratio of shares to depository shares, if necessary) on the date of such determination; and (ii) in the case of Options and Share Appreciation Rights, the average closing price per Class A Share (as adjusted to account for the ratio of Class A Shares to such depository shares, if necessary) on the 20 trading days immediately following the date of determination. Share-Based Awards granted under the Plans generally vest over a four-year period. Approximately 25% of the Share-Based Awards vest after one year, with the remaining Share-Based Awards vesting in equal amounts on the last day of each quarter over the following three years. If a grantee ceases to be an eligible participant because of termination by the grantee for good reason or because of termination by the Company for any reason other than for cause within three months following the consummation of a change of control under 2007 Plan and nine months under 2016 Plan, the Share Based Award(s) held by such grantee shall become fully vested and immediately exercisable. The maximum term of a Share-Based Award granted under the Plans may not exceed ten years. The 2016 Plan expires at midnight on May 27, 2026. After its expiration, no further grants can be made under the 2016 Plan but the vesting and effectiveness of Share-Based Awards previously granted will remain unaffected.

The Company estimates the fair value of share options and SARs using the BSM pricing model. The weighted average assumptions used in the BSM pricing model for grants made under the 2016 Plan in the years ended December 31, 2018 and 2019 were as follows:

	2018	2019
Dividend yield	—	—
Expected annual volatility	39.0 %	39.4-41.1 %
Risk-free interest rate	2.72-2.90 %	1.64-1.88 %
Expected life of the awards (years)	7.07-7.11	5.91-6.05
Weighted-average grant date fair value of awards (per share)	\$ 14.62	\$ 15.97

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No SARs grants were made for the years ended December 31, 2017, 2018 and 2019.

The Company used the following assumptions in the BSM pricing model when valuing its Share-Based Awards:

- *Expected volatility.* For 2018 and 2019 grants, the Company used historical volatility of the Company's own shares.
- *Expected term.* The expected term of awards granted has been calculated following the "simplified" method, using half of the sum of the contractual and vesting terms, because the Company has no historical pattern of exercises sufficient to estimate the expected term on a more reliable basis.
- *Dividend yield.* This assumption is measured as the average annualized dividend estimated to be paid by the Company over the expected life of the award as a percentage of the share price at the grant date. The Company did not declare any dividends with respect to 2017, 2018 or 2019. Currently, the Company does not have any plans to pay dividends in the near term. Because optionees were generally compensated for dividends and the Company has no plans to pay cash dividends in the near term, it used an expected dividend yield of zero in its option pricing model for awards granted in the years ended December 31, 2018 and 2019.
- *Fair value of ordinary shares.* The Company estimated the fair value of its ordinary shares using the closing price of its ordinary shares on the NASDAQ Global Select Market on the date of grant.
- *Risk-free interest rate.* The Company used the risk-free interest rates based on the U.S. Treasury yield curve in effect at the grant date.

The following table summarizes awards activity for the Company:

	Options		SARs		RSUs	
	Quantity	Weighted average exercise price per share	Quantity	Weighted average exercise price per share	Quantity	Weighted average exercise price per share
Outstanding as of December 31, 2018	3,601,433	\$ 34.51	154,994	\$ 32.44	13,865,414	—
Granted	1,068,554	36.62	—	—	5,293,636	—
Exercised	(410,145)	5.86	(28,500)	31.22	(5,218,733)	—
Forfeited	—	—	—	—	(638,743)	—
Cancelled	(945,000)	40.00	(394)	20.99	(500,342)	—
Outstanding as of December 31, 2019	3,314,842	\$ 37.17	126,494	\$ 32.75	12,801,232	—

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The following table summarizes information about outstanding and exercisable awards as of December 31, 2019:

Exercise Price (\$)	Type of award	Awards Outstanding			Awards Exercisable		
		Number outstanding	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value	Number exercisable	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
\$4.16	Option	48,438	0.47	\$ 1.9	48,438	0.47	\$ 1.9
\$8.77	Option	128,850	0.89	4.5	128,850	0.89	4.5
\$36.62	Option	1,068,554	9.59	7.3	—	—	—
\$40.00	Option	2,069,000	8.09	7.2	1,339,000	8.02	4.6
<b>Total Options</b>		<b>3,314,842</b>	<b>8.18</b>	<b>26.9</b>	<b>1,516,288</b>	<b>7.17</b>	<b>11.0</b>
\$20.99	SARs	1,100	1.91	—	1,100	1.91	—
\$32.85	SARs	125,000	3.56	1.4	125,000	3.56	1.4
<b>Total SARs</b>		<b>126,100</b>	<b>3.55</b>	<b>1.4</b>	<b>126,100</b>	<b>3.55</b>	<b>1.4</b>
<b>Total RSUs</b>	RSU	<b>12,801,732</b>	<b>8.38</b>	<b>556.7</b>	<b>3,565,651</b>	<b>7.22</b>	<b>155.1</b>
<b>Total Options, SARs, RSUs</b>		<b>16,242,174</b>	<b>8.30</b>	<b>\$79.0</b>	<b>5,208,041</b>	<b>7.12</b>	<b>\$ 167.5</b>

The following table summarizes information about non-vested share awards:

	Options		RSUs	
	Quantity	Weighted Average Grant Date Fair Value	Quantity	Weighted Average Grant Date Fair Value
<b>Non-vested as of December 31, 2018</b>	<b>2,386,500</b>	<b>\$ 13.17</b>	<b>8,567,331</b>	<b>\$ 28.68</b>
Granted	1,068,554	15.97	5,293,636	35.69
Vested	(711,500)	13.41	(3,486,303)	27.13
Forfeited	—	—	(638,743)	31.11
Cancelled	(945,000)	11.86	(500,342)	30.10
<b>Non-vested as of December 31, 2019</b>	<b>1,798,554</b>	<b>\$ 15.43</b>	<b>9,235,579</b>	<b>\$ 32.92</b>

In February 2018, the Company settled its liability in respect of contingent consideration related to the number of qualifying taxi trips following the RosTaxi acquisition in January 2015 by issuing 259,560 of its RSUs equivalent to RUB 500. These RSUs have the same vesting provisions as Share-Based Awards granted under the 2016 Plan. As of December 31, 2018, these RSUs are fully vested and exercisable.

As of December 31, 2019, there was RUB 21,435 (\$271.8) of unamortized share-based compensation expense related to unvested share options and RSUs which is expected to be recognized over a weighted average period of 2.86 years.

In February 2019, the Company granted share-based awards ("Synthetic Options") to the employees of the Zen and Geolocation Services operating segments, respectively, which entitle the participants to receive Synthetic Shares, which represent the participant's right to a Payout Amount (the value of Synthetic Shares) related to the appreciation in value of vested Synthetic Shares. The Company estimates the fair value of Synthetic Options using the Monte-Carlo pricing model.

The Company recognized share-based compensation expense in respect of such Synthetic Options in the amount of RUB 907 (\$11.5) for the year ended December 31, 2019. As of December 31, 2019, there was RUB 1,215 (\$15.4) of unamortized share-based compensation expense related to unvested Synthetic Options.

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**Business Unit Equity Awards**

The Company finalized the process of restructuring certain of the business units into separate legal structures in its E-commerce, Taxi, Classifieds operating segments in 2016 and its Media Services segment in 2018 (together, the "Participating Subsidiaries"). In connection with this restructuring, and to align the incentives of the relevant employees with the operations of the Participating Subsidiaries, the Company granted 4.4 million equity incentive awards under the 2016 Plan to the senior employees of these business units in total in 2015-2019, which entitle the participants to receive options to acquire redeemable depositary receipts of shares in the respective operating subsidiaries (Note 15) upon the satisfaction of defined vesting criteria (the "Business Unit Equity Awards"), of which 3.3 million remain outstanding as of December 31, 2019. The exercise price of the Business Unit Equity Awards is determined from time to time by the Board and the standard vesting schedule for Business Unit Equity Awards under the 2016 Plan is consistent with Share-Based Awards granted in the Company's shares. Business Unit Equity Awards and any awards granted to management of the Participating Subsidiaries outside of the 2016 Plan are not to exceed 20% of such Participating Subsidiary's shares issued and outstanding from time to time.

The Company has recorded share-based compensation expense in respect of Business Equity Awards in the amount of RUB 267, RUB 564 and RUB 421 (\$5.3) for the years ended December 31, 2017, 2018 and 2019, respectively.

**MLU B.V. 2018 Equity Incentive Plan**

MLU B.V., a subsidiary of the Company, grants options and restricted share units ("RSUs") to the employees of the MLU Group (MLU B.V. and its subsidiaries) pursuant to the MLU B.V. 2018 Equity Incentive Plan (the "2018 Plan"). The 2018 Plan was adopted by the Management Board of MLU B.V. on February 7, 2018. Options issued under the 2018 Plan entitle the holder to acquire depositary receipts over Class A shares of MLU B.V. at a specified exercise price. RSUs awarded under the 2018 Plan entitle the holder to receive a fixed number of depositary receipts over Class A shares of MLU B.V. at no cost upon the satisfaction of certain time-based vesting criteria.

The fair value of MLU B.V. RSUs is measured based on the fair market values of the underlying share on the dates of grant. Since the MLU Group's shares are not publicly traded, it estimated the fair value of its shares on the basis of valuations arrived at by employing the "income approach" and the "market approach" valuation methodologies.

Share-Based Awards granted under the MLU B.V. Plan generally vest over a four-year period. Approximately 25% of the Share-Based Awards vest after one year, with the remaining Share-Based Awards vesting in equal amounts on the last day of each quarter over the following three years. The maximum term of a Share-Based Award granted under the Plan may not exceed ten years.

MLU Group estimates the fair value of share options using the BSM pricing model. The weighted average assumptions used in the BSM pricing model for grants made under the 2018 Plan in the year ended December 31, 2019 were as follows:

	2019
Dividend yield	—
Expected annual volatility	50.00 %
Risk-free interest rate	7.76-8.88 %
Expected life of the awards (years)	6.06-6.10
Weighted-average grant date fair value of awards (per share)	\$ 131.25



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MLU Group used the following assumptions in the BSM pricing model when valuing its Share-Based Awards:

- *Expected volatility.* MLU Group used historical volatility of Yandex N.V.'s shares.
- *Expected term.* The expected term of awards granted has been calculated following the "simplified" method, using half of the sum of the contractual and vesting terms, because the Group has no historical pattern of exercises sufficient to estimate the expected term on a more reliable basis.
- *Dividend yield.* This assumption is measured as the average annualized dividend estimated to be paid by the MLU Group over the expected life of the award as a percentage of the share price at the grant date. MLU Group did not declare any dividends with respect to 2019. Currently, MLU Group does not have any plans to pay dividends in the near term, therefore it used an expected dividend yield of zero in its option pricing model for awards granted in the year ended December 31, 2019.
- *Fair value of ordinary shares.* Since the MLU Group's ordinary shares are not publicly traded, it estimated the fair value of its ordinary shares on the basis of valuations arrived at by employing the "income approach" and the "market approach" valuation methodologies.
- *Risk-free interest rate.* MLU Group used the risk-free interest rates based on the Russian Ruble Interest Rate Swap yield curve in effect at the grant date.

The following table summarizes share options and RSUs activity for the MLU Group under the Plan:

	Options		RSUs	
	Quantity	Weighted average exercise price per share	Quantity	Weighted average exercise price per share
<b>Outstanding as of December 31, 2018</b>	<b>189</b>	<b>\$ 80.89</b>	<b>114,499</b>	<b>\$ —</b>
Granted	256,812	211.88	191,214	—
Exercised	(67)	80.89	(6,025)	—
Forfeited	(32)	80.89	(10,586)	—
Cancelled	(77,380)	203.83	(17,560)	—
<b>Outstanding as of December 31, 2019</b>	<b>179,522</b>	<b>\$ 215.28</b>	<b>271,542</b>	<b>\$ —</b>

The following table summarizes information about outstanding and exercisable share options and RSUs under the MLU Plan as of December 31, 2019:

Exercise Price (\$)	Type of award	Awards Outstanding		Awards Exercisable	
		Number outstanding	Average Remaining Contractual Life (in years)	Number exercisable	Average Remaining Contractual Life (in years)
\$80.89	Option	97	8.11	97	8.11
\$203.83	Option	139,425	9.15	35,996	9.13
\$255.51	Option	40,000	9.61	—	—
<b>Total Options</b>		<b>179,522</b>	<b>9.26</b>	<b>36,093</b>	<b>9.12</b>
<b>Total RSUs</b>	RSU	<b>271,542</b>	<b>8.98</b>	<b>64,735</b>	<b>8.66</b>
<b>Total Options and RSUs</b>		<b>451,064</b>	<b>9.09</b>	<b>100,828</b>	<b>8.83</b>

The total intrinsic value of options and RSUs exercised during the years ended December 31, 2018 and 2019 was RUB 25 and RUB 90 (\$1.1), respectively.

The total fair value of options and RSUs vested during the years ended December 31, 2018 and 2019 was RUB

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209 and RUB 1,405 (\$17.8), respectively.

The following table summarizes information about non-vested RSUs under the Plan:

	Options		Weighted Average Grant Date Fair Value	RSUs		Weighted Average Grant Date Fair Value
	Quantity	\$		Quantity	\$	
<b>Non-vested as of December 31, 2017</b>						
Granted	3,397		126.48	137,998		166.00
Vested	(1,078)		137.62	(13,733)		174.27
Forfeited	(2,224)		120.53	(22,282)		172.06
Cancelled	(26)		157.24			
<b>Non-vested as of December 31, 2018</b>	<b>69</b>	<b>\$</b>	<b>132.54</b>	<b>101,983</b>	<b>\$</b>	<b>163.40</b>
Granted	256,812		131.25	191,214		218.27
Vested	(36,040)		132.05	(58,244)		179.91
Forfeited	(32)		132.64	(10,586)		193.31
Cancelled	(77,380)		132.07	(17,560)		214.72
<b>Non-vested as of December 31, 2019</b>	<b>143,429</b>	<b>\$</b>	<b>130.60</b>	<b>206,807</b>	<b>\$</b>	<b>203.59</b>

MLU Group has recorded share-based compensation expense in respect of RSUs and options under the MLU B.V. 2018 Equity Incentive Plan in the amount of RUB 205 and RUB 1,204 (\$15.3) for the years ended December 31, 2018 and 2019, respectively.

As of December 31, 2019, there was RUB 4,985 (\$63.2) of unamortized share-based compensation expense related to unvested RSUs and options under MLU B.V. 2018 Equity Incentive Plan which is expected to be recognized over a weighted average period of 3.10 years.

**Share-Based Compensation Expense**

The Company recognized share-based compensation expense of RUB 4,193, RUB 6,552 and RUB 9,855 (\$125.0) for the years ended December 31, 2017, 2018 and 2019, respectively. The Company recognized RUB 62, RUB 104 and RUB 101 (\$1.3) in related income tax benefits from Share-Based Awards exercised for the years ended December 31, 2017, 2018 and 2019, respectively.

**17. INFORMATION ABOUT SEGMENTS, REVENUES & GEOGRAPHIC AREAS**

Starting from 2015 and as further developed in May 2019, the Company's chief operating decision maker ("CODM") is the management committee including its CEO, deputy CEO, COO and a group of CEO and his deputy's direct reports. The Company reports its financial performance based on the following reportable segments: Search and Portal, Taxi, Classifieds, Media Services and E-commerce prior to deconsolidation of Yandex.Market on April 27, 2018. In 2019, Search and Portal segment also includes Yandex.Health and Yandex.Data Factory, previously reported in Other Bets and Experiments. The results of the Company's remaining operating segments, including Zen, Yandex.Cloud, Yandex.Drive, Geolocation Services and Yandex.Education, that do not meet the quantitative or the qualitative thresholds for disclosure, are combined into the other category defined as Other Bets and Experiments which is shown separately from the reportable segments and reconciling items. Previously Yandex.Education was a part of Search and Portal segment. In addition to the described changes, the Company changed the approach to intersegment revenue recognition in relation to Zen and approach to intersegment allocation related to office rent expenses and administrative support services of the Company's business units. Now the Company recognizes payments of Zen to Yandex.Browser, Yandex Homepage and Yandex Search app as traffic acquisition costs rather than revenue elimination.

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Now the Company nets office rent expenses and administrative support services expenses within Search and Portal segment at operating costs level as opposed to treating business units share of rent expenses as intersegment revenue of Search and Portal. These changes insure consistency with internal reporting. Segment results below have been restated for all periods presented to reflect these reclassifications.

Reportable segments derive revenues from the following services:

- Search and Portal, which includes all our services offered in Russia, Belarus and Kazakhstan (and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all our services offered in Ukraine), among which are search, location-based, personalized and mobile services, that enable the Company's users to find relevant and objective information quickly and easily and to communicate and connect over the internet, from both their desktops and mobile devices;
- Taxi includes our Ride-hailing business (which consists of Yandex.Taxi and Uber in Russia and other countries), FoodTech business (including Yandex.Eats, Yandex.Chef and Yandex.Lavka, a hyper local convenience store delivery service) and our Self-Driving Cars ("SDC") division;
- Classifieds (including Auto.ru, Yandex.Realty and Yandex.Jobs) which derives revenues from online advertising and listing fees;
- Media Services (including KinoPoisk, Yandex Music, Yandex.Afisha, Yandex.TV program, our production center Yandex.Studio and our subscription service Yandex.Plus) which derives revenue from online advertising and transaction revenues, including music and video content subscriptions as well as event tickets sales; and
- E-commerce (the Company's Yandex.Market service for the period prior to April 27, 2018, the date of the completion of the Yandex.Market joint venture between Yandex and Sberbank of Russia. Following the completion of the joint venture, Yandex.Market was deconsolidated and is now treated as an equity investee under the equity method accounting).

The Company accounts for intersegment revenues as if the services were provided to third parties, that is, at the level approximating current market prices.

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The measures of the segments' profits and losses that are used by the CODM to assess segment performance and decide how to allocate resources are presented below. Each segment's assets and capital expenditures are not reviewed by the CODM.

	2017 RUB	2018 RUB	2019 RUB	2019 \$
<b>Search and Portal:</b>				
Revenues from external customers	79,104	95,496	113,007	1,433.2
Intersegment revenues	3,295	5,525	8,827	111.9
Depreciation and amortization	(9,781)	(10,064)	(12,113)	(153.6)
Adjusted operating income	28,185	38,444	45,416	576.0
<b>Taxi:</b>				
Revenues from external customers	4,891	19,213	38,045	482.5
Intersegment revenues	—	—	—	—
Depreciation and amortization	(46)	(745)	(967)	(12.3)
Adjusted operating income	(8,009)	(4,530)	542	6.9
<b>Classifieds:</b>				
Revenues from external customers	2,060	3,717	5,390	68.4
Intersegment revenues	—	—	—	—
Depreciation and amortization	(53)	(67)	(27)	(0.3)
Adjusted operating income	74	(205)	297	3.8
<b>Media Services:</b>				
Revenues from external customers	1,187	1,909	3,867	49.0
Intersegment revenues	—	—	—	—
Depreciation and amortization	(99)	(71)	(94)	(1.2)
Adjusted operating income	(507)	(845)	(2,259)	(28.6)
<b>Other Bets and Experiments:</b>				
Revenues from external customers	1,844	5,625	15,082	191.3
Intersegment revenues	—	—	—	—
Depreciation and amortization	(1,122)	(1,037)	(1,376)	(17.5)
Adjusted operating income	(3,278)	(4,146)	(6,581)	(83.5)
<b>E-commerce:</b>				
Revenues from external customers	4,968	1,697	—	—
Intersegment revenues	—	—	—	—
Depreciation and amortization	(54)	(11)	—	—
Adjusted operating income	1,556	(273)	—	—
<b>Eliminations:</b>				
Revenues from external customers	—	—	—	—
Intersegment revenues	(3,295)	(5,525)	(8,827)	(111.9)
Depreciation and amortization	(84)	(142)	(200)	(2.5)
Adjusted operating income	—	—	—	—
<b>Total:</b>				
Revenues from external customers	94,054	127,657	175,391	2,224.4
Intersegment revenues	—	—	—	—
Depreciation and amortization	(11,239)	(12,137)	(14,777)	(187.4)
Adjusted operating income	18,021	28,445	37,415	474.6

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The reconciliation between adjusted operating income and net income is as follows:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Adjusted operating income	18,021	28,445	37,415	474.6
Less: share-based compensation expense	(4,193)	(6,552)	(9,855)	(125.0)
Add: interest income	2,909	3,382	3,315	42.0
Less: interest expense	(897)	(945)	(74)	(0.9)
Less: other (loss)/income, net	(757)	936	(5,086)	(64.5)
Add: effect of Yandex.Market deconsolidation	—	28,244	—	—
Less: operating losses resulting from sanctions in Ukraine	(404)	—	—	—
Less: amortization of acquisition-related intangible assets	(379)	(1,007)	(1,179)	(15.0)
Less: compensation expense related to contingent consideration	(203)	(44)	(38)	(0.5)
Less: one-off restructuring cost	—	—	(881)	(11.1)
Less: goodwill impairment	—	—	(762)	(9.7)
Less: income tax expense	(5,016)	(8,201)	(11,656)	(147.9)
<b>Net income</b>	<b>9,081</b>	<b>44,258</b>	<b>11,199</b>	<b>142.0</b>

The Company's revenues consist of the following:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Online advertising revenues(1):				
Yandex websites	65,149	78,696	96,258	1,220.8
Yandex ad network websites	22,251	24,041	25,480	323.1
Total online advertising revenues	87,400	102,737	121,738	1,543.9
Revenues of Taxi business	4,891	19,213	37,931	481.1
Other revenues	1,763	5,707	15,722	199.4
<b>Total revenues</b>	<b>94,054</b>	<b>127,657</b>	<b>175,391</b>	<b>2,224.4</b>

- (1) The Company records revenue net of VAT, sales agency commissions and bonuses and discounts. Because it is impractical to track commissions, bonuses and discounts for online advertising revenues generated on Yandex websites and on those of the Yandex ad network members separately, the Company has allocated commissions, bonuses and discounts between its Yandex websites and the Yandex ad network websites proportionately to their respective gross revenue contributions.

Revenues disaggregated by geography, based on the billing address of the customer, consist of the following:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Revenues:				
Russia	87,470	118,128	162,958	2,066.7
Rest of the world	6,584	9,529	12,433	157.7
<b>Total revenues</b>	<b>94,054</b>	<b>127,657</b>	<b>175,391</b>	<b>2,224.4</b>

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The following table sets forth long-lived assets other than financial instruments and deferred tax assets by geographic area:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Long-lived assets:				
Russia	44,541	117,602	131,267	1,664.8
Finland	6,802	5,946	5,668	71.9
Rest of the world	805	1,070	1,135	14.4
<b>Total long-lived assets</b>	<b>52,148</b>	<b>124,618</b>	<b>138,070</b>	<b>1,751.1</b>

18. RELATED-PARTY TRANSACTIONS

The Company has in place a registration rights agreement with its major shareholders that allows them to require the Company to register Class A shares held by them under the U.S. Securities Act of 1933, as amended (the "Securities Act"), under certain circumstances. In such circumstances, the Company is obliged to pay all expenses, other than underwriting commissions and discounts, relating to any such registration.

Following the sale of a controlling interest to Sberbank and the deconsolidation of Yandex.Money in July 2013, the Company retained a noncontrolling interest and significant influence over Yandex.Money's business. The Company continues to use Yandex.Money for payment processing and to provide other services. In 2017 and 2018, the Company also subleased to Yandex.Money part of its premises.

Following the formation of Yandex.Market joint venture with Sberbank and the deconsolidation of Yandex.Market in April 2018 (Note 4), the Company retained a noncontrolling interest and significant influence over Yandex.Market's business. The Company continues to provide advertising and other services and to sublease to Yandex.Market part of its premises. In 2019, the Company also incurred expenses related to traffic and content acquisition.

The following tables provide summarized information about transactions that have been entered into with the related parties and balances of accounts with them:

	2017 RUB	2018 RUB	2019 RUB	2019 \$
Online advertising revenue:				
Yandex.Market	—	469	805	10.2
Revenues from subleasing and other services:				
Yandex.Money	86	51	37	0.5
Yandex.Market	—	1,001	1,738	22.0
Fees for online payment commissions:				
Yandex.Money	439	432	783	9.9
Cost of revenues:				
Yandex.Market	—	—	29	0.4

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	2018 RUB	2019 RUB	2019 \$
Accounts receivable:			
Yandex.Money	37	31	0.4
Yandex.Market	407	302	3.8
Prepaid expenses and other current assets:			
Yandex.Money	307	76	1.0
Yandex.Market	—	16	0.2
Accounts payable:			
Yandex.Money	—	13	0.2
Yandex.Market	70	11	0.1

The Company believes that the terms of the agreements with Yandex.Money are comparable to the terms obtained in arm's-length transactions with unrelated similarly situated customers and suppliers of the Company.

As of December 31, 2018 and 2019, the amount of loans granted to certain senior employees was RUB 207 and RUB 43 (\$0.5), respectively (Note 5). The loans bear interest rates up to 12% per annum and mature in 2020-2029 as of December 31, 2019.

19. SUBSEQUENT EVENTS

In February 2020, the Company granted RSUs to purchase an aggregate of up to 653,068 Class A shares to its employees pursuant to the 2016 Plan.

From January 1 through March 25, 2020 the Company repurchased 3,173,849 Class A shares at an average price of \$33.91 per share, for a total amount of \$107.6.

In February and March 2020, the Company completed an offering of \$1,250 (RUB 82,909 at the exchange rate as of sale date) in aggregate principal amount of 0.75% convertible senior notes due 2025 at par. Interest at an annual rate of 0.75% payable semiannually on March 3rd and September 3rd of each year, beginning on September 3rd, 2020. The Notes are convertible into Class A ordinary shares of the Company based on an initial conversion price of one Class A share per \$60.0751 principal amount of Notes. The Company may not redeem the Notes prior to maturity, except in specified circumstances, including if, at any time from March 18, 2023, the value of a Share exceeds 130% of the then prevailing conversion price for a specified period of time or if, at any time, Notes representing 85% or more of the aggregate principal amount of the Notes originally issued shall have been previously converted and/or repurchased and cancelled.

On March 11, 2020, the World Health Organization characterized the novel coronavirus disease ("COVID-19") as a global pandemic; the first confirmed case in Russia was reported on March 2, 2020. There is significant uncertainty as to the likely effects of this disease and governmental and social actions in response to it. The Company expects that the ultimate significance of the impact of COVID-19 on its businesses will vary, but will generally depend on the extent of governmental measures affecting day-to-day life and the length of time that such measures remain in place to respond to COVID-19. The Company has preliminarily analyzed the effect of COVID-19 and concluded that there was no significant impact on the Company's financial position up to the date of this report.

In March 2020, the Russian economy was negatively impacted by a significant drop in crude oil prices and a significant depreciation of the Russian ruble, from RUB 61.9057 to \$1 as of December 31, 2019 to RUB 77.7325 to \$1.00 as of March 30, 2020.

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The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation, uncertainty regarding economic growth and COVID-19, which could negatively affect the Company's future financial position, results of operations and business prospects.



**PART III.**

**Item 17. Financial Statements**

See "Item 18. Financial Statements."

**Item 18. Financial Statements.**

See the financial statements beginning on page F-1.

Item 19. Exhibits.

Exhibit Number	Description of Document
1.1†	<a href="#">Amendment to the Articles of Association of Yandex N.V., amended as of December 23, 2019</a>
2.1†	<a href="#">Description of Capital Stock</a>
4.1*	<a href="#">Contribution Agreement dated as of July 13, 2017 among MLU B.V., Yandex N.V., Stichting Yandex Equity Incentive and Uber International C.V. (incorporated by reference to Exhibit 4.2 of our Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on March 27, 2018)</a>
4.2*	<a href="#">Shareholders Agreement in relation to MLU B.V. dated as of February 7, 2018 among Yandex N.V., Uber International C.V., Stichting MLU Equity Incentive and MLU B.V. (incorporated by reference to Exhibit 4.3 of our Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on March 27, 2018)</a>
4.3*	<a href="#">Subscription Agreement dated as of December 12, 2017 among Yandex N.V., PJSC “Sberbank of Russia” and Yandex Market B.V. (incorporated by reference to Exhibit 4.4 of our Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on March 27, 2018)</a>
4.4*	<a href="#">Shareholders Agreement dated as of April 27, 2018 among PJSC “Sberbank of Russia”, Sberbank Nominee, Yandex N.V., Stichting Yandex Market Equity Incentive and Yandex Market B.V. (incorporated by reference to Exhibit 4.5 of our Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on April 19, 2019)</a>
4.5*	<a href="#">Amendment Deed to Contribution Agreement dated January 31, 2018 among MLU B.V., Yandex N.V., Stichting Yandex Equity Incentive and Uber International C.V. (incorporated by reference to Exhibit 4.6 of our Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on March 27, 2018)</a>
4.6	<a href="#">Amended and Restated Shareholders Agreement (incorporated by reference to Exhibit 10.1 from our Registration Statement on Form F-1 (file no. 333-173766) filed with the Securities and Exchange Commission on April 28, 2011)</a>
4.7	<a href="#">Amended and Restated Registration Rights Agreement (incorporated by reference to Exhibit 10.2 from our Registration Statement on Form F-1 (file no. 333-173766) filed with the Securities and Exchange Commission on April 28, 2011)</a>
4.8*	<a href="#">Agreement for Sale and Purchase of Future Thing dated November 27, 2018 by and between Limited Liability Company NAPA and Limited Liability Company YANDEX (Translation) (incorporated by reference to Exhibit 7.3 of our Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on April 19, 2019)</a>
4.9*†	<a href="#">Agreement for the Sale and Purchase of the Issued Share Capital of Axelcroft Limited, dated July 14, 2019, by and between MLU B.V. and Fasten CY Limited</a>
4.10*†	<a href="#">Deed of Trust dated as of March 3, 2020 between the Company and BNY Mellon Corporate Trustee Services Limited, as trustee</a>
8.1†	<a href="#">Principal Subsidiaries</a>
12.1†	<a href="#">Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2†	<a href="#">Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1†	<a href="#">Certification by Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1†	<a href="#">Consent of JSC KPMG, Independent Registered Public Accounting Firm</a>
101	The following financial information formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2018 and 2019, (ii) Consolidated Statements of Income for the Years Ended December 31, 2017, 2018 and 2019, (iii) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2017, 2018 and 2019, (iv) Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, 2018 and 2019, (v) Consolidated Statements of Shareholders’ Equity for the Years Ended December 31, 2017, 2018 and 2019, and (vi) Notes to Consolidated Financial Statements

\* Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission

† Filed herewith

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

YANDEX N.V.  
By: /s/ ARKADY VOLOZH

Name: Arkady Volozh  
Title: *Chief Executive Officer*

Date: April 2, 2020

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Yandex N.V. is a Dutch public company with limited liability (*naamloze vennootschap*), and our affairs are governed by our articles of association, as amended, and Dutch law. The following description sets forth certain material terms and provisions of Yandex N.V. ("Yandex," "we," "us," and "our") securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

**DESCRIPTION OF CAPITAL STOCK**

**General**

Our authorized share capital consists of 500,000,000 Class A shares, par value €0.01 per share, 37,138,658 Class B shares, par value €0.10 per share, 37,748,658 Class C shares, par value €0.09 per share, and one priority share with a nominal value of €1.00. Our Class A shares are listed on the Nasdaq Global Select Market and are held in book-entry form. The following description of our Class A Shares, together with the additional information we included herein, including the material provisions of our articles of association as currently in force and relevant provisions of Dutch law and the Dutch Corporate Governance Code, is a summary and does not purport to be complete. For the complete terms of our Class A Shares please refer to our Articles of Association, as amended, which is incorporated by reference as Exhibit 1.1 to our Annual Report on Form 20-F which this exhibit 2.1 is a part.

**Ordinary Shares**

We have three classes of authorized ordinary shares, which vote together as a single class unless otherwise provided by our articles of association or Dutch law: Class A shares, which have one vote per share; Class B shares, which have ten votes per share; and Class C shares, which have nine votes per share. The Class C shares are issued only to facilitate the conversion of Class B shares into Class A shares.

Under Dutch law, the voting power of shares is determined by reference to their par value. Our company's multiple class share structure is designed to give our principal shareholders increased voting power (without increasing their economic interest in our company), while also providing a means for them to convert their shares into Class A shares that can be transferred or sold, including in the public market.

***Transfer and Conversion of Ordinary Shares***

Because the conversion of a Class B share into a Class A share, with a lower par value, will result in a reduction of our share capital (an event which cannot occur without convening a formal shareholders' meeting), our articles of association provide that each Class B share converts (in defined circumstances) into both one Class A share and one Class C share. The Class C shares are intended to serve as a means of "storing" the additional par value of the converted Class B share until such time as we can repurchase and cancel the Class C share. To ensure that all such Class C shares are available for repurchase and cancellation, and to assure that they do not affect the outcome of any shareholder vote, all Class C shares are held by the Yandex Conversion Foundation (the "foundation"), a Dutch foundation managed by our board of directors. The foundation has agreed to sell any Class C shares it may hold, for no consideration, to us at any time, and not to sell or transfer such Class C shares to any other party. At the first general meeting of shareholders following any such repurchase, we seek shareholder approval for the cancellation of such Class C shares. The foundation has also agreed that it will vote any Class C shares it may hold in the same proportion as all other votes are cast at any general meeting of shareholders.

Our Class B shares are transferable only:

- To the foundation, upon which time each Class B share converts into one Class A share and one Class C share. The foundation is then obligated to transfer each converted Class A share to the original Class B shareholder, and to transfer the Class C share to us, as described above.
- To us for the purposes of repurchasing Class B shares.
- To Permitted Transferees (as defined in the articles of association).

Our Class A shares and Class C shares are not convertible into any other class of shares in our capital.

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#### ***Voting Rights***

At our shareholders' meetings, each Class A share is entitled to one vote, and each Class B share is entitled to ten votes. Each Class C share will be entitled to nine votes, but the foundation has agreed with us that it will vote any Class C shares it may hold at any time in the same proportion as all other votes are cast at any general meeting of our shareholders. The Class A, B and C shares vote together as a single class on all matters, including the election of directors, except as otherwise provided in our articles of association or Dutch law. The Priority Share carries the right to cast one hundred votes.

Our articles of association provide that a separate Class A shareholder approval will be required for:

- the transfer of our enterprise or substantially all of our enterprise to a third party;
- the conclusion or cancellation of any long-lasting cooperation by us or a subsidiary with any other legal person or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the cancellation thereof is of essential importance to us;
- the acquisition or disposal of a participating interest in the capital of a company with a value of at least one-third of the sum of the assets according to the consolidated balance sheet in the most recently adopted set of our annual accounts, by us or a subsidiary;
- entering into of any transaction or series of related transactions by us or a subsidiary involving (i) the payment of an amount in excess of one-third of the sum of the assets according to the consolidated balance sheet in the most recently adopted set of our annual accounts, or (ii) the sale of assets with a value in excess of the amount set forth in (i) above; and
- the issuance of shares in excess of 20% of our issued share capital.

#### ***Board of Directors***

Pursuant to our articles of association, the board of directors will consist of 12 members, of whom two will be designated directors. Other than in respect of designated directors, the members of our board of directors are appointed by the general meeting of shareholders in respect of which the board of directors shall make a non-binding nomination. If the person nominated by the board of directors is subsequently not appointed by the general meeting of shareholders, the board of directors will be allowed to make a new non-binding nomination.

The first two designated directors are designated as "Designated Director" by the board of directors from the non-executive directors in office. With exception of the first two designated directors that are designated in accordance with the previous sentence, the holder of the priority share has the right to make binding nominations in respect of two designated directors. The general meeting of shareholders may deprive the nomination of a candidate for designated director of its binding character by means of a resolution adopted by at least two-thirds of the votes cast, such two-thirds majority representing more than 50% of our issued and outstanding capital. If the binding nomination is not deprived of its binding character, the person nominated will be deemed appointed. If the nomination is deprived of its binding character, the holder of the priority share will be allowed to make a new binding nomination.

Directors may be removed and/or suspended from office by the general meeting of shareholders. A resolution to remove or suspend a director requires a two-thirds majority of the votes cast in a meeting, such two-thirds majority representing at least 50% of our issued and outstanding share capital. Notwithstanding the foregoing, if the holder of the priority share approves a resolution by the general meeting of shareholders to suspend or remove a designated director, such resolution of the general meeting of shareholders shall require only an absolute majority of the votes cast on the matter.

In the performance of its duties, the board of directors is required by Dutch law to consider the interests of Yandex, its shareholders, its employees and other stakeholders.

#### ***Dividends***

The holders of our ordinary shares and the holder of the priority share are entitled to such part of our profits for any financial year as remains available after reservation of profits by our board of directors. The holders of our ordinary shares and the holder of the priority share shall be entitled *pari passu* to our profits, *pro rata* to the total number of Class A shares, Class B shares, and Class C shares and/or the priority share held, provided that out of the profit of any financial year, the holders of Class C shares and the priority share shall be entitled to a maximum amount equal to 1% of the nominal value of such shares. Although the holders of our Class C shares are technically entitled to such

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maximum amount, when we declare dividends on our Class A and Class B shares, we intend to repurchase all Class C shares issued upon conversion of our Class B shares before the board of directors resolves to make any dividend distributions such that no dividends would be payable on our Class C shares.

Additionally, the board of directors has the right to declare interim dividends without the approval of the general meeting of shareholders. We may not pay dividends if the payment would reduce shareholders' equity to an amount less than the aggregate fully paid-up share capital plus the reserves that have to be maintained by law or our articles of association. The amounts available for dividends will be determined based on the statutory accounts of Yandex N.V. prepared under Dutch law, which may differ from our consolidated financial statements.

The board of directors may decide that dividends or other distributions are paid in the form of cash, shares or a combination of both.

***Issue of Shares; Preemptive Rights***

Our board of directors has the power to issue shares, if and to the extent that either the general meeting of shareholders or the articles of association has delegated such power to the board of directors to act as the authorized body for this purpose. A delegation of authority to the board of directors to issue shares remains effective for the period specified by the general meeting of shareholders, or specified in the articles of association, and may be up to five years from the date of delegation or the date of the articles of association. A general meeting of shareholders may renew annually this delegation and this delegation may also be renewed by the articles of association for additional periods of up to five years. Without this delegation, the general meeting of shareholders has the power to authorize the issuance of shares upon receipt of a written proposal of the board of directors to such effect.

Any resolution by the general meeting of shareholders to issue shares, other than Class C shares, in excess of 20% of our issued share capital (calculated by nominal value, excluding the Class C shares, on the date of such resolution) or any resolution by the general meeting of shareholders to delegate the authority to issue shares, other than Class C shares, in the excess of 20% of our issued share capital (calculated by nominal value, excluding the Class C Ordinary Shares, on the date of such resolution), requires prior approval from the meeting of holders of Class A Shares.

The holders of our ordinary shares have a pro rata (based on the number of shares held) preemptive right to subscribe for Class A shares and Class B Shares that we issue for cash, unless the general meeting of shareholders, or the board of directors (if either the general meeting of shareholders or the articles of association has delegated such power to the board of directors), limits or eliminates this right. If the general meeting of shareholders delegates its authority to the board of directors for this purpose, then the board of directors will have the power to limit or eliminate the preemptive rights of shareholders. In the absence of this delegation, the general meeting of shareholders will have the power to limit or eliminate these rights. Such resolution requires the approval of a two-thirds majority of the votes cast in a general meeting of shareholders if less than 50% of our issued share capital is present or represented. Delegations of authority to the board of directors may remain in effect for up to five years and may be annually renewed for additional periods of up to five years.

***Repurchase of Shares***

We may acquire our shares, subject to applicable provisions of Dutch law and of our articles of association, to the extent:

- our equity capital, reduced by the acquisition price, is not less than the sum of the issued and paid-up capital and the reserves to be maintained pursuant to Dutch law or our articles of association;
- after the repurchase, at least one issued share in the capital of the Company remains outstanding and is not held by us; and
- after the repurchase, we and our subsidiaries would not hold, or hold as pledgee, shares having an aggregate par value that exceeds 50% of the par value of our issued share capital.

Our board of directors may direct the company to repurchase shares only if the general meeting of shareholders has authorized the board of directors to repurchase shares. This authorization may be given for a maximum period of 18 months and should contain the maximum number of shares to be repurchased and a price range. The authorization may be renewed annually.

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We regularly repurchase, for no consideration, any Class C shares that may be issued to the foundation promptly upon the conversion of Class B shares, in which case the above requirements do not apply.

***Reduction of Share Capital***

Upon receipt of a written proposal of the board of directors to this effect, at a general meeting of shareholders, our shareholders may vote to reduce the issued share capital by canceling shares held by us or by reducing the par value of our shares by amendment of the articles of association. In either case, this reduction would be subject to applicable statutory provisions. This includes that a resolution to cancel shares may only relate to (i) shares held by us, or (ii) to all the shares of a particular class, in respect of which the articles of association provide that the same may be cancelled against repayment of their par value.

A resolution for reduction of capital shall require a majority of at least two thirds of the votes cast, if less than 50% of our issued share capital is present or represented at the relevant meeting of shareholders. We seek shareholder approval on a regular basis for the cancellation of any Class C shares that may be issued from time to time following their repurchase by us.

***Priority Share***

We have authorized and outstanding one priority share with a nominal value of €1.00. Our articles of association provide that the priority share may only be held by the Public Interest Foundation or another party that is specifically nominated by our board of directors for this purpose, with a Special Majority (as defined in the articles of association), including the affirmative vote of at least one designated director. The priority share was held in treasury as of December 31, 2019 and is currently held by the Public Interest Foundation.

The key rights vested in the priority share are the rights to approve:

- the accumulation by a party, of shares representing 10% or more, in number or by voting power, of the outstanding Class A and Class B Shares (taken together), if the Board has otherwise approved such accumulation of shares.
- a decision of the Board to sell, transfer or otherwise dispose of all or substantially all of our assets to one or more third parties in any transaction or series of related transactions; and
- to make binding nominations of two designated directors.

As additional support for the protective rights of the Public Interest Foundation, the Public Interest Foundation holds a Special Voting Interest in Yandex Russia. The Special Voting Interest allows the Public Interest Foundation to temporarily replace the General Director of Yandex in certain exceptional circumstances.

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Exhibit 4.4

Dated April 2018

PJSC "SBERBANK OF RUSSIA"  
and  
"DIGITAL ASSETS" LIMITED  
and  
YANDEX N.V.  
and  
STICHTING YANDEX.MARKET EQUITY INCENTIVE  
and  
YANDEX.MARKET B.V.

SHAREHOLDERS' AGREEMENT  
relating to YANDEX.MARKET B.V.

Linklaters

Linklaters CIS  
Paveletskaya sq. 2, bld. 2  
Moscow 115054

Telephone: (+7) 495 797 9797  
Facsimile: (+7) 495 797 9798  
Ref. L-263619



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#### Shareholders' Agreement

This Agreement is made on \_\_\_\_ April 2018 between:

- (1) **Sberbank of Russia**, a public joint stock company incorporated under the laws of the Russian Federation whose registered office is at 19 Vavilova St., 117997 Moscow, Russia and registered with the Unified State Register of Legal Entities under number 1027700132195 ("**Sberbank**");
- (2) **«Digital assets» Limited**, a limited liability company incorporated under the laws of the Russian Federation whose registered office is at 19 Vavilova St., 117997 Moscow, Russia and registered with the Unified State Register of Legal Entities under number 5157746082160 ("**Sberbank Nominee**");
- (3) **Yandex N.V.**, a public limited liability company incorporated under the laws of the Netherlands (*naamloze vennootschap met beperkte aansprakelijkheid*), having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its office at Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 27265167 ("**YNV**");
- (4) **Stichting Yandex.Market Equity Incentive**, a foundation incorporated under the laws of the Netherlands, having its registered office in Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands, registered with the trade register of the Chamber of Commerce under number 71530975 ("**Stichting**"); and
- (5) **Yandex.Market B.V.**, a private company with limited liability incorporated under the laws of the Netherlands (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its office at Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 66115582 (the "**Company**").

(each a "**Party**" and together the "**Parties**").

#### Recitals:

- (A) Sberbank Nominee has subscribed for a stake in the issued share capital of the Company in order to carry on the Business (as defined below) together with YNV for mutual profit on the terms set out in a separate agreement between Sberbank, the Company and YNV executed on 12 December 2017 (the "**Subscription Agreement**").
- (B) Sberbank, YNV and the Company have agreed that Shares representing \*\*. of the issued share capital of the Company (on a fully diluted basis) have been issued to Stichting in order to incentivise certain employees of the Group in accordance with the terms of this Agreement and the Incentive Programme.
- (C) In consideration of the mutual undertakings set out in this Agreement and other Transaction Documents, the Shareholders have agreed to hold their Shares and to regulate their respective rights in the Company on the terms and conditions of this Agreement.

It is agreed as follows:

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## PART A – INTERPRETATION

### 1 Interpretation

In this Agreement, unless the context otherwise requires, the provisions in this Clause 1 apply:

#### 1.1 Definitions

“\*\*\*” has the meaning set out in the Subscription Agreement;

“**AA Dispute**” has the meaning set out in Clause 5.3;

“**Acceptance Notice**” has the meaning set out in Clause 22.4.3(i)(a);

“**Additional Investor**” has the meaning set out in Clause 18.1;

“**Additional Securities**” has the meaning set out in Clause 21.1.1(i);

“**Advertising**” means advertising materials, content, files and/or any other information intended to promote any goods, offers, products, services, information, in any form;

“**Advertising Code**” means a software module intended for the display of the Advertising on the Advertising Inventories;

“**Advertising Inventories**” means Internet resources (including sites and mobile applications) on which the Advertising Code is installed and the Advertising are placed;

“**Advertising Network**” means a technological platform that combines various Advertising Inventories;

“**Third-Party Advertising Network Provider**” has the meaning set out in Clause 5.8.3;

“**Affiliate**” means, in relation to any person, any other person directly or indirectly Controlling, Controlled by or under common Control with, such person, provided that, for the purposes of this Agreement, the Central Bank of the Russian Federation shall not be deemed to be an Affiliate of Sberbank (and vice versa);

“**Agreed Form**” means, in relation to a document, such document in the terms agreed between the Principals and signed for identification by or on behalf of the Principals;

“**Agreement**” means this agreement as modified, amended or replaced from time to time;

“**Alice**” means the AI Personal Assistant developed by YNV or its Affiliates;

\*\*

\*\*

“**Ancillary Agreements**” means the Sberbank Ancillary Agreements and the YNV Ancillary Agreements;

“**Appointed Director**” means any Sberbank Director or any YNV Director as the context may require;

“**Appointing Shareholder**” has the meaning set out in Clause 9.2.2;

“**Appointment Dispute**” has the meaning set out in Clause 9.2.3;

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"**Articles**" means the articles of association (*statuten*) of the Company from time to time;

"**Auditors**" means KPMG (or its Dutch and/or Russian affiliate(s)) or such other Big Four Firm which is appointed as auditor of the Group from time to time;

"**Big Four Firm**" means any "big four" accounting firm (Deloitte Touche Tohmatsu, EY, KPMG, PricewaterhouseCoopers, or any successor in title to any of their respective valuation businesses);

"**Board**" means the board of directors of the Company;

"**Board Reserved Matters**" has the meaning set out in Clause 8.1;

"**Board Super Majority**" has the meaning set out in Clause 8.1;

\*\*

\*\*

"**Budget**" means the budget for the Group approved or amended from time to time by the Board, being initially the document, in the Agreed Form and marked "Budget";

"**Business**" has the meaning set out in Clause 2;

"**Business Day**" means a day which is not a Saturday, a Sunday or a public holiday in Moscow, the Russian Federation or Amsterdam, the Netherlands;

"**Business Plan**" means the Initial Business Plan or any Subsequent Business Plan;

"**CEO**" means the chief executive officer (general director) of the Russian OpCo from time to time, the first such person (following the date of this Agreement) being Maxim Grishakov;

"**CEO Notice**" has the meaning set out in Clause 9.2.2(i);

"**CEO Qualified IPO**" means a fully underwritten IPO where: (i) the valuation of the Group (for 100 per cent. of equity) is not less than \*\* (ii) at least \*\* of the share capital of the Group (post-offering) is to be offered via such IPO, and (iii) \*\*;

"**CFO**" means the chief financial officer of the Russian OpCo from time to time, the first such person (following the date of this Agreement) being Alexander Balakhnin;

"**Chair**" means the Chairman of the Board from time to time;

"**Closing**" has the meaning set out in the Subscription Agreement;

"**Company Advertising**" means advertising materials in any form intended to advertise any of the Company Services and/or the Company Resources, or their individual elements;

"**Company Data**" means the data set out in (i) para. 2 of Schedule 1 to the Sberbank Data Sharing Agreement and (ii) para. 1.2 of Schedule 1 to the YNV Data Sharing Agreement;

"**Company Resources**" means the Advertising Inventories, as well as any other digital and/or offline inventory owned by the Company and/or its Subsidiaries and used to provide the Company Services;

"**Company Service**" means any of the services offered by the Company and/or its Subsidiaries to Internet users, partners, customers and/or clients (for the avoidance of doubt, including vendors and purchasers);

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"**Company Web Counter**" has the meaning set out in Clause 5.9.2(iii);

"**Conducting Shareholder**" has the meaning set out in Clause 5.3.1;

"**Confidential Information**" has the meaning set out in Clause 30.2;

"**Consenting Shareholder**" has the meaning set out in Clause 9.2.2;

"**Control**" means, in relation to a person, where a person (or Persons Acting In Concert) has direct or indirect control, whether exercised or not, (1) of the affairs of that person, or (2) over more than 50 per cent. of the total voting rights conferred by all the issued shares in the capital of that person which are ordinarily exercisable in general meeting or (3) of a majority of the board of directors of that person (in each case whether pursuant to relevant constitutional documents, contract or otherwise) and "**Controlling**" and "**Controlled**" shall be construed accordingly;

"**Core Business**" means \*\*;

"**Core Business Commencement**" means, in respect of a jurisdiction where the Core Business is to be commenced pursuant to the relevant approval of the Board, satisfaction of all the following conditions in relation to operation of the Core Business:

(i) \*\*

(ii) \*\*

(a) \*\*

(b) \*\*

"**CPA**" means the cost per acquisition (action) model, i.e. a model for online advertising or promotion services where the advertiser pays for a specified action, including a sale or a form submit (e.g., contact request, newsletter sign up, registration etc.);

"**CTO**" means the chief executive officer (general director) of Market.Lab from time to time, the first such person (following the date of this Agreement) being Alexey Shevenkov;

"**Deadlock Appointees**" has the meaning set in Clause 24.2.1;

"**Deadlock Matter**" has the meaning set out in Clause 24.1.3;

"**Deed of Adherence**" means a deed substantially in the form set out in Schedule 1;

"**Defaulting Shareholder**" has the meaning set out in Clause 23;

"**Director**" means any director (*besturder*) of the Company appointed by a Shareholder in accordance with the terms of this Agreement and the Articles;

"**Dispute**" has the meaning set out in Clause 31.1.1;

"**Dissenting Shareholder**" has the meaning set out in Clause 26.3;

"**Dividend Policy**" means the dividend policy of the Group, in the Agreed Form;

"**DR**" means a depositary receipt (*certificaten van aandelen*) that may be issued by Stichting in respect of the Stichting Shares, each representing \*\*

"**Drag-along Exit**" has the meaning set out in Clause 22.4.4(i);

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"**Drag-along Notice**" has the meaning set out in Clause 22.4.4(i);

"**Drag-along Shares**" has the meaning set out in Clause 22.4.4(i);

"**Dragged Shareholder**" has the meaning set out in Clause 22.4.4(i);

"**Dragging Shareholder**" has the meaning set out in Clause 22.4.4(i);

"**Encumbrance**" means any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal, usufruct, attachment (*beslag*) or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing;

"**End Date**" has the meaning set out in Clause 22.4.3(i)(a);

"**Excess Additional Securities**" has the meaning set out in Clause 21.1.1(i);

"**Exclusivity Period**" means, in respect of any Principal, the period from the date of this Agreement until \*\*

"**Exclusivity Territory**" means:

(iii) \*\*

(iv) \*\*

(c) \*\*

(d) \*\*

"**Existing Operations**" has the meaning set out in Clause 28.2.4;

"**Financial Services Provider**" means any provider of payment and/or financial services (excluding, for the avoidance of doubt, Sberbank and any of its Affiliates), \*\*

"**Financial Year**" means a financial year of the Group commencing (other than in the case of its initial financial period) on 1 January and ending on 31 December or on such other dates as the Board may resolve as a Board Reserved Matter in accordance with this Agreement and the Articles;

"**FinServices Experiment**" has the meaning set out in Clause 5.2.1;

"**Group**" means the Company, the Russian OpCo, Market Lab and any other Group Companies from time to time;

"**Group Companies**" means the Company, the Russian OpCo, Market Lab and their subsidiaries from time to time, and "**Group Company**" means any one of them;

"**IFRS Accounts**" means the consolidated accounts of the Group to be prepared by the Company in accordance with Clauses 6.2.1(ii), 6.2.1(iv) and 6.2.1(vi);

"**IFRS Costs**" means any direct incremental costs of the Group (including the relevant allocation of internal staff time) in relation to preparation of the IFRS Accounts as required by, and pursuant to, the deadlines set out in Clause 6.2.3;

"**Incentive Programme**" means the equity incentive programme (including the relevant eligibility criteria, applicable good and bad leaver provisions and vesting criteria settlement

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terms) under which certain employees of the Group are eligible to acquire DRs (subject to the applicable terms and conditions), in the Agreed Form;

**"Independent Director"** means a reputable professional with knowledge and experience in Business and board experience who:

- (v) is not related to or affiliated with any Shareholder or the Group, whether by way of employment (whether current or former), directorship, shareholding (save for holding no more than 1 per cent. of shares) or otherwise, unless each other member of the Board confirms that in his/her reasonable opinion such relation or affiliation with any Shareholder or the Group would not affect such professional's independence from each of Shareholders and the Group;
- (vi) shall declare himself/herself free from any conflict of interests relevant in such professional's capacity as a Director independent from each of the Shareholders and the Group, including any relation or affiliation with any Shareholder or the Group referred to in sub-paragraph (i) of this definition; and
- (vii) shall not, in the reasonable opinion of each other member of the Board, have any conflict of interests that would affect such professional's independence from each of the Group and any Shareholder;

**"Initial Business Plan"** means the \*\* strategic business plan for the Group in relation to the period from Closing until \*\*, as set out in Schedule 5;

**"Initiating Shareholder"** has the meaning set out in Clause 26.1;

**"Intellectual Property Rights"** means, without limitation, trade marks, service marks, trade names, domain names, get-up, logos, patents, inventions, registered and unregistered design rights, copyrights, semi-conductor topography rights, database rights and all other similar rights which may subsist in any part of the world now or in the future (including Know-how) including, where such rights are obtained or enhanced by registration, any registration of such rights and applications and rights to apply for such registrations;

**"Interest"** includes an interest of any kind in or in relation to any Share or any right to control the voting or other rights attributable to any Share, disregarding any conditions or restrictions to which the exercise of any right attributed to such interest may be subject;

**"IPO"** means the underwritten initial public offering in respect of and admission of all or any part of the Shares or depository receipts (or equivalent) representing Shares, of the Company to trading on \*\*;

**"Junior Employee"** means any employee of the Group who \*\*;

**"Key Employee"** means any member of the Senior Management;

**"Know-how"** means confidential and proprietary industrial and commercial information and techniques in any form including, without limitation, drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables or operating conditions, market forecasts, lists and particulars of customers and suppliers;

**"Laws"** means the laws and regulations of the Netherlands, the Russian Federation and any other laws and regulations for the time being in force applicable to any member of the Group or any Shareholder or their Affiliates (as appropriate) including, where applicable, the rules

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of any stock exchange on which the securities of a Shareholder or its Affiliates are listed or other governmental or regulatory body to which a Shareholder or its Affiliates are subject;

"**LCIA**" has the meaning set out in Clause 31.1.1;

"**Link**" has the meaning set out in Clause 5.12.2;

"**Lock-up Period**" has the meaning set out in Clause 22.1.1;

"**Login**" means, in respect of the Services and/or the Resources of the Company, YNV or Sberbank, as the case may be, a password, code or other method of identifying a person who uses any such Services and/or Resources, required to access the separate account of each such person with such Resources and/or Services;

"**Losses**" means all losses, liabilities, costs (including legal costs and attorneys' fees), experts' and consultants' fees, charges, expenses, actions, proceedings, claims and demands;

"**Loyalty Programs**" means the Sberbank Loyalty Program and the Yandex Loyalty Program;

"**Management Team**" means both Senior Management and Senior Employees;

"**Market Lab**" means Yandex.Market Lab LLC, a Russian limited liability company incorporated under the laws of the Russian Federation whose registered office is at 16 Lva Tolstogo Street, Moscow, 119021, Russia, and registered with the Unified State Register of Legal Entities under number 1167746241222;

"**Material Change to the Budget**" means, in relation to an approved Budget for any Financial Year: (A) any decrease of \*\* or more in budgeted (i) gross merchandise value or (ii) revenue (sales); or (B) any increase or decrease of \*\* or more in budgeted (i) EBITDA, (ii) net profit or (iii) CAPEX;

"**Material Change to the Business Plan**" means, in relation to an approved Business Plan: (A) any decrease of \*\* or more for any Financial Year in planned (i) gross merchandise value or (ii) revenue (sales); or (B) any increase or decrease of \*\* or more for any Financial Year in planned (i) EBITDA, (ii) net profit or (iii) CAPEX;

"**New Opportunity**" has the meaning set out in Clause 28.2.1;

"**New Opportunity Jurisdiction**" has the meaning set out in Clause 28.2.1;

"**Niche Products Business**" has the meaning set out in Clause **Error! Reference source not found.**;

"**Non-contributing Shareholder**" has the meaning set out in Clause 21.1.2;

"**Non-defaulting Shareholder**" has the meaning set out in Clause 23;

"**Notice**" means has the meaning set out in Clause 31.4.1;

"**Offer**" has the meaning set out in Clause 22.4.2(i);

"**Offeror**" has the meaning set out in Clause 22.4.1;

"**Option Agreements**" has the meaning set out in the Subscription Agreement;

"**Outstanding Amount**" has the meaning set out in Clause 21.1.2;

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**"Party"** means a party to this Agreement, and **"Parties"** shall be construed accordingly;

**"Permitted Web Counter"** has the meaning set out in Clause 5.9.4;

**"Persons Acting In Concert"**, in relation to a person, means persons which actively co-operate through the acquisition by them of shares in that person or a holding company of that person, pursuant to an agreement or understanding (whether formal or informal), with a view to obtaining or consolidating Control of that person;

**"Pre-Agreed Deputy"** means an individual mutually agreed between the Principal Shareholders to be a replacement of the CEO or CFO (as applicable) solely for the purposes of Clause 24;

**"Price Comparison Business"** means the business the primary purpose of which is to provide consumers with comparison of online prices of online retailers and merchants for non-perishable consumer goods potentially leading to transactions completed on the websites or apps of such online retailers or online merchants that is substantially similar to such business carried out through the website "market.yandex.ru" or Yandex.Market app as of the date of this Agreement. For the avoidance of doubt, the business of comparison of special offers and (or) discounts for goods, providing or facilitating cashbacks and business of Edadeal as carried out through the website "edadeal.ru", "yandex.ru", "edadeal.yandex.ru", "yandex.edadeal.ru", Edadeal app or Yandex app as of the date of this Agreement shall not be considered Price Comparison Business;

**"Principals"** means Sberbank and YNV, and **"Principal"** means either of them;

**"Principal Shareholders"** means Sberbank Nominee and YNV, and **"Principal Shareholder"** means either of them;

**"Private Placement"** has the meaning set out in Clause 18.1;

**"Promotion Channel"** means a method or format for the placement of the Company Advertising, including, Internet advertising, outdoor advertising, television and/or radio advertising;

**"Qualified IPO"** means a fully underwritten IPO where: (i) the valuation of the Group (for 100 per cent. of equity) is not less than \*\* and (ii) at least \*\* of the share capital of the Group are sold via such IPO;

**"Qualified IPO Notice"** has the meaning set out in Clause 26.3;

**"Realisation Date"** has the meaning set out in Clause 18.1;

**"Regulatory Condition"** means a *bona fide* requirement for material consent, clearance, approval or permission necessary to enable a Transferring Shareholder, the Remaining Shareholder and/or Offeror to be able to complete a transfer of Shares under applicable Laws;

**"Related Party Transaction"** has the meaning set out in Clause 4.1;

**"Remaining Shareholder"** has the meaning set out in Clause 22.4.1(vi)(a);

**"Requesting Shareholder"** has the meaning set out in Clause 6.2.5;

**"Resources"** means the Company Resources, the Yandex Resources or the Sberbank Resources, as the context may require;

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**"Restricted Employee"** means \*\*

**"Restricted Party"** means such entity or entities as may be agreed by the Principals in writing or by a simple majority of the Board from time to time;

**"Restricted Transferee"** means such entity or entities as may be agreed by the Principals in writing from time to time;

**"Right"** means any right, power or remedy in connection with this Agreement;

**"Rules"** has the meaning set out in Clause 31.1.1;

**"Russian OpCo"** means Yandex.Market LLC, a Russian limited liability company incorporated under the laws of the Russian Federation whose registered office is at 16 Lva Tolstogo Street, Moscow, 119021, Russia and registered with the Unified State Register of Legal Entities under number 1167746491395;

**"Sberbank Ancillary Agreements"** means:

(viii) \*\*

(ix) \*\*

(x) \*\*

**"Sberbank Assistant"** has the meaning set out in Clause **Error! Reference source not found.**;

**"Sberbank Data"** means the data set out in para. 3 of Schedule 1 to the Sberbank Data Sharing Agreement;

**"Sberbank Directors"** has the meaning set out in Clause 9.1.2(i)(a)(II);

**"Sberbank Financial Services Agreement"** means \*\*

**"Sberbank Independent Director"** has the meaning set out in Clause 9.1.2(i)(a)(I);

**"Sberbank Loyalty Program"** means any customer reward program for users of the Sberbank Services maintained by Sberbank from time to time during the term of this Agreement, including the program "Thank you from Sberbank";

**"Sberbank Promotion"** means all of the Company's activities aimed at placing information about Sberbank, references to the Sberbank Resources, and to marketing and/or other advertising materials of Sberbank on the Company Resources and/or the Company Services;

**"Sberbank Resources"** means the Advertising Inventories, as well as any other digital and/or offline inventory owned by Sberbank and/or its Affiliates and used to provide Sberbank Services;

**"Sberbank Service"** means any of the services offered by Sberbank and/or its Affiliates to Internet users, partners, customers and/or clients (for the avoidance of doubt, including vendors and purchasers);

**"Sberbank Shares"** means voting Shares of Class B of EUR 0.002 each;

**"Sberbank Special Promotion Services Request"** has the meaning set out in Clause 29.2.3;

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"**Sberbank Web Counter**" has the meaning set out in Clause 5.9.2(ii);

"**Search Wizard**" means \*\*

"**Service**" means any of the Company Services, the Yandex Services or the Sberbank Services, as the context may require;

"**Security Enforcement Opportunity**" means any investment opportunity that:

(xi) \*\*

(xii) \*\*

(e) \*\*

(f) \*\*

"**Senior Employee**" means persons holding positions in the Russian OpCo or in Market Lab (as applicable) listed in Part B of **Error! Reference source not found.**;

"**Senior Management**" means those positions in the Russian OpCo or in Market Lab listed in Part A of **Error! Reference source not found.**;

"**Shareholder**" means any holder of Shares from time to time having the benefit of this Agreement, including under the terms of a Deed of Adherence;

"**Shareholder Reserved Matters**" has the meaning set out in Clause 17.2;

"**Shareholder's Group**" means a Principal Shareholder and any Affiliate of that Principal Shareholder from time to time;

"**Shares**" means all the shares in the issued share capital of the Company from time to time;

"**Stichting Shares**" means voting shares of Class C of EUR 0.002 each in the share capital of the Company that may be issued to and held by Stichting from time to time;

"**Subscription Agreement**" has the definition set out in Recital (A);

"**Subscription Price**" has the meaning set out in Clause 21.1.1(i);

"**Subsequent Business Plan**" means a strategic business plan for the Group for a period of \*\* which, once approved, replaces the Initial Business Plan or the previous Subsequent Business Plan (as applicable) in all respects;

"**Surviving Provisions**" means Clause 1 (*Interpretation*), Clause 5 (*Contracts with YNV and Sberbank*), Clause 27 (*Duration, termination and survival*), Clause 28 (*Expansion of Joint Venture*), Clause 28.6 (*Restrictions*), Clause 30 (*Confidentiality*), Clause 31.1 (*Arbitration*), Clause 31.2 (*Governing law and submission to jurisdiction*), Clause 31.4 (*Notices*), Clause 31.5 (*Whole agreement and remedies*), Clause 31.6 (*Legal advice and reasonableness*), Clause 31.9 (*No partnership*), Clause 31.11 (*Survival of rights, duties and obligations*), Clause 31.12 (*Waiver*), Clause 31.13 (*Variation*), Clause 31.14 (*No assignment*), Clause 31.16 (*Invalidity/severance*), Clause 31.18 (*Costs*) and Clause 31.19 (*Third Party Rights*), and any other provisions of this Agreement to the extent relevant to the interpretation or enforcement of such provisions;

"**Tag-along**" has the meaning set out in Clause 22.4.1(vi);

"**Tag-along Default**" has the meaning set out in Clause 22.4.3(ii)(c);

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"**Tag-along Default Notice**" has the meaning set out in Clause 22.4.3(ii)(c);

"**Tag-along Shares**" has the meaning set out in Clause 22.4.3(ii)(a);

"**Tag Portion**" has the meaning set out in Clause 22.4.1(vi)(a);

"**Taxation**" or "**Tax**" means all forms of taxation (other than deferred tax) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, in each case in the nature of tax, whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments to a Tax Authority on account of Tax, in each case of the Netherlands, the Russian Federation or elsewhere in the world wherever imposed and whether chargeable or primarily against or attributable directly or primarily to a Group Company or any other person and all penalties and interest relating thereto;

"**Tax Authority**" means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation;

"**Technology Agreement**" means \*\*

"**Third Party Offer**" has the meaning set out in Clause 22.4.1;

"**Third Party Offer Price**" has the meaning set out in Clause 22.4.1(iv);

"**Third-Party Advertising Network Provider**" has the meaning set out in Clause 5.8.2(ii);

"**Third-Party Promotion Channels Provider**" has the meaning set out in Clause 5.10.1;

"**Traffic**" means visits by a certain number of Internet users to an Advertising Inventory over a certain period of time;

"**Transaction Documents**" has the meaning set out in the Subscription Agreement;

"**Transfer**", in the context of Shares or any Interest in Shares, means any of the following: (a) sell, assign, transfer or otherwise dispose of, or grant any option over, any Shares or any Interest in Shares; (b) create or permit to subsist any Encumbrance over Shares or any Interest in Shares; (c) enter into any agreement in respect of the votes or any other rights attached to any Shares or any Interest in Shares (including under this Agreement); or (d) renounce or assign any right to receive any Shares or any Interest in Shares;

"**Transfer Date**" has the meaning set out in Clause 25.1.3;

"**Transfer Notice**" has the meaning set out in Clause 22.4.2;

"**Transferee**" has the meaning set out in Clause 22.3;

"**Transferor**" has the meaning set out in Clause 22.3;

"**Transferring Shareholder**" has the meaning set out in Clause 22.4.1;

"**Transfer Shares**" has the meaning set out in Clause 22.4.1;

"**Unsuitable Director**" means a Director who has been charged with (or is suspected of) having, or determined by a court of competent jurisdiction to have, acted in material breach of the Laws or committed any serious criminal offence, or a material breach of any fiduciary duty in relation to the Group;

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"**VAT**" means within the European Union such Tax as may be levied in accordance with (but subject to derogations from) Council Directive 2006/112/EC and outside the European Union any Tax levied by reference to added value or sales;

"**Web Counter**" means a program element designed to collect information about users visiting and/or using the respective Company Services and/or Company Resources;

"**Yandex Advertising Network**" means the Advertising Network that is owned and operated by YNV and its Affiliates, official website of which is available at <https://partner2.yandex.ru/>;

"**Yandex Data**" means the data set out in para. 1.1 of Schedule 1 to the YNV Data Sharing Agreement;

"**Yandex Loyalty Program**" means any customer reward program for users of the Yandex Services maintained by Yandex Service Companies from time to time during the term of this Agreement, including the program "Yandex+";

"**Yandex Promotion**" means all of the Company's activities aimed at placing information about YNV and/or its Affiliates, references to the Yandex Resources, and to marketing and/or other advertising materials of YNV and/or its Affiliates on the Company Resources and/or the Company Services;

"**Yandex Resources**" means the Advertising Inventories, as well as any other digital and/or offline inventory owned by YNV and/or its Affiliates and used to provide the Yandex Services;

"**Yandex Service**" means any of the services offered by any Yandex Service Company to Internet users, partners, customers and/or clients (for the avoidance of doubt, including vendors and purchasers);

"**Yandex Service Company**" means (i) YNV, (ii) any Affiliate of YNV, (iii) any entity in which YNV holds or is entitled to acquire (directly or indirectly) no less than 25 per cent. of economic or voting rights, (iv) any entity which is treated by YNV as an Affiliate for the purposes of advertising or promotion, including co-branding activities, and/or (v) any entity that the Principal Shareholders have agreed in writing to treat as a Yandex Service Company for the purposes of this Agreement;

"**Yandex Services Promotion Features**" means \*\*

"**Yandex Web Counter**" has the meaning set out in Clause 5.9.2(i);

"**YM Shopping Skill**" has the meaning set out in Clause **Error! Reference source not found.**;

"**YNV Advertising Code**" means the Advertising Code the rights to which belong to YNV and/or its Affiliates;

"**YNV Ancillary Agreements**" means:

(xiii) \*\*

(xiv) \*\*

(xv) \*\*

(xvi) \*\*

(xvii) \*\*

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(xviii) \*\*

(xix) \*\*

"**YNV Assistant**" has the meaning set out in Clause **Error! Reference source not found.**;

"**YNV Directors**" has the meaning set out in Clause 9.1.2(ii)(a)(II);

"**YNV Independent Director**" has the meaning set out in Clause 9.1.2(ii)(a)(I);

"**YNV Shares**" means voting Shares of Class A of EUR 0.002 each; and

"**YNV Special Promotion Services Request**" has the meaning set out in Clause 29.2.2(i).

**19.1 Singular, plural, gender**

References to one gender include all genders and references to the singular include the plural and vice versa.

**19.2 References to persons and companies**

References to:

**19.2.1** a person includes any company, corporation, firm, joint venture, partnership or unincorporated association (whether or not having separate legal personality); and

**19.2.2** a company include any company, corporation or any body corporate, wherever incorporated.

**19.3 References to subsidiaries and holding companies**

A company is a "**subsidiary**" of another company (its "**holding company**") if that other company, directly or indirectly, through one or more subsidiaries:

**19.3.1** holds a majority of the voting rights in it;

**19.3.2** is a member or shareholder of it and has the right to appoint or remove a majority of its board of directors or equivalent managing body;

**19.3.3** is a member or shareholder of it and controls alone, or pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or

**19.3.4** has the right to exercise a dominant influence over it, for example by having the right to give directions with respect to its operating and financial policies, with which directions its directors are obliged to comply.

**19.4 Schedules etc.**

References to this Agreement shall include any Recitals and Schedules to it and references to Clauses and Schedules are to Clauses of, and Schedules to, this Agreement. References to paragraphs and Parts are to paragraphs and Parts of the Schedules.

**19.5 Information**

References to books, records or other information mean books, records or other information in any form, including paper, electronically stored data, magnetic media, film and microfilm.

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**19.6 Legal terms**

References to any English legal term shall, in respect of any jurisdiction other than England and Wales, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.

**19.7 Headings**

Headings shall be ignored in interpreting this Agreement.

**19.8 Non-limiting effect of words**

The words "including", "include", "in particular" and words of similar effect shall not be deemed to limit the general effect of the words which precede them.

**19.9 Winding up**

References to the winding up of a person include any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

**19.10 Joint and several liability**

Any provision of this Agreement which is expressed to bind more than one person shall bind each of them severally and not jointly and severally.

**19.11 Modification etc. of statutes**

References to a statute or statutory provision include that statute or provision as from time to time modified or re-enacted or consolidated.

**19.12 Documents**

References to any document (including this Agreement) or to a provision in a document, shall be construed as a reference to such document or provision as amended, supplemented, modified, restated or novated from time to time.

**19.13 Non-applicability of *contra proferentem***

The Parties acknowledge and agree that this Agreement has been jointly drafted by the Parties and accordingly the *contra proferentem* rule (or any similar rule of interpretation) shall not be applied against any Party.

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**PART B – SCOPE OF THE JOINT VENTURE**

**2 Purpose of joint venture**

The business of the Group shall be to engage in e-commerce on a worldwide basis, including, without limitation, through:

- 2.1** \*\*
- 2.2** \*\*
- 2.3** \*\*
- 2.4** \*\*
- 2.5** \*\*
- 2.6** \*\*
- 2.7** \*\*
- 2.8** \*\*

(together, the "**Business**").

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**PART C – CONDUCT AND OPERATIONS OF THE COMPANY**

**3 Conduct and development of the Business**

**3.1 General**

- 3.1.1 The Shareholders agree that their respective rights and obligations in relation to the Group and the Business shall be regulated by this Agreement and the Articles. The Shareholders agree to comply with the provisions of this Agreement and all provisions of the Articles which relate to them.
- 3.1.2 Sberbank shall procure that Sberbank Nominee complies with all of its obligations under this Agreement, other Transaction Documents and the Articles.
- 3.1.3 The Shareholders shall (so far as they lawfully can) ensure that the Company complies with all of its obligations under this Agreement, other Transaction Documents and the Articles.
- 3.1.4 The Company agrees to comply with all of its obligations under this Agreement, other Transaction Documents and the Articles and procure that the Group Companies do the same.

**3.2 Conduct and promotion of the Business**

The Shareholders shall vote their Shares and otherwise act within their power (so far as they lawfully can) to ensure the following:

- 3.2.1 that the Business shall be conducted in accordance with the Business Plan and Budget; and
- 3.2.2 that the Company shall not act, and shall procure (insofar as it lawfully can) that any Group Company shall not act, otherwise than in accordance with applicable Laws, the Transaction Documents and the Articles.

**4 Related Party Transactions. Group Company claims**

- 4.1 Subject to Clause 5 and unless the Principal Shareholders agree otherwise (including in respect of any amendment to an Ancillary Agreement), the Principal Shareholders and the Company shall procure that any new (and any extension or other modification of any existing) transaction, arrangement or dealing by any member of the Group with any member of a Shareholder's Group (a "**Related Party Transaction**") shall be entered into by such member on an arm's length commercial basis, on terms not unfairly prejudicial to the interest of either Principal Shareholder or the Group and shall be subject to the prior consent of the Board by a Board Super Majority.
  - 4.2 Where a Group Company may have a claim against any Principal Shareholder or its Affiliate (including under the Subscription Agreement or otherwise), all decisions relating to any action in respect of the conduct of such claim by the relevant Group Company (including any action required to initiate proceedings, compromise, settle, defend, remedy, mitigate, appeal or apply for any interim injunction or other application or action (including interim defence)) shall be taken by a simple majority of the Board.
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## 5 Contracts with YNV and Sberbank

The Principals and the Company shall procure that:

- 5.1 YNV (or its relevant Affiliate) shall provide services and grant rights to the Group pursuant to each of the YNV Ancillary Agreements (and shall ensure that each such YNV Ancillary Agreement remains in full force and effect) during the period from the date of this Agreement until the date that is:

5.1.1 in case of \*\*

5.1.2 in case of \*\*

5.1.3 in case of \*\*

in each case, following the earlier of \*\*. Notwithstanding the foregoing, \*\* and

5.1.4 in case of any other \*\*.

- 5.2 Sberbank (or its relevant Affiliate) shall provide services to the Group pursuant to each of the \*\*, provided that:

5.2.1 \*\*

(i) \*\*

(ii) \*\*

\*\*

\*\*

5.2.2 \*\*

(i) \*\*

(ii) \*\*

5.2.3 \*\*

(i) \*\*

(ii) \*\*

(iii) \*\*

(a) \*\*

(b) \*\*

(iv) \*\*

(a) \*\*

(b)

(c) \*\*

(I) \*\*

(II) \*\*

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5.2.4                   \*\*

**5.3     Conduct of AA Disputes**

The Principal Shareholders shall procure that in case of any dispute or claim arising out of or in connection with any Ancillary Agreement (including as a result of a breach or termination of such Ancillary Agreement) between a Principal Shareholder (or its Affiliate) and a Group Company (an "**AA Dispute**");

- 5.3.1     the Company shall as soon as reasonably practicable give written notice to the other Principal Shareholder (the "**Conducting Shareholder**") stating reasonable details (to the extent known to the Company at the relevant time) of the nature of the AA Dispute, copies of any formal demand or complaint, the circumstances giving rise to it, and (if practicable) a bona fide estimate of any alleged loss (if applicable);
- 5.3.2     the Appointed Directors of the Conducting Shareholder shall be entitled to take such action on behalf of the Company as they shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest such claim or liability in connection with the AA Dispute, and the Appointed Directors of the other Principal Shareholder shall recuse themselves from any discussions of decisions in such regard (whether or not so required by Laws), and the presence of such Appointed Directors of the other Principal Shareholder shall not be required for to constitute a quorum of the Board for such purposes; and
- 5.3.3     the Group Companies shall allow the Conducting Shareholder to investigate the AA Dispute (including whether and to what extent any amount is or may be payable in respect thereof) and shall make available to the Conducting Shareholder all such information it may reasonably require.

5.4                   \*\*

5.5                   \*\*

5.6                   \*\*

5.6.1                         \*\*

(i)                   \*\*

(ii)                   \*\*

(iii)                   \*\*

(iv)                   \*\*

\*\*

5.6.2                         \*\*

5.7     For the avoidance of doubt, nothing in Clause 5.2 or in any agreement between the Group and Sberbank (including its Affiliates) or any Financial Service Provider shall restrict any vendor or purchaser which uses the Group's marketplace or online retail store from:

5.7.1     using any payment card as a means of payment solely on the basis of the issuing bank of such card; or

5.7.2     using any payment or financial services available to such vendors or purchasers; or

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5.7.3 borrowing money from any third party; or

5.7.4 using any other means of payment for acquisition of any goods or services.

**5.8 Principles of interaction in connection with the placement of the Advertising on the Company Resources**

5.8.1 Subject to Clauses 5.8.2 and 5.8.3, the Company Resources shall incorporate the YNV Advertising Code and the installation of the Advertising Code of any third-party Advertising Network or use of any other code, software or technology, either owned and/or provided by the third party and/or by the Company, resulting in the placement of Advertising from any third-party Advertising Network shall not be allowed.

5.8.2 (x) Advertising Code of any third-party Advertising Network may be installed on the Company Resources and/or (y) other code, software or technology, either owned and/or provided by any third party and/or by the Company, and resulting in the placement of Advertising from any third-party Advertising Network could be used only if all of the following conditions are met:

- (i) the Group shall arrange for a tender procedure or any other procedure for solicitation of alternative proposals in respect of the Advertising Network no later than \*\* prior to the proposed start of integration with such Advertising Network;
  - (ii) YNV (or its Affiliate) shall be entitled to take part in such procedure on an equal footing with any third-party provider of the Advertising Network (each, a **"Third-Party Advertising Network Provider"**);
  - (iii) where a Third-Party Advertising Network Provider selected by the Company pursuant to such procedure offers commercial terms and conditions of cooperation that are more favourable to the Group than the terms and conditions of the Yandex Advertising Network, YNV (or its Affiliate) shall be entitled within \*\* from the date of such Third-Party Advertising Network Provider's offer to match such terms and conditions, in which case the Advertising will continue to be placed on the Company Resources through the Yandex Advertising Network;
  - (iv) if YNV (or its Affiliate) fails to match such terms and conditions:
    - (a) the engagement of the relevant Third-Party Advertising Network Provider for integration with the Advertising Network shall be subject to prior approval by the Board as a Board Reserved Matter; and
    - (b) no later than \*\* in advance of the relevant Board meeting, the CEO shall prepare and provide to the Board a memorandum setting out a detailed explanation of the rationale (including strategic considerations) for the Group for terminating cooperation with YNV and beginning cooperation with the third-party Advertising Network.
  - (v) if the Board approves engagement of the relevant Third-Party Advertising Network Provider for integration with the Advertising Network as a Board Reserved Matter pursuant to Clause 5.8.2(iv)(a), the relevant contract with
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(or terms of engagement of) such Third-Party Advertising Network Provider shall provide that the Third-Party Advertising Network Provider shall not:

- (a) make any public announcements in relation to its engagement by the Group;
- (b) use the Group's name in its own advertising or promotion;
- (c) advertise or promote any of its products or services analogous to Yandex Services:
  - (i) to or among the Group's customers on the Group's properties; or
  - (ii) to or among any users of the Company Resources that came to the Company Resources through any promotion channel contemplated by clause 4 of the Technology Agreement (other than any such users who had visited the Company Resources at least once in the six-month period prior to their first visit of the Company Resources through such Promotion Channel).

5.8.3 Without prejudice to Clauses 5.8.1 and 5.8.2 above, the Company may, in order to improve the Company Services and/or the Company Resources, and in preparation for the procedures described in Clause 5.8.2 above, conduct experiments related to the installation of an Advertising Code of a third-party Advertising Network on the Company Resources (each, an **"AdvServices Experiment"**), provided all of the following conditions are satisfied:

- (i) the AdvServices Experiment will not account for more than \*\* of the monthly Traffic of the Company Resource and/or Resource element (and all such AdvServices Experiments running simultaneously in any calendar month may not account for more than \*\* of the monthly Traffic of the Company Resource and/or the Company Resource element);
- (ii) the duration of an AdvServices Experiment in respect of any Third-Party Advertising Network Provider will be limited, and, in any case, may not exceed \*\* in aggregate within a calendar year in respect of such Third-Party Advertising Network Provider; and
- (iii) the Company shall notify the Principal Shareholders of an AdvServices Experiment in advance, but, in any event, at least \*\* before the beginning of the AdvServices Experiment. Such notice shall include the identity of the Third-Party Advertising Network Provider and any other persons participating in the AdvServices Experiment (including when the Advertising Code is not owned by the Third-Party Advertising Network Provider).

## 5.9 Principles of interaction in connection with the installation of Web Counters on the Company Resources

5.9.1 The Yandex Web Counter (as defined in Clause 5.9.2(i)) shall be installed on the Company Resources. In addition to the Yandex Web Counter, the Company or its Subsidiaries may also install the Sberbank Web Counter (as defined in Clause 5.9.2(ii)) and/or the Company Web Counter (as defined in Clause 5.9.2(iii))

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on the Company Resources. No other Web Counters may be installed on any Company Resources, except as otherwise provided for in Clause 5.9.3.

5.9.2 A Web Counter installed on the Company Resources shall meet the following criteria:

- (i) In the case of the Web Counter of YNV and/or its Affiliates:
  - (a) such Web Counter shall not have access to the Sberbank Data; and
  - (b) such Web Counter (i) shall have been developed by YNV and/or its Affiliates independently and is not a version, a modification and/or other adaptation of any Web Counters owned by any third party (including Google and Facebook) or (ii) if developed by a third party, shall have been assigned or exclusively licensed to YNV and/or its Affiliates, subject to compliance with Clause 5.15(the "**Yandex Web Counter**");
- (ii) In the case of the Web Counter of Sberbank and/or its Affiliates:
  - (a) such Web Counter shall not have access of the Yandex Data; and
  - (b) such Web Counter (i) shall have been developed by Sberbank and/or its Affiliates independently and is not a version, a modification and/or other adaptation of any Web Counters owned by any third party (including Google and Facebook), or (ii) if developed by a third party, shall have been assigned or exclusively licensed to Sberbank and/or its Affiliates, subject to compliance with Clause 5.15(the "**Sberbank Web Counter**");
- (iii) In the case of the Company Web Counter:
  - (a) such Web Counter shall not have access to the Yandex Data or the Sberbank Data; and
  - (b) such Web Counter (i) shall have been developed by the Company and/or its Subsidiaries independently and is not a version, a modification and/or other adaptation of any Web Counters owned by third parties (including Google and Facebook), or (ii) if developed by a third party, shall have been assigned or exclusively licensed to the Company and/or its Subsidiaries, subject to compliance with Clause 5.15(the "**Company Web Counter**").

5.9.3 Notwithstanding Clauses 5.9.1 and 5.9.2 above and subject to Clause 5.9.4 below, a third-party Web Counter may be installed on the Company Resources, in the following cases:

- (i) in case of a Permitted Web Counter, on a mobile application if such mobile application constitutes a Company Resource, provided that in addition to such Web Counter, the Yandex Web Counter shall also be installed on such mobile application. In addition to the Yandex Web Counter, the Sberbank Web Counter may also be installed on such Company Resource;
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- (ii) in case of a Permitted Web Counter, in the event the placement of such Web Counter is required for the monitoring of the efficiency of the Company Advertising placement, provided that such Web Counter will not have access to the Yandex Data or the Sberbank Data, and will be placed (used) solely on the page (section) of the Company Service and/or Company Resource, to which the Internet users are redirected when interacting with the Company Advertising;
  - (iii) in the event the placement of a third-party Web Counter is effected for the purposes of an experiment conducted by the Company on the Company Resources and/or Company Services, provided that all of the following conditions are satisfied:
    - (a) such experiment shall not account for more than \*\* of the monthly Traffic and/or audience of the Company Resource and/or Company Resource element (and all such experiments running simultaneously in any calendar month may not account for more than \*\* of the monthly Traffic and/or audience of the Company Resource and/or the Company Resource element);
    - (b) the duration of an experiment in respect of such third-party Web Counter will be limited, and, in any case, may not exceed any \*\* in aggregate within a calendar year in respect of such third party Web Counter; and
    - (c) the Company shall notify the Principal Shareholders of an experiment in advance, but, in any event, not less than \*\* before the beginning of the experiment. It being understood that such notification shall include the identity of the third party that owns the relevant Web Counter.
- 5.9.4** For the purposes of Clause 5.9.3, a **"Permitted Web Counter"** means any Web Counter owned by Facebook, Google, Criteo (remarketing network), Adjust (for mobile applications) or iTunes Connect (for mobile applications). The list of Permitted Web Counters may be amended based on a reasoned request of a Principal Shareholder or the Company in accordance with the following procedure:
- (i) any amendment to the list of the Permitted Web Counters shall be subject to prior approval by the Board as a Board Reserved Matter; and
  - (ii) no later than \*\* in advance of the relevant Board meeting, the Company or the relevant Principal Shareholder shall prepare and provide to the Board a reasoned request setting out a detailed explanation of the rationale (including strategic considerations) for the proposed amendment of the list of the Permitted Web Counters.
- 5.10 Principles for the Distribution of the Company Advertising**
- 5.10.1** The Company may from time to time place Company Advertising using the Promotion Channels owned and/or provided by any third party (a **"Third-Party Promotion Channels Provider"**), provided that the Parties shall ensure that the following procedure is complied with (other than in case of any advertising services
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as placed with Third-Party Promotion Channels Providers as of the date of this Agreement):

- (i) the Company shall notify the Principal Shareholders of its intention to place Company Advertising using new Third-Party Promotion Channels Provider and the relevant terms of the Third-Party Promotion Channels Provider offer;
  - (ii) YNV (or its Affiliate) shall be entitled to provide its offer in respect of placing such Company Advertising. In case a Promotion Channel can only be provided to the Company by YNV (or its Affiliate) in an agent capacity or through an advertising reseller, Sberbank (or its Affiliate), including in an agent capacity or through an advertising reseller, shall also be entitled to provide its offer in respect of placement of the Company Advertising through such Promotion Channel; and
  - (iii) within \*\* from the date of the Company's written notice pursuant to Clause 5.10.1(i), YNV (or its Affiliate) shall be entitled to match an offer of a Third-Party Promotion Channels Provider or of Sberbank (if allowed pursuant to Clause 5.10.1(ii)) in respect of the relevant Promotion Channel(s), whichever offer is selected pursuant to a tender procedure or any other procedure for solicitation of alternative proposals in respect of the relevant Promotion Channel(s), provided the matching offer of YNV (or its Affiliate) is "equivalent" to the offer of a Third-Party Promotion Channels Provider or Sberbank (as the case may be), in which case the Company shall place such Company Advertising with YNV (or its Affiliate).
- 5.10.2** The Parties shall separately agree on what constitutes an "equivalent" matching offer for the purposes of Clause 5.10.1(iii), having regard to, among other things, the audience of the relevant Company Advertising, (if applicable) CTR and the offer price.
- 5.10.3** In case YNV (or its Affiliate) fails to match the offer, the relevant contract entered into by the Company with (or terms of engagement of) the Third-Party Promotion Channels Provider shall provide that the Third-Party Promotion Channels Provider shall not:
- (i) make any public announcements in relation to the provision of any services to the Group;
  - (ii) use the Group's name in its own advertising or promotion, other than to advertise or promote specific products and/or services provided to the Group by such Third-Party Promotion Channels Provider;
  - (iii) advertise or promote any of its products or services analogous to Yandex Services:
    - (a) to or among the Group's customers on the Group's properties; or
    - (b) to or among the users of the Company Resources, which came to the Company Resources through any promotion channel contemplated by clause 4 of the Technology Agreement (other than any such users who had visited the Company Resources at least once in the six-month
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period prior to their first visit of the Company Resources through such Promotion Channel).

**5.11 Principles of interaction in connection with the use of Logins in the Company Services and the Company Resources**

- 5.11.1 In providing the Company Services, the Company, and its Subsidiaries shall use the Login infrastructure of YNV (and/or its Affiliates) ("Яндекс.Паспорт" or another Login infrastructure of YNV (and/or its Affiliates), which may be developed in the future), where the set of authorization methods and options are determined by YNV (and/or its Affiliates).
- 5.11.2 In the event the Company decides to use another Login infrastructure instead of the Login infrastructure of YNV (and/or its Affiliates), in providing the Company Services as described in Clause 5.11.1, the Company and its Subsidiaries (i) shall use the Logins of Sberbank and the Logins of YNV (and/or its Affiliates) or (ii) may use the Logins of third parties (other than any Restricted Party, unless the Principal Shareholders agree otherwise) and/or the Logins of the Company. If the Logins of Sberbank, the Logins of the Company, and/or the Logins of such third parties are so used, the Company shall ensure "end-to-end identification" between such Logins and the principal Login of YNV (and/or its Affiliates), or otherwise ensure the link between such Logins and the principal Login of YNV (and/or its Affiliates), which is compatible with, and accounts for, the Login infrastructure of YNV (and/or its Affiliates). The Parties acknowledge and agree that YNV may refuse "end-to-end identification" or other link between the Login of YNV (and/or its Affiliates) and any other Login (including the Logins of Sberbank) in case such actions require unreasonable development costs or may jeopardize information security of the Yandex Services, in which case the Login infrastructure of YNV (and/or its Affiliates) shall be used in accordance with Clause 5.11.1.

**5.12 Principles of cooperation in connection with the Yandex Promotion and the Sberbank Promotion**

- 5.12.1 The Company shall carry out the Yandex Promotion and the Sberbank Promotion by means and on the terms to be determined in the relevant contracts between the Company and YNV (or its Affiliate) and between the Company and Sberbank (or its Affiliate) respectively.
- 5.12.2 Without prejudice to Clause 5.12.1 above, the Company and its respective Subsidiaries shall place on each page and/or in each element of the Company Services and/or the Company Resources, a clickable link(s) directing the users, partners and/or customers of the Company Services to the Yandex Resource(s) (at YNV's choice) and the Sberbank Resource(s) (at Sberbank's choice) (each, a "Link").
- 5.12.3 Notwithstanding the foregoing, the placement of each Link shall be carried out subject to design and product policy requirements of the Company and/or content of the respective Company Service and/or Company Resource. If the Company concludes in good faith that the proposed placement of a Link does not comply with such requirements, the Company is entitled to refuse the placement of such Link.

**5.13 Principles of cooperation in connection with Loyalty Programs**

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- 5.13.1 The Company shall participate in the Yandex Loyalty Program on the terms and conditions to be determined in an agreement between the Company and YNV (or its relevant Affiliate) based on the following principle: the terms and conditions for participation of the Company in the Yandex Loyalty Program (including in respect of the availability and amount of reimbursement of the Company's costs for participation in the Yandex Loyalty Program) will be analogous to the terms of participation of other Yandex Services in the Yandex Loyalty Program.
- 5.13.2 The Company shall participate in the Sberbank Loyalty Program on the terms and conditions to be determined in an agreement between Sberbank (or its relevant Affiliate) and the Company.

**5.14 Promotion Ancillary Agreements**

The Principal Shareholders and the Company shall procure that the following agreements are entered into as soon as practicable following the date of this Agreement (unless entered into before that):

- 5.14.1 agreement(s) in respect of promotion of YNV (and/or its Affiliate) by the Group; and
- 5.14.2 agreement(s) in respect of promotion of Sberbank by the Group.

Neither the Company, nor any of its Subsidiaries shall resell or grant access to any third parties (other than to any Group Companies) to services obtained by the Company pursuant to any of the Ancillary Agreements, except if such resale or grant of access are expressly permitted under such Ancillary Agreements.

**5.15 Data**

In connection with the placement of the Advertising on the Company Resources and further development of the Company Services, the Company shall not:

- 5.15.1 sell or otherwise transfer any Yandex Data or Sberbank Data received by the Company to any third party;
- 5.15.2 sell or otherwise offer any services which will be based on or will use any Yandex Data or Sberbank Data; and
- 5.15.3 sell or otherwise transfer the Company Data to any third party, save for YNV or Sberbank (or their respective Affiliates), subject to compliance with the rules provided for in the respective Data Sharing Agreement, and subject to Clause 5.10 above.

**5.16 SLA of the Technology Agreement**

The Principal Shareholders and the Company agree that during six (6) months following the date of this Agreement, the Russian OpCo and Yandex LLC will negotiate in good faith amendments to the Service Level Agreement (set out in Part 3 of Schedule 2 to the Technology Agreement). Following the expiration of such six-month period, the CTO shall report to the Directors the outcomes of such negotiations.

**5.17 Yandex and Sberbank ecosystems**

Recognising the unique ties between the Group and Yandex consumer ecosystem, the Parties agree that they have an aspiration to preserve such ties between the Group and

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Yandex consumer ecosystem and maintain the Group within the Yandex and Sberbank ecosystems.

## **6 Budgets, Business Plans and financial information**

### **6.1 Accounting principles**

The Shareholders agree that the Company shall initially prepare its and the Group's consolidated financial statements in accordance with US GAAP, although the accounting principles in accordance with which the Company prepares such financial statements may be changed by the Board from time to time, provided that, unless required by Law, the Board shall not implement any change to the accounting principles which may prejudice the ability of the Company to implement an IPO or a Qualified IPO.

### **6.2 Information**

**6.2.1** The Shareholders agree that the Company shall prepare and shall submit to the Principal Shareholders:

- (i) annual audited consolidated accounts of the Group prepared in accordance with US GAAP, confirmed by the Auditor – \*\*
- (ii) annual audited consolidated accounts of the Group (consisting solely of consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, without notes thereto, information on operations with related parties), all in the format provided by Sberbank (and taking into consideration the materiality threshold of the Sberbank's group) prepared in accordance with IFRS with:
  - (a) preliminary draft accounts (consisting of consolidated statement of financial position, consolidated statement of comprehensive income, and consolidated statement of changes in equity, without notes thereto, and excluding information on operations with related parties) \*\* and
  - (b) audited and confirmed by Auditor accounts – \*\*.

It is understood and agreed that the audit of the annual consolidated accounts of the Group shall be performed by Auditors acting as a component auditor under Sberbank auditor's referral instructions. Referral instructions will be pre-agreed by the Auditors and the component auditor in due course;

- (iii) quarterly consolidated accounts of the Group prepared in accordance with US GAAP, including a statement of income, balance sheet and statement of cashflow, each reviewed by the Auditors and confirmed by the Auditor – within \*\* of the end of the calendar quarter to which they relate;
  - (iv) quarterly consolidated accounts of the Group (consisting solely of consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, without notes thereto, information on operations with related parties), all in the format provided by Sberbank, (and taking into consideration the materiality threshold of the Sberbank's group) prepared in accordance with IFRS,
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reviewed and confirmed by the Auditors – \*\* of the end of the calendar quarter to which they relate, save for the first and second calendar quarters of 2018 for which the quarterly consolidated accounts of the Group shall be reviewed and confirmed by Auditors \*\* of the end of the respective quarter. It is understood and agreed that the review of the quarterly consolidated accounts of the Group shall be performed by Auditors acting as a component auditor under Sberbank auditor's referral instructions. Referral instructions will be pre-agreed by the Auditors and the component auditor in due course;

- (v) a quarterly report on the consolidated financial and trading position and affairs of the Group (consisting solely of a statement of income), including performance against the Business Plan and Budget prepared by the CEO in the form to be determined by the Board – \*\* of the end of each calendar quarter;
  - (vi) monthly unaudited consolidated management accounts of the Group (prepared in accordance with IFRS) in the format agreed by the Principal Shareholders and contained on a DVD initialled for identification purposes by legal advisors of each of the Principals – \*\* of the end of each month (starting from the month ending on 31 March 2018);
  - (vii) a copy of all financial statements and accounts that are required by Laws to be prepared by any Group Company for statutory or Taxation purposes – at the same time when they are due to be filed with the relevant governmental or Tax Authorities; and
  - (viii) such other information relating to the Business or financial condition of the Company or of any Group Company as any Principal Shareholder may reasonably require to enable it and/or its Affiliates to comply with applicable Laws, requests from governmental or regulatory bodies to which it is subject, Tax and reporting and information requirements – within a reasonable period of time following such request for the information.
- 6.2.2** The Shareholders agree that the Company shall engage a Big Four Firm to prepare an appraisal for the purposes of purchase price allocation (PPA) for the subsequent use for the purposes of preparation of the reports listed in Clause 6.2.1. The timing and scope of work for such appraisal shall be agreed by the Shareholders promptly following Closing.
- 6.2.3** Sberbank shall compensate to the Company the IFRS Costs, provided that if the Company adopts the IFRS as its primary financial reporting standards in respect of consolidated accounts of the Company and its subsidiaries (other than solely for statutory reporting purposes) Sberbank shall no longer compensate any future IFRS Costs to the Company.
- 6.2.4** The Company shall at all times procure that the Group provides each Principal Shareholder with the same information in respect of the affairs of the Group as provided by the Group to the other Principal Shareholder (other than, for the avoidance of doubt, information provided pursuant to terms of any Ancillary Agreement).
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6.2.5 Without limiting the generality of Clause 6.2.3 and in addition to the rights set out in Clause 15.2 relating to the provision of information to the Board, a Principal Shareholder (the "Requesting Shareholder") acting through its Appointed Director may, at its own expense, at all reasonable times and after giving reasonable notice to the Company and the other Principal Shareholder (who, at its own expense, shall be provided by the Group with the same information as the Requesting Shareholder):

- (i) discuss the affairs, finances and accounts of the Group with the Management Team;
- (ii) inspect and make copies of all books, records, accounts and documents relating to the Business and the affairs of the Group; and
- (iii) provide a certificate signed by the CEO of the Principal Shareholder to require that the books and records of any Group Company be audited up to once per calendar year by a Big Four Firm auditor (other than the Auditor) appointed by such Principal Shareholder (such auditor being bound by customary confidentiality obligations). The Parties shall procure that each Group Company provides such cooperation as is reasonably sought by any such auditor in performing such audit.

### 6.3 Approval of Subsequent Business Plans and Budgets

6.3.1 The Parties shall procure that, no later than \*\* of each Financial Year (starting from 2018), the CEO prepares:

- (i) a Subsequent Business Plan for the period of the \*\*; and
- (ii) a Budget for the Group for the \*\*,

and submits them to the Board for approval. The Board shall have \*\* from the date it receives such Subsequent Business Plan and such Budget to decide whether or not to approve each of them, subject to such amendments as the Board agrees to be appropriate. In the event that the Board rejects any such Subsequent Business Plan and/or the Budget, the CEO shall have a further period of \*\* to submit a revised Subsequent Business Plan and/or a revised Budget. The Board shall have a further period of \*\* from the date it receives such revised Subsequent Business Plan and/or such revised Budget to decide whether or not to approve it, subject to such amendments as the Board agrees to be appropriate.

6.3.2 The Parties shall procure that each Subsequent Business Plan (based on the amounts prepared under IFRS or in a form comparable with the relevant IFRS Accounts) shall include the following in relation to each of the relevant Financial Years:

- (i) \*\*
  - (ii) \*\*
  - (iii) \*\*
  - (iv) \*\*
  - (v) \*\*
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**6.3.3** The Parties shall procure that each Budget (based on the amounts prepared under IFRS or in a form comparable with the relevant IFRS Accounts) shall include the following in relation to the relevant Financial Year:

- (i) \*\*
- (ii) \*\*
- (iii) \*\*
- (iv) \*\*
- (v) \*\*
- (vi) \*\*

The Shareholders agree that the Company shall prepare and shall submit for each Board meeting (but no more than once a quarter) an updated forecast of the selected line items of the Budget based on the actual performance of the Group.

**6.3.4** If in any Financial Year:

- (i) a Subsequent Business Plan is not approved, the expenditures section of the last approved Business Plan for the relevant upcoming Financial Year shall apply, save that each relevant item of expenditure shall be increased by no more than \*\* unless and until the new Subsequent Business Plan is approved; and/or
  - (ii) a Budget is not approved, the expenditures section of the previous Financial Year Budget shall continue to apply, save that each relevant item of expenditure shall be increased by no more than \*\* unless and until the new Budget is approved.
  - (iii)
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## **PART D – MANAGEMENT AND CONTROL**

### **7 Powers and duties of the Board of Directors**

- 7.1** The Board shall be responsible for the supervision and overall management of the Business of the Group:
- 7.1.1** in accordance with the Business Plan and Budget; and
- 7.1.2** in the interests of the Shareholders collectively so as to maximise the Group's equity value, without regard to the individual interests of any of the Shareholders.
- 7.2** The Board shall be responsible for deciding all matters in relation to the Business of the Group other than any Shareholder Reserved Matters.
- 7.3** The Board shall review all the information which the Management Team provides it in accordance with Clause 15.2 and shall ensure that the Management Team competently fulfil their duties in accordance with Clause 15.1.

### **8 Board Reserved Matters**

- 8.1** Subject to the provisions of Clauses 24 and 25.2.2, the Shareholders shall procure so far as they lawfully can that no action is taken or resolution passed by the Company or any Group Company, and the Company shall not take, and shall procure that no Group Company shall take, any action in respect of those matters set out in **Error! Reference source not found.** (the **"Board Reserved Matters"**) without the prior written approval of:
- 8.1.1** (unless Sberbank Nominee is a Transferring Shareholder and Clause 25.2.2 applies) for so long as Sberbank (together with its Affiliates) holds:
- (i) \*\* in the share capital of the Company or more, at least two Sberbank Directors; and
  - (ii) less than \*\* but more than \*\* in the share capital of the Company, at least one Sberbank Director; and
- 8.1.2** (unless YNV is a Transferring Shareholder and Clause 25.2.2 applies) for so long as YNV (together with its Affiliates) holds:
- (i) \*\* in the share capital of the Company or more, at least two YNV Directors; and
  - (ii) less than \*\* but more than \*\* in the share capital of the Company, at least one YNV Director,
- (the **"Board Super Majority"**).
- 8.2** Once the Board has passed a resolution in relation to a Board Reserved Matter, the matter shall be referred to the Company or relevant Group Company (as the case may be) for implementation.
- 8.3** A series of related transactions shall be construed as a single transaction, and any amounts involved in the related transactions shall be aggregated, to determine whether a matter is a Board Reserved Matter.
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## 9 Appointment of Directors

### 9.1 Number and identity of appointees

9.1.1 Unless the Principal Shareholders agree otherwise in writing, the Board shall comprise seven Directors.

9.1.2 Subject to Clause 10.3:

- (i) Sberbank Nominee shall appoint, for so long as Sberbank (together with its Affiliates) holds:
    - (a) no less than \*\* in the share capital of the Company or more:
      - (I) one Director who is an Independent Director (the "**Sberbank Independent Director**"); and
      - (II) two Directors who do not need to be Independent Directors (the "**Sberbank Directors**");
    - (b) less than \*\*, but no less than \*\* in the share capital of the Company, the Sberbank Independent Director and one Sberbank Director; and
    - (c) less than \*\*, but no less than \*\* in the share capital of the Company, the Sberbank Independent Director;
    - (d) less than \*\*, but no less than \*\* in the share capital of the Company, one representative to attend all meetings of the Board in a nonvoting observer capacity. The Company shall give such observer copies of all notices, minutes, consents, and other materials that it provides to the Directors at the same time and in the same manner as provided to the Directors; provided, however, that such observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further that the Company reserves the right (subject to a decision of a simple majority of Directors) to withhold any information and to exclude such observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such observer is or becomes engaged (whether as a shareholder, employee or director) or interested in any business which is of the same type as the Core Business (other than any passive shareholding of not more than \*\* of the outstanding shares of any company);
  - (ii) YNV shall appoint, for so long as YNV (together with its Affiliates) holds:
    - (a) no less than \*\* in the share capital of the Company or more:
      - (I) one Director who is an Independent Director (the "**YNV Independent Director**"); and
      - (II) two Directors who do not need to be Independent Directors (the "**YNV Directors**");
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- (b) less than \*\*, but no less than \*\* in the share capital of the Company, the YNV Independent Director and one YNV Director; and
  - (c) less than \*\*, but no less than \*\* in the share capital of the Company, the YNV Independent Director;
  - (d) less than \*\*, but no less than \*\* in the share capital of the Company, one representative to attend all meetings of the Board in a nonvoting observer capacity. The Company shall give such observer copies of all notices, minutes, consents, and other materials that it provides to the Directors at the same time and in the same manner as provided to the Directors; provided, however, that such observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further that the Company reserves the right (subject to a decision of a simple majority of Directors) to withhold any information and to exclude such observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such observer is or becomes engaged (whether as a shareholder, employee or director) or interested in any business which is of the same type as the Core Business (other than any passive shareholding of not more than \*\* of the outstanding shares of any company);
  - (iii) subject to Clause 9.1.2(iv), the Principal Shareholders shall procure that the CEO (as may change from time to time) shall always be appointed as a Director until completion of the Private Placement;
  - (iv) following completion of the Private Placement:
    - (a) the CEO shall resign and be removed from his position of Director; and
    - (b) the Additional Investor shall appoint one Director.
- 9.1.3** From the date of this Agreement, the Board shall consist of:
- (i) Sberbank Directors: \*\* and \*\*
  - (ii) Sberbank Independent Director: \*\*
  - (iii) YNV Directors: \*\* and \*\*
  - (iv) YNV Independent Director: \*\*; and
  - (v) \*\*

**9.2 Competency of proposed Directors. Appointment Disputes**

- 9.2.1** Where a Principal Shareholder (or the Additional Investor) is entitled to appoint a new Director in accordance with this Agreement or the Articles it shall:
- (i) take reasonable steps to ensure that its appointee is able to perform his/her duties competently; and
-

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- (ii) at least \*\* prior to the intended date of an appointment, (to the extent reasonably practicable) notify the other (or each) Principal Shareholder (and the Additional Investor, if applicable) of the name, qualifications, experience and intended date of appointment of the person it intends to appoint as a Director (except in the case of the first Directors named in Clause 9.1.3).
  - 9.2.2 Any appointment of an Appointed Director by a Principal Shareholder (the "**Appointing Shareholder**") (except in the case of the first Directors named in Clause 9.1.3) shall be subject to prior consent of the other Principal Shareholder (the "**Consenting Shareholder**"). If the Consenting Shareholder:
    - (i) elects not to give its consent in respect of such appointment, the Consenting Shareholder shall, within \*\* following receipt of the notice under Clause 9.2.1(ii), send a notice signed by its Chief Executive Officer (or in case where Sberbank Nominee is the Consenting Shareholder, the Chief Executive Officer of Sberbank) to the Chief Executive Officer of the Appointing Shareholder (or in case where Sberbank Nominee is the Appointing Shareholder, the Chief Executive Officer of Sberbank) setting out the reasons why consent in respect of such appointment is not given (the "**CEO Notice**"); or
    - (ii) does not send the CEO Notice within \*\* following receipt of the notice under Clause 9.2.1(ii), it shall be deemed to have consented to the appointment of the relevant Appointed Director.
  - 9.2.3 If the Consenting Shareholder sends a CEO Notice under Clause 9.2.2(i), the Principal Shareholders shall, as soon as practicable following the date of the CEO Notice, refer the relevant dispute in respect of appointment of the Appointed Director (the "**Appointment Dispute**") to the Chief Executive Officers of the Principals.
  - 9.2.4 If the Chief Executive Officers of the Principals are unable to reach agreement on the Appointment Dispute within \*\* of it being referred to them, the Appointing Shareholder shall send a notice to the Consenting Shareholder setting out the names of three alternative candidates to the position of an Appointed Director, including their qualifications, experience and intended date of appointment. If the Consenting Shareholder:
    - (i) notifies the Appointing Shareholder of its choice in favour of one of the three candidates within \*\* following the date of such notice from the Appointing Shareholder, the relevant chosen candidate shall be appointed as the Appointed Director; or
    - (ii) does not notify the Appointing Shareholder of its choice in favour of any of the candidates within \*\* following the date of such notice from the Appointing Shareholder, the Appointing Shareholder shall be free (by sending a notice to the Consenting Shareholder and the Company) to appoint any of the relevant three candidates as the Appointed Director,and, in each case, the relevant Appointment Dispute shall be deemed to have been resolved.
- 9.3 Other directorships. Conflict of interest
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Each Director shall declare himself/herself free from any conflict of interests relevant in his/her capacity as a Director and shall disclose to the Board information on any his/her engagement (whether as a shareholder, director, employee or otherwise) or Interest in any business which is of the same type as the Core Business:

- 9.3.1 upon his/her appointment as a Director, in the case of any such engagement or Interest held at the time of appointment; or
- 9.3.2 as soon as reasonably practicable, but in any event no later than at the next Board meeting, in the case of any new engagement or Interest during their period of service with the Company.

## 10 Replacement and removal of Directors

10.1 A Director may be removed as a director of the Company at any time:

- 10.1.1 subject to Clause 10.3, by notice in writing to the Company by the Principal Shareholder or the Additional Investor (as the case may be) who appointed him/her;
- 10.1.2 by notice in writing to the Company by any Principal Shareholder where such Director is an Unsuitable Director; or
- 10.1.3 subject to Clause 10.3, if he/she becomes engaged (whether as a shareholder, director, employee or otherwise) or interested in any business which is of the same type as, or substantially similar to, the Core Business (other than any passive shareholding of not more than three per cent. of the outstanding shares of any company), by a simple majority of the Board upon a request from any Principal Shareholder,

and the Principal Shareholder (or the Additional Investor, as applicable) that appointed such Director shall promptly remove such Director from his/her position and shall promptly appoint another Director in his/her place in accordance with Clause 9 and the Articles.

10.2 A Principal Shareholder (or the Additional Investor, as applicable) whose appointee has either been removed or has resigned as a Director shall fully indemnify and hold harmless the other Shareholders and the Group against all Losses incurred by the other Shareholders and/or the Group in respect of any claim made as a result of the removal or resignation of the Director.

10.3 Subject to Clause 10.1.2, no Director (whose name is set out in Clause 9.1.3) may be removed or replaced, prior to the earlier of:

- 10.3.1 the \*\* anniversary of Closing; or
- 10.3.2 the date which is \*\* from completion of a Private Placement,

unless:

- 10.3.3 the Principal Shareholders agree otherwise;
- 10.3.4 in the event of such Director's death or incapacity; or
- 10.3.5 in the case of the CEO:

- (i) where the CEO has been replaced in accordance with this Agreement (and a new CEO is to be appointed as a Director under Clause 9.1.2(ii)(d)); or
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- (ii) the Additional Investor becomes entitled to appoint a Director under Clause 9.1.2(iv)(b).

## **11 Chair**

- 11.1** The Chair shall chair all meetings of the Board at which he/she is present but shall not have a casting vote. The Chair shall ensure that all relevant papers for any Board meeting are properly circulated in advance and that all such Board meetings are quorate.
- 11.2** The Board shall decide by majority vote who shall act as Chair.
- 11.3** Board meetings shall be chaired by the Chair if he/she is present. If the Chair is not present at any Board meeting, the Directors present may appoint any one of their number to act as Chair for the purpose of the meeting.

## **12 Director remuneration**

Any Director who incurs expenses in fulfilling their duties as a Director shall be entitled to have such reasonable expenses reimbursed by the Company. Otherwise (but without prejudice to any remuneration payable to a Director in respect of executive duties carried out under any separate service agreement with the Group) the Directors (other than Independent Directors) shall not be entitled to receive any remuneration by way of salary, commission, fees or otherwise in relation to the performance of their duties as Directors. The remuneration of the Independent Directors shall be subject to decision of the Principal Shareholders.

## **13 Board meetings**

### **13.1 Frequency**

The Board shall decide how often Board meetings shall take place provided that:

- 13.1.1** they are held at least \*\* unless the Board Super Majority agrees otherwise; and
- 13.1.2** any Director or the CEO may convene a Board meeting on notice in accordance with Clause 13.3.1.

### **13.2 Place**

- 13.2.1** All Board meetings shall be held in Amsterdam, unless the majority of Directors agree otherwise, taking into account the respective Tax considerations of the Group and each of the Principal Shareholders and their Affiliates.
- 13.2.2** Any one or more Directors may participate in and vote at meetings of the Board through the medium of telephone conference or a similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout the meeting and the meeting is initiated in the Netherlands. A Director so participating shall be deemed to be present in person at the meeting and shall be counted in the quorum. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chair is present.
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- 13.2.3 In the case of a Board action by written circular resolution, any Director may vote by returning such circular resolution, duly completed and signed, to such person as is designated by the Chair within five (5) Business Days from the date on which such circular resolution is distributed. A circular resolution shall be considered duly taken in respect of any resolution if Directors representing a quorum exercise their vote (whether in favour, against or by way of abstention) in respect of such resolution in a written resolution duly completed and returned in accordance with this Clause 13.2.3.

### 13.3 Notice/agenda

- 13.3.1 \*\* notice by email or courier shall be given to each of the Directors of all Board meetings, except where a Board meeting is adjourned under Clause 13.4 or where a Board Super Majority agree to a shorter notice period and all the Directors are notified of the shorter notice period.
- 13.3.2 \*\* of the date of such notice, any Shareholder or Director may propose an item for inclusion in the agenda together with a related resolution to be proposed at such Board meeting.
- 13.3.3 \*\* before a meeting, a reasonably detailed agenda shall be sent to each of the Directors by email or courier which shall:
- (i) specify whether any Board Reserved Matters are to be considered; and
  - (ii) be accompanied by any relevant papers.
- 13.3.4 Each Principal Shareholder (or the Additional Investor, as applicable) shall use its reasonable endeavours to ensure that at least one Director appointed by it attends each Board meeting.
- 13.3.5 Any Director may invite a member of the Management Team to attend a meeting of the Board unless such meeting is to discuss any such person's remuneration, appraisal or performance.

### 13.4 Quorum

- 13.4.1 Without prejudice to Clause 8 and subject to Clauses 5.3.2 and 25.2.2, the quorum at a Board meeting shall be four Directors, including:
- (i) (unless Sberbank Nominee is a Transferring Shareholder and Clause 25.2.2 applies) for so long as Sberbank (together with its Affiliates) holds at least 11.25 per cent. of the share capital of the Company, at least one Sberbank Director, and
  - (ii) (unless YNV is a Transferring Shareholder and Clause 25.2.2 applies) for so long as YNV (together with its Affiliates) holds at least 11.25 per cent. of the share capital of the Company, at least one YNV Director.
- 13.4.2 If a quorum is not present within half an hour of the time appointed for the meeting or if a quorum ceases to be present during the course of the meeting, the Director(s) present shall adjourn the Board meeting to a specified place and time not less than \*\* after the original date, where the quorum shall be any four Directors (for the avoidance of doubt, without prejudice to Clause 8).
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13.4.3 Notice of the adjourned Board meeting shall be given to all of the Directors.

**13.5 Voting. Resolutions. Minutes**

13.5.1 Subject to the other provisions of this Agreement (including Clause 8.1):

- (i) at any Board meeting each Director shall have one vote, save for, for the whole duration of an Appointment Dispute, the Appointed Director(s) of the Appointing Shareholder shall always have the same number of votes as all Appointed Directors of the Consenting Shareholder; and
- (ii) decisions at Board meetings shall be taken by a simple majority of the votes of all Directors.

13.5.2 Minutes of each Board meeting and copies of all resolutions of the Board shall be circulated to each Director. Simultaneous notes of any meeting of the Board shall be made by a person present at such meeting designated by the Chair.

**14 Committees of Directors**

14.1 Any Board committee shall always be constituted by the Board on the following basis:

14.1.1 for so long as a Principal Shareholder (together with its Affiliates) holds at least \*\* of the share capital of the Company, it shall be entitled to appoint at least one member to each Board committee; and

14.1.2 for so long as YNV (together with its Affiliates) holds at least \*\* of the share capital of the Company, YNV shall be entitled to appoint a majority of members to each of the Board committees.

14.2 The Principal Shareholders shall procure that the Board shall constitute the Compensation Committee as soon as practicable following the date of this Agreement consisting of the following members:

14.2.1 \*\*;

14.2.2 \*\* and

14.2.3 \*\*

14.3 For so long as a Principal Shareholder (together with its Affiliates) holds at least \*\*

14.4 of the share capital of the Company, the quorum for the Compensation Committee meeting shall include at least one member appointed by such Principal Shareholder.

14.5 Decisions of the Compensation Committee shall be taken by a simple majority, provided that if a Sberbank Nominee member does not vote in favour of any decision of the Compensation Committee, the relevant matter shall be decided by the Board and the Principal Shareholders shall procure that no Group Company shall take any action in respect of such matter until the relevant Board decision.

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**15 Management Team. Corporate secretary**

**15.1 Authority and accountability of the Management Team**

The day-to-day affairs of the Group, including relevant business and operational matters, shall be run by the Management Team under the supervision of the Board:

15.1.1 in accordance with the Business Plan and Budget; and

15.1.2 subject to applicable Law, in the interests of the Shareholders collectively so as to maximise the Group's equity value, without regard to the individual interests of any of the Shareholders,

provided that the Management Team shall not take any decision in relation to (a) any of the Shareholder Reserved Matters without the prior approval of both Principal Shareholders and (b) any of the Board Reserved Matters without the prior approval of a Board Super Majority. For the avoidance of doubt (and without prejudice to Clause 5.17), the Management Team shall only report to, and take direction from, the Board (acting collectively as the Board) and not either Principal Shareholder directly or any individual member of the Board.

**15.2 CEO to provide information to the Board**

The CEO shall provide information to the members of the Board on an equal and timely basis and shall not separately disclose information relating to the Business to any Shareholder or any Affiliate of a Shareholder or any other person unless required by the Laws and then only after informing the Board and the Shareholders (unless legally prohibited from doing so) of the requirement to make such disclosure.

**15.3 Pre-Agreed Deputies**

As soon as reasonably practicable following the date of this Agreement (and following any removal of any of the CEO and CFO), the Principal Shareholders shall agree on the Pre-Agreed Deputies for each of the CEO and CFO.

**15.4 Corporate secretary**

The Board may delegate certain authorities in relation to operation of the day to day affairs of the Company to a corporate secretary of the Company (save for any Board Reserved Matter).

**15.5 Conflicts of interest policy**

The Principal Shareholders shall instruct their respective Appointed Directors to consider the adoption by the Board of a policy setting out conflict of interest and non-competition rules applicable to officers of the Group Companies.

**16 Meetings of Shareholders**

General meetings of Shareholders (*algemene vergadering van aandeelhouders*) of the Company shall be held at least once per calendar year and shall take place in accordance with the applicable provisions of the Articles, including the following provisions:

16.1 the quorum shall be one duly authorised representative of each Principal Shareholder;

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- 16.2** each Principal Shareholder shall be notified at least \*\* in advance of the time, date and place for the meeting;
- 16.3** the notice of meeting shall set out an agenda identifying in reasonable detail the matters to be discussed;
- 16.4** the chairman of the meeting shall not have a casting vote; and
- 16.5** meetings may be held by video, teleconference and other electronic conferencing means and the persons convening the meetings shall use reasonable endeavours to ensure they are held at locations reasonably convenient for all Principal Shareholders.
- 17 Shareholder Reserved Matters**
- 17.1** Shareholders meetings shall be governed by this Agreement, the Articles and the Laws.
- 17.2** Subject to Clause 25.2.2, the Shareholders shall procure, as far as they lawfully can, that no action is taken or resolution passed by the Company or any Group Company, and the Company shall not take, and shall procure that no Group Company shall take, any action, in each case, in respect of the matters listed in **Error! Reference source not found.** ("**Shareholder Reserved Matters**"), without the prior written approval of all the Principal Shareholders.
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## **PART E – PRIVATE PLACEMENT**

### **18 Private Placement**

- 18.1** The Parties shall use their commercially reasonable efforts to procure that by the date which is \*\* following Closing (or such later date as the Board may unanimously agree) (the "**Realisation Date**"), a third party (the "**Additional Investor**") will have subscribed for a minority stake in the share capital of the Company (the "**Private Placement**") subject to the following key terms and conditions of the Private Placement:
- 18.1.1** subscription for cash;
  - 18.1.2** pre-money valuation of the Group being not less than the post-money valuation of the Group immediately following Closing; and
  - 18.1.3** the Additional Investor shall adhere to the terms of this Agreement by executing the Deed of Adherence and shall have the following rights and obligations:
    - (i) shares to be issued to the Additional Investor shall have the same voting rights (other than in respect of appointment of Directors) and dividend rights as the Sberbank Shares and the YNV Shares; and
    - (ii) the Additional Investor shall be entitled to appoint one Director (in accordance with Clause 9.1.2(iv)(b)).
- 18.2** The Parties acknowledge that it is the Shareholders' and the Company's preference that the Additional Investor shall be a strategic investor, rather than a financial investor. The Parties further acknowledge that, in the \*\*, they shall use all commercially reasonable efforts to attract a strategic investor, rather than a financial investor, as the Additional Investor. In the event that a strategic investor does not subscribe for Shares within \*\*, then the Parties shall use their commercially reasonable efforts to attract a financial investor as the Additional Investor instead.
- 18.3** Within \*\*, the Principal Shareholders shall choose and engage (on behalf of the Company) such professional investment advisers as they consider appropriate in relation to achieving and completing the Private Placement, and the Parties further acknowledge and agree that the Company (and not the Shareholders) shall bear any and all costs of such advisers in such circumstances.
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## **PART F – MANAGEMENT INCENTIVES**

### **19 Stichting matters**

#### **19.1 Issue of Stichting Shares**

The Parties agree that any further issue of any Shares to Stichting shall be subject to prior approval by the Principal Shareholders or the Board Super Majority, unless the Incentive Programme provides otherwise.

#### **19.2 Redemption of Stichting Shares**

The Board may at any time decide by a simple majority of votes that any portion of Stichting Shares held by Stichting in respect of which no DRs have been issued shall be redeemed (or cancelled) by the Company, in which case the Shareholders shall procure that all corporate decisions are taken in order to carry out such redemption (or cancellation).

#### **19.3 Incentive Programme**

Without prejudice to Clause 19.4, the Parties shall procure that:

**19.3.1** the Group Companies shall comply with the Incentive Programme; and

**19.3.2** no changes are made to the Incentive Programme without a prior written approval of both Principal Shareholders.

#### **19.4 Stichting obligations**

Stichting shall:

**19.4.1** exercise voting rights in respect of any Stichting Share only following issue of a DR in respect of such underlying Stichting Share and:

(i) in case of any Stichting Shares underlying a DR that may:

(a) have been issued in accordance with the Subscription Agreement; or

(b) be issued under any \*\*,

or as otherwise expressly approved by the Board (as a Board Reserved Matter), at the direction of the holder of such DR; and

(ii) in case of any other Stichting Shares, in the same proportions as all other Shares are voted by the other Shareholders;

**19.4.2** not issue any DRs without the prior written consent of the management board of Stichting, which shall be appointed by the Board;

**19.4.3** not register any transfer of any DRs without the prior written consent of the Compensation Committee; and

**19.4.4** take all such actions as may be required from time to time to give effect to this Agreement and the Incentive Programme.

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**PART G – COMPANY FINANCE**

**20 Distributions**

**20.1** The declaration and payment of distributions to the Shareholders shall be decided by the Board in accordance with the Dividend Policy and subject to the requirements of the Laws.

**20.2** For the avoidance of doubt, no Stichting Share shall be entitled to receive any distribution payable to Shareholders unless a DR has been issued in respect thereof.

**21 Additional finance for the Company**

**21.1 Preemptive rights**

**21.1.1** Issues of Shares

- (i) Subject to Clause 26, any allotment of Shares proposed to be made by the Company and approved in accordance with this Agreement (such Shares being called “**Additional Securities**”) shall first be offered for subscription to the Principal Shareholders in the proportion that the number of Shares for the time being held by each Principal Shareholder bears to the total number of such Shares in issue held by both Principal Shareholders. Such offer shall be made by notice in writing specifying the number of Additional Securities to which the relevant Principal Shareholder is entitled and the subscription price per Share (the “**Subscription Price**”) and limiting a time (being not less than three weeks) beyond which the offer (if not accepted) shall be deemed to have been declined. Such offers are not transferable other than to an Affiliate of a Principal Shareholder (provided that, in case such Affiliate subscribes for any Additional Securities, Clause 22.3 shall apply *mutatis mutandis*), cannot be split or consolidated and can be accepted in full or in part. A Principal Shareholder who accepts the offer in full shall be entitled to indicate that it would accept, on the same terms, the Additional Securities (specifying a maximum number of parcels) which have not been accepted by the other Principal Shareholder (“**Excess Additional Securities**”).
  - (ii) A Principal Shareholder which does not accept the offer in respect of all or a portion of its respective portion of the Additional Securities shall be deemed to have waived its pre-emptive rights (as set out in this Agreement, in the Articles or otherwise) with respect to all or that portion of the Additional Securities set out in the offer which the Principal Shareholder did not accept.
  - (iii) Any Excess Additional Securities shall be allotted to the Principal Shareholder who has indicated it would accept Excess Additional Securities (provided that no Principal Shareholder shall be allotted more than the maximum number of Excess Additional Securities such Principal Shareholder has indicated it is willing to accept).
  - (iv) Clause 21.1.1(i) shall not apply to:
    - (a) any allotment of Additional Securities proposed to be made by the Company to an employee or proposed employee if such allotment is made pursuant to an agreement, plan or program which has been
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approved by the Principal Shareholders or the Board Super Majority; or

- (b) any allotment of Additional Securities which are to be issued and allotted in connection with any merger, consolidation or amalgamation of the Company which has been approved by the Principal Shareholders.

**21.1.2 Failure to subscribe for Additional Securities**

If a Principal Shareholder (or its Affiliate, as applicable) (the "**Non-contributing Shareholder**") has accepted the offer to subscribe for Additional Securities pursuant to Clause 21.1.1(i) and thereafter fails to complete such subscription and to pay the relevant subscription amount (the "**Outstanding Amount**") on the completion date set by the Company therefor, the other Principal Shareholder shall be entitled to:

- (i) subscribe for its portion of Additional Securities at the Subscription Price; and  
(ii) (in its sole discretion) elect to subscribe for up to the number of Shares calculated on the basis of the following formula:

\*\*,

\*\*

- 21.1.3** In the event that any Principal Shareholder becomes precluded from subscribing for any Additional Securities pursuant to this Clause 21.1 as a result of any sanctions introduced after the date of this Agreement against the other Principal Shareholder, the Principal Shareholders shall enter into good faith discussions on available alternative solutions in respect of financing to be provided to the Group.

**21.2 Debt finance**

- 21.2.1** If at any time the Board determines that the Group needs additional debt finance, the Company shall invite Sberbank, in its absolute discretion, to make an offer to provide such finance and, provided such offer is on terms at least equivalent (taken as a whole) to the best terms offered by any third party lenders, the Group shall procure such debt finance from Sberbank.

- 21.2.2** The Parties agree that, subject to Clause 21.1, there is no obligation on the Principal Shareholders to provide any further financing to the Group.
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**PART G – EXIT**

**22 Transfers**

**22.1 General prohibition on disposal of Shares during Lock-up Period**

A Principal Shareholder may not Transfer any of its Shares or any Interest in Shares:

- 22.1.1** \*\* (the "**Lock-up Period**"), to any person, other than with the prior consent of the other Principal Shareholder, unless Clause 22.3 provides otherwise; and
- 22.1.2** following expiry of the Lock-up Period, unless permitted or required to do so under Clause 22.3 or 22.4.

**22.2 General prohibition on disposal of Stichting Shares**

Stichting may not Transfer any of the Stichting Shares or any Interest in Stichting Shares to any person at any time, other than:

- 22.2.1** with the prior written consent of the Principal Shareholders;
- 22.2.2** in accordance with the Incentive Programme; or
- 22.2.3** if required to do so under Clause 22.4.4.

**22.3 Transfer to Group Members**

A Principal Shareholder (the "**Transferor**") may at any time Transfer its Shares (together with any rights (including rights accrued) and obligations in respect of such Shares) to, in the case of YNV, any companies directly or indirectly controlled by YNV from time to time; and in the case of Sberbank Nominee, Sberbank and any companies directly or indirectly controlled by Sberbank from time to time, (in each case, a "**Transferee**") on giving prior notice to the other Principal Shareholder, copied to the Company, provided that:

- 22.3.1** all consents, clearances, approvals or permissions necessary to enable the Transferor and/or the Transferee to be able to complete a transfer of Shares pursuant to this Clause 22.3 under the rules or regulations of any governmental, statutory or regulatory body in those jurisdictions where the Transferor, the Transferee, the Company or any of their Affiliates carries on business, have been or are received prior to the Transfer being effected;
  - 22.3.2** the Transferor (but not a subsequent transferor in a series of Transfers) shall remain party to this Agreement and shall be jointly and severally liable with the Transferee under this Agreement as a Principal Shareholder in respect of the transferred Shares;
  - 22.3.3** the Transferee shall, and the Transferor shall procure that the Transferee shall, retransfer its Shares to the Transferor or another permitted Transferee of the Transferor immediately if the Transferee ceases to be a member of the Transferor's group; and
  - 22.3.4** the Transferor and the Transferee shall bear all costs, expenses and Taxes associated with any Transfer made pursuant to this Clause 22.3.
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**22.4 Transfer to a third party following expiry of the Lock-up Period**

**22.4.1 Written offer from a third party/right of first refusal**

Without prejudice to Clause 22.3, following expiry of the Lock-up Period, a Principal Shareholder (the "**Transferring Shareholder**") may Transfer all or part of its Shares (together with any rights accrued in respect of such Shares) (the "**Transfer Shares**") only if it receives a bona fide offer for such Transfer Shares (the "**Third Party Offer**") from a bona fide third party (acting as a principal) which is not a Restricted Transferee (the "**Offeror**") which:

- (i) states whether the Third Party Offer is for all or part (specifying the number) of the Transferring Shareholder's Shares;
- (ii) does not provide for any financing or similar conditions precedent to acquisition of the Transfer Shares;
- (iii) includes (a) a confirmation that the Board of Directors of the Offeror has approved the Third Party Offer and (b) confirmation that the Offeror has readily available cash for the acquisition of the Transfer Shares, or a comfort letter from a reputable bank or any other evidence demonstrating to the reasonable satisfaction of Sberbank that the Offeror would be able to complete the acquisition of the Transfer Shares;
- (iv) states the price of the Third Party Offer which shall be for cash consideration (the "**Third Party Offer Price**");
- (v) contains all material terms and conditions (including the intended completion date of the offer); and
- (vi) includes an offer to acquire:
  - (a) such portion (the "**Tag Portion**") of Shares held by the other Principal Shareholder (the "**Remaining Shareholder**") as reflects, as nearly as possible, the number of the Transfer Shares as a proportion of the total number of Shares held by the Transferring Shareholder; and
  - (b) where the Offeror intends to acquire (from one or more Transferring Shareholders) more than \*\* of the share capital of the Company, in addition to the Tag Portion, all other Shares held by the Remaining Shareholder,at the same cash price as, and on no less favourable terms than, the Transfer Shares (a "**Tag-along**").

The Principal Shareholders shall procure that the Company shall reasonably cooperate with any Principal Shareholder in order to facilitate a Third Party Offer (at the cost of such Principal Shareholder).

**22.4.2 Issue of Transfer Notice to the Remaining Shareholder**

If a Principal Shareholder receives a Third Party Offer which it wishes to accept, a Transferring Shareholder shall issue a notice (the "**Transfer Notice**") to the Remaining Shareholder, copied to the Company, containing notification of the Third Party Offer (including the name of the Offeror, the price offered for the Transfer

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Shares and all material terms and conditions of the Third Party Offer) and upon issuing such Transfer Notice, the Transferring Shareholder shall:

- (i) be deemed to make an offer to sell the Transfer Shares to the Remaining Shareholder (the "**Offer**") at the same cash price and on no less favourable terms and conditions than those set out in the Third Party Offer; and
- (ii) provide confirmation that:
  - (a) the Company shall be the agent of the Transferring Shareholder for the sale of the Transfer Shares; and
  - (b) the Remaining Shareholder may elect to proceed in accordance with one of the options in Clause 22.4.3.

**22.4.3 Choices open to the Remaining Shareholder**

The Remaining Shareholder who receives a Transfer Notice may do one of the following:

- (i) **Accept the Offer**
    - (a) Before the expiry of the period of \*\* (the "**End Date**"), if the Remaining Shareholder wishes to buy the Transfer Shares at the Third Party Offer Price it shall send a notice to the Transferring Shareholder, copied to the Company, accepting the Offer (the "**Acceptance Notice**"). An Acceptance Notice shall be irrevocable. If the Remaining Shareholder does not wish to accept the Offer it may either send a notice to the Transferring Shareholder, copied to the Company, by the End Date declining the Offer or do nothing in which case it shall be deemed to have declined the Offer.
    - (b) If the Transferring Shareholder:
      - (I) has received from the Remaining Shareholder a notice declining the Offer; or
      - (II) has not received the Acceptance Notice from the Remaining Shareholder on or prior to the End Date,the Transferring Shareholder shall then be free to accept the Third Party Offer and enter into legally binding documents to sell the Transfer Shares to the Offeror \*\* at the Third Party Offer Price and on terms being no more favourable than those of the Third Party Offer, provided that the Offeror enters into a Deed of Adherence in the form required by this Agreement.
    - (c) The sale and transfer of the Transfer Shares to the Remaining Shareholder shall be completed in accordance with Clause 25 and the terms and conditions of the relevant Transfer. In the event of any conflict between the provisions of Clause 25 and the terms and conditions of the relevant Transfer, the former shall take precedence.
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(ii) **Tag-along**

- (a) If the Remaining Shareholder wishes to sell some or all of the relevant portion of its Shares pursuant to Clause 22.4.1(vi) it shall send a notice to the Transferring Shareholder by the End Date, copied to the Company, electing in its sole discretion to sell the Tag Portion of or, (where Clause 22.4.1(vi)(b) applies) at the sole discretion of such Remaining Shareholder, some or all of its Shares (the "**Tag-along Shares**") to the Offeror at the same cash price as, and on no less favourable terms than, those contained in the Third Party Offer.
- (b) The Transferring Shareholder shall then be prohibited from selling the Transfer Shares to the Offeror unless the Offeror agrees to purchase the Tag-along Shares at the same time, at the same cash price as and on no less favourable terms than those contained in the Third Party Offer.
- (c) In the event that the Transferring Shareholder fails to comply with the terms of this Clause 22.4.3(ii) (the "**Tag-along Default**"), the Remaining Shareholder shall be entitled to give notice (the "**Tag-along Default Notice**") within \*\* of the Tag-along Default occurring, requiring the Transferring Shareholder to purchase all of the Tag-along Shares held by the Remaining Shareholder at the same cash price as, and on no less favourable terms than, the Transfer Shares, and the Transferring Shareholder shall be obligated to complete such purchase within \*\* following receipt of such Tag-along Default Notice.

**22.4.4 Drag-along**

- (i) Subject to the right of the Remaining Shareholder under Clause 22.4.3(i) to exercise its right of first refusal, if the Transferring Shareholder(s) (the "**Dragging Shareholder**") accepts the Third Party Offer and, as a result, the Offeror (together with any Person Acting In Concert with it) will acquire \*\* of the share capital of the Company, then \*\* Business Days of the date on which the Dragging Shareholder accepts the Third Party Offer the Offeror or the Dragging Shareholder may serve a notice (the "**Drag-along Notice**") (in accordance with Clause 22.4.4(ii)) on each other Shareholder (the "**Dragged Shareholder**") requiring it to sell to the Offeror such portion of Shares held by such Dragged Shareholder as reflects, as nearly as possible, the number of the Transfer Shares as a proportion of the total number of Shares held by the Dragging Shareholder (the "**Drag-along Shares**") on the same terms and conditions as the Third Party Offer (the "**Drag-along Exit**").
  - (ii) The Drag-along Notice shall specify:
    - (a) that each of the Dragged Shareholders is required to sell all its Drag-along Shares;
    - (b) the name of the Offeror;
    - (c) the cash price per a Drag-along Share, which shall be no less than the cash price per Share to be sold by the Dragging Shareholder(s); and
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- (d) the proposed date of completion of the Drag-along Exit.
- (iii) The Drag-along Notice shall be accompanied by copies of all documents to be executed by the Dragged Shareholders to give effect to the sale of the Drag-along Shares.
- (iv) Each Dragged Shareholder, upon receipt of the Drag-along Notice and accompanying documents, shall be obliged to:
  - (a) sell all its Drag-along Shares (including giving warranties as to its title to its Drag-along Shares and its capacity to transfer the Drag-along Shares) on the date of completion of the Drag-along Exit;
  - (b) return to the Dragging Shareholders, by no later \*\* prior to the anticipated date of completion of the Drag-along Exit, the duly executed documents, all of which shall be held against payment of the aggregate consideration due; and
  - (c) bear an amount of any costs of a Drag-along Exit in the same proportion as the consideration for its Drag-along Shares bears to the aggregate consideration for all Shares to be paid in connection with the Drag-along Exit.
- (v) Completion of any transfer pursuant to this Clause 22.4.4 shall take place at the same time as completion of the transfer of the Transfer Shares. In order to effect such completion, the Offeror shall transfer the purchase price for the Drag-along Shares to the Company, to receive and hold on behalf of each Dragged Shareholder, and each Dragged Shareholder shall deliver duly executed instrument(s) for share transfer (including a duly executed deed of transfer or a power of attorney authorising the execution of a deed of transfer on its behalf) for the Drag-along Shares to the Company. The Company's receipt of the purchase price as agent on behalf of each Dragged Shareholder shall be a good discharge to the Offeror who shall not be bound to see to the application of those moneys. The Company shall hold the purchase price in trust for each Dragged Shareholder without any obligation to pay interest. If any Dragged Shareholder fails to deliver its duly executed instrument(s) for share transfer for its Drag-along Shares to the Company by completion, the Directors shall authorise any Director to transfer such Drag-along Shares on behalf of such Dragged Shareholder to the Offeror to the extent the Offeror has, by completion, put the Company in funds to pay the purchase price. The Directors shall then authorise registration of the transfer.

**22.4.5 Failure to transfer**

If a Transferring Shareholder, a Remaining Shareholder or a Dragged Shareholder does not comply with its sale or purchase obligations in this Clause 22, then the provisions of Clause 25.2 shall apply.

**22.4.6 Failure of third party to complete sale**

If the Offeror fails to acquire the Transfer Shares in accordance with this Clause 22, then the procedures set out in this Clause 22 shall be complied with in full in respect of each new or revised offer, whether by the same Offeror or not.

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## 23 Default

If a Shareholder (the "**Defaulting Shareholder**") commits a breach of this Agreement, any other Shareholder (the "**Non-defaulting Shareholder**") may serve a notice upon the Defaulting Shareholder specifying the breach and requiring the Defaulting Shareholder immediately to stop the breach and, to the extent possible, to make good the consequences of the breach within \*\*. Where the breach has prejudiced the Non-defaulting Shareholder, it may seek an immediate remedy of an injunction, specific performance or similar order to enforce the Defaulting Shareholder's obligations. This does not affect the Non-defaulting Shareholder's right subsequently to claim damages or other compensation for breach under applicable Laws.

## 24 Deadlock

### 24.1 Circumstances leading to deadlock

24.1.1 Unless Clause 24.2.2(ii) applies, if the Board has not passed a resolution in respect of any Board Reserved Matter which has been put to it two or more times in accordance with this Agreement and the Articles, in each case either because the Board Super Majority has not voted in favour of it or because the relevant Board meetings have been adjourned for the lack of a quorum, then such Board Reserved Matter shall no longer require approval by the Board Super Majority, and will instead only require the unanimous consent of both the Sberbank Independent Director and the YNV Independent Director.

24.1.2 If the Sberbank Independent Director and the YNV Independent Director are unable to reach agreement on a matter referred to them under Clause 24.1.1 within 15 Business Days of that matter being referred to them, then any Director may refer the matter for discussion between the Principal Shareholders.

24.1.3 If:

- (i) the Principal Shareholders are unable to reach agreement on any matter referred to them under Clause 24.1.2 within \*\* of that matter being referred to them; or
- (ii) the Principal Shareholders have not passed a resolution in respect of any Shareholder Reserved Matter which has been put to them two or more times in accordance with this Agreement and the Articles, either because the requisite majority has not voted in favour of it or because three or more consecutive meetings of Shareholders have been adjourned for the lack of a quorum,

the matter or resolution shall be a "**Deadlock Matter**".

### 24.2 Referral to chief executive officers for resolution

24.2.1 The Principal Shareholders shall as soon as practicable refer the Deadlock Matter to the Chief Operating Officer of YNV and Sberbank First Deputy Chief Executive Officer for resolution (the "**Deadlock Appointees**").

24.2.2 If:

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- (i) the Deadlock Appointees are unable to reach agreement on the Deadlock Matter within \*\* of that matter being referred to them; or
- (ii) the Board does not approve engagement of the relevant Financial Services Provider as a Board Reserved Matter pursuant to Clause 5.2.3(iii)(a) ,  
the matter shall be referred to the Chief Executive Officers of YNV and Sberbank, who shall meet in person at least once within \*\* of any such referral to seek to resolve such matter.

#### **24.3 Outcome of Deadlock Matter**

**24.3.1** If a matter is not resolved pursuant to Clause 24.2.2 within \*\* of that matter being referred to the Deadlock Appointees, then the *status quo* of such matter shall continue to apply, unless the relevant Deadlock Matter is in respect of a Board Reserved Matter set out in:

- (i) paragraph **Error! Reference source not found.** of **Error! Reference source not found.** (other than in respect of the CEO or CFO appointment or removal), in which case the matter will be solely and promptly determined by the CEO; or
- (ii) paragraph **Error! Reference source not found.** of **Error! Reference source not found.** in respect of the CEO or CFO appointment or removal, in which case:
  - (a) the Pre-Agreed Deputy of such CEO or CFO shall temporarily replace the CEO or CFO (as applicable) and for all intents and purposes the relevant Pre-Agreed Deputy shall be the CEO or CFO (as applicable) until replaced in accordance with this Clause 24.3.1(ii);
  - (b) each Principal Shareholder shall promptly give notice to the other Principal Shareholder of two suitable candidates (such that there are four candidates in aggregate) to replace such CEO or CFO;
  - (c) each Principal Shareholder shall then promptly notify each other, rejecting one of the other Principal Shareholder's candidates nominated in Clause 24.3.1(ii)(b) above, such that each Principal Shareholder shall have one candidate remaining; and
  - (d) finally, the Chair shall promptly determine, by way of coin toss in the presence of at least one YNV Director and one Sberbank Director, which one of the remaining two candidates should be appointed as CEO or CFO (as applicable), and upon such determination, the Pre-Agreed Deputy shall be immediately removed from the position of CEO or CFO (as applicable) and the relevant candidate should be appointed to the relevant position.

#### **25 Terms and consequences of transfers of Shares**

##### **25.1 Completion of transfer**

Any transfers of the Transfer Shares made under the provisions of Clause 22 (except by a Transferring Shareholder or a Remaining Shareholder to an Offeror under Clause 22.4.3(i))

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which shall be made as agreed with the Offeror) shall be made in accordance with the following terms set out in this Clause 25.1:

- 25.1.1** Each of the Transferring Shareholder and the Remaining Shareholder shall use reasonable endeavours to ensure the satisfaction of any Regulatory Condition applying to it as soon as possible.
- 25.1.2** If any of the Regulatory Conditions is not satisfied or waived \*\* after service of the Transfer Notice, then the Transfer Notice shall lapse and the Transferring Shareholder shall be free to sell the Transfer Shares to the Offeror who had previously made a Third Party Offer but was unable to proceed as a result of the rights of first refusal contained in Clause 22.4.2 on terms being no more favourable than those of the Third Party Offer.
- 25.1.3** Completion of the transfer of the Transfer Shares shall take place \*\* after the date of the Acceptance Notice or the date of satisfaction or waiver of the last of the Regulatory Conditions (whichever is the later) (the "**Transfer Date**") and at such reasonable time and place as the Transferring Shareholder and the Remaining Shareholder shall agree or, failing which, at 12:00 (Amsterdam time) at the registered office of the Company.
- 25.1.4** On or before the Transfer Date the Transferring Shareholder shall deliver to the Remaining Shareholder in respect of the Transfer Shares:
- (i) duly executed instrument(s) for share transfer (including a duly executed power of attorney authorising the execution of a notarial deed of transfer on its behalf); and
  - (ii) a power of attorney in such form and in favour of such person as the Remaining Shareholder may nominate to enable the Remaining Shareholder to exercise all rights of ownership including, without limitation, voting rights.
- 25.1.5** Upon the execution of the notarial deed of transfer as referred to in Clause 25.1.4, the Remaining Shareholder shall pay the total consideration due for the Transfer Shares to the Transferring Shareholder on the Transfer Date.

**25.2 Failure to transfer**

If a Transferring Shareholder fails or refuses to comply with its obligations to transfer Transfer Shares under Clause 22 on or before the Transfer Date for a reason other than failure to satisfy a Regulatory Condition:

- 25.2.1** the Company shall be deemed to be appointed as agent on behalf of the Transferring Shareholder to receive the purchase money in trust for the Transferring Shareholder (without any obligation to pay interest) and cause the Remaining Shareholder to be registered as the holder of the Transfer Shares being sold. The receipt by the Company of the purchase money shall be a good discharge by the Remaining Shareholder (who shall not be bound to see to the application of those moneys). After the Remaining Shareholder has been registered as holder of the Transfer Shares being sold in exercise of these powers:
- (i) the validity of the transfer shall not be questioned by any person; and

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(ii) the Transferring Shareholder shall be entitled to the purchase money for the Transfer Shares; and

25.2.2 the Transferring Shareholder shall not exercise any of its powers or rights in relation to management of, and participation in the profits of, the Company under this Agreement, the Articles or otherwise. The Appointed Directors appointed by such Transferring Shareholder (or its predecessor in title) shall not (and the Transferring Shareholder shall procure that each such Appointed Director shall not):

(i) vote at any Board meeting;

(ii) attend any Board meeting (and their attendance would not be required in order to constitute a quorum); or

(iii) receive or request any information from the Company.

**25.3 Company to be informed of notices**

The Principal Shareholders shall keep the Company informed at all times of the issue and contents of any notices served pursuant to Clause 22 or 25 and any election or acceptance relating to those notices.

**25.4 Business to be run as going concern**

The Principal Shareholders shall do all things within their power to ensure that the Business continues to be run as a going concern during the period between the service of any notice pursuant to Clause 22 or 25 and the completion of any transfers of Shares.

**25.5 Transfer terms**

Any sale and/or transfer of the Transfer Shares under Clause 22 shall be on terms that those Shares:

25.5.1 are transferred free from all Encumbrances (other than those created under this Agreement and the Articles); and

25.5.2 are transferred with the benefit of all rights attaching to them as at the date of the relevant transfer.

**25.6 Further assurance**

Each of the Principal Shareholders and the Company shall use reasonable endeavours to effect a transfer of the Transfer Shares in accordance with the terms of this Agreement as quickly as is practicable and in any event within any time period specified in this Agreement.

**25.7 Deed of Adherence**

The Principal Shareholders shall procure that no person other than an existing Shareholder acquires any Shares unless it enters into a Deed of Adherence agreeing to be bound by this Agreement as a Shareholder and any other agreements entered into in connection with the Business as a Shareholder. The Shareholders agree that in signing a Deed of Adherence such person shall have the benefit of the terms of this Agreement and shall be a Party to this Agreement.

**25.8 Removal of appointees**

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If a Principal Shareholder ceases to be a Principal Shareholder it shall, and it shall procure that all its appointees to the Board and to the board of directors of any Group Company (if applicable) shall, do all such things and sign all such documents as may otherwise be necessary to ensure the resignation or dismissal of such persons from such appointments in a timely manner in accordance with Clause 10.

**25.9 Power of Attorney**

**25.9.1** Each Principal Shareholder irrevocably appoints the other Principal Shareholder, by way of security for the performance of its obligations under Clause 22, its attorney to execute, deliver and/or issue any necessary document, agreement, certificate and instrument required to be executed by it under the provisions of Clauses 22 or 25, including any transfer of the Transfer Shares or other documents which may be necessary to transfer title to the Transfer Shares.

**25.9.2** Any purchase money payable to a Transferring Shareholder shall, to the extent that it is not paid to, or to the order of, the Transferring Shareholder on or before the appropriate completion date, bear interest against the Remaining Shareholder (or the Dragging Shareholder where a Dragged Shareholder is required to sell Drag-along Shares under Clause 22.4.4) at the rate of three per cent. per annum calculated on a daily basis from such date until the Transferring Shareholder is reimbursed by the Remaining Shareholder.

**26 IPO**

**26.1** Each Principal Shareholder (the "**Initiating Shareholder**") shall have the right to convene a meeting of the Board to consider approval of an IPO, provided that such notice includes the following proposed parameters of the potential IPO:

**26.1.1** the relevant stock exchange;

**26.1.2** the minimum amount to be raised;

**26.1.3** type of Shares to be offered for sale (including proportions of new Shares to be issued and/or existing Shares to be sold by each of the Shareholders);

**26.1.4** valuation parameters; and

**26.1.5** financial advisors and the terms of their engagement.

**26.2** If the Board meeting convened by the Initiating Shareholder under Clause 26.1 approves the IPO, the Shareholders shall co-operate fully with each other and the Company and their respective financial and other advisers and use their reasonable endeavours to assist the Company to achieve an IPO in accordance with the rules and regulations of the relevant international securities exchange and other applicable Laws and regulations.

**26.3** Following expiry of the Lock-up Period, if the Board meeting convened by the Initiating Shareholder under Clause 26.1 does not approve the IPO which satisfies the criteria of a Qualified IPO \*\* the Initiating Shareholder may send a notice (the "**Qualified IPO Notice**") to the Dissenting Shareholder (with a copy to the Company) requiring that the Company initiates a Qualified IPO and indicating the following parameters of such Qualified IPO (which should be materially the same as parameters of the IPO rejected by the Board):

**26.3.1** the relevant stock exchange;

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- 26.3.2 the minimum amount to be raised;
- 26.3.3 type of Shares to be offered for sale through the Qualified IPO (including proportion of new Shares to be issued and/or existing Shares);
- 26.3.4 valuation parameters; and
- 26.3.5 financial advisors and the terms of their engagement.

**26.4** In case where Clause 26.3 applies:

- 26.4.1 the Shareholders shall procure (including by way of taking all necessary corporate actions) that the Company fully cooperates with the respective financial and other advisers and shall use their reasonable endeavours to assist the Company to achieve the Qualified IPO in accordance with the rules and regulations of the relevant international securities exchange and other applicable Laws and regulations as soon as reasonably practicable following the date of the Qualified IPO Notice; and

**26.4.2** \*\*

- (i) \*\*
  - (a) \*\*
  - (b) \*\*
- \*\*

- (ii) \*\*

**26.5** Following expiry of the Lock-up Period, unless Clauses 26.2 to 26.4 apply, the CEO may, after consultation with each of the Principal Shareholders, send a notice to the Principal Shareholders requiring that the Company initiates a CEO Qualified IPO.

**26.6** \*\*

**26.6.1** \*\*

- (i) \*\*
- (ii) \*\*
- (iii) \*\*

\*\*

**26.6.2** \*\*

- (i) \*\*
- (ii) \*\*

\*\*

**27 Duration, termination and survival**

**27.1 Duration and termination**

This Agreement shall continue in full force and effect without limit in time until the earlier of:

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27.1.1 the Principal Shareholders agreeing in writing to terminate it;

27.1.2 an effective resolution is passed or a binding order is made for the winding-up of the Company; and

27.1.3 the date on which all of the Shares, to the extent remaining in issue, are owned by one Shareholder,

provided that this Agreement shall cease to have effect as regards any Principal Shareholder who ceases to hold any Shares save for the Surviving Provisions which shall continue in force after termination generally or in relation to any such Principal Shareholder.

**27.2 Termination on Qualified IPO**

Notwithstanding the provisions of Clause 27.1 (and subject to Clause 27.3), effective upon the closing of a Qualified IPO, this Agreement shall be deemed to be amended and restated to exclude such provisions of this Agreement (save for the Surviving Provisions which shall continue in force after termination), as may be determined by an opinion of a reputable law firm of international standing with an established practice in the jurisdiction of the relevant stock exchange to be required to be excluded in order to comply with the listing rules of the relevant stock exchange or other applicable mandatory legal requirements. The Principal Shareholders further agree to negotiate in good faith any amendments to this Agreement as may be recommended by such law firm or by the managing underwriter of such Qualified IPO to be advisable in connection with such Qualified IPO.

**27.3 Effect of termination**

Termination of this Agreement shall be without prejudice to any liability or obligation in respect of any matters, undertakings or conditions which shall not have been observed or performed by the relevant Party prior to such termination.

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## **PART H – PROTECTION OF THE BUSINESS AND SHAREHOLDERS**

### **28 Expansion of Joint Venture**

#### **28.1 Development of Business**

Subject to the provisions of this Clause 28 and Clause 28.3, the Shareholders shall procure that any expansion, development or evolution of the Core Business within the Exclusivity Territory shall only be effected through the Company or a Group Company.

#### **28.2 New Opportunities**

##### **28.2.1** If any Principal or its Affiliate:

- (i) identifies or becomes aware of any investment opportunity (other than a Security Enforcement Opportunity) relevant to the Core Business; or
- (ii) identifies an opportunity to start operating any Core Business,

(a **"New Opportunity"**), in each case, in a jurisdiction outside the Exclusivity Territory (the **"New Opportunity Jurisdiction"**), then such Principal shall notify the Board in writing with reasonable details as to the nature of the relevant New Opportunity, including the relevant New Opportunity Jurisdiction. In any event, none of the Principals or their Affiliates shall make or commit to make any capital expenditure or make any other form of investment in relation to a New Opportunity unless and until the Board accepts or rejects such New Opportunity pursuant to the terms of this Clause 28.2.

##### **28.2.2** If the Board approves the New Opportunity by a simple majority of votes, then:

- (i) the Principals shall procure that the Group shall use reasonable endeavours to implement such New Opportunity in the New Opportunity Jurisdiction as soon as reasonably practicable; and
- (ii) if the Group fails to complete the Core Business Commencement in such New Opportunity Jurisdiction within \*\* (unless a longer time period is determined by the Board Super Majority) following the relevant Board approval, the Principal that notified the Board of such New Opportunity shall be free to proceed on its own with such New Opportunity within the New Opportunity Jurisdiction at its sole cost, risk and expense

##### **28.2.3** If the Board does not approve (or fails to vote on) the New Opportunity within one month of receiving notice of it pursuant to Clause 28.2.1:

- (i) the Principal that did not notify the Board of such New Opportunity shall not (and shall procure that its Affiliates shall not) take any actions to pursue such New Opportunity in the New Opportunity Jurisdiction; and
  - (ii) the Principal that notified the Board of such New Opportunity (unless any of its Appointed Directors voted against approval of the New Opportunity) shall be free to proceed on its own with such New Opportunity within the New Opportunity Jurisdiction at its sole cost, risk and expense.
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- 28.2.4** In the event that the Board decides (by a simple majority) that the Group shall commence operations in a New Opportunity Jurisdiction where a Principal (or its Affiliate) has already started operations pursuant to Clause 28.2.2(ii) or 28.2.3(ii) (the "**Existing Operations**"):
- (i) following such Board decision, the Principals shall negotiate in good faith for a period of \*\* with a view to agreeing whether the relevant interest in the Existing Operations should be transferred to the Group (and the Principal that owns the Existing Operations shall be deemed to have granted exclusivity for such \*\* period to the other Principal and the Group);
  - (ii) if the Principals:
    - (a) agree that the relevant interest in the Existing Operations shall be transferred to the Group, then the Parties shall take all such actions as are required to effect such transfer on the terms agreed (and following such transfer the relevant New Opportunity Jurisdiction shall become part of the Exclusivity Territory); or
    - (b) fail to agree that the relevant interest in the Existing Operations shall be transferred to the Group, then the relevant Principal shall use its commercially reasonable efforts (taking into consideration the relevant market conditions) to divest the relevant interest in the Existing Operations within the following \*\*.
- 28.2.5** If the Group starts operations in any jurisdiction which is not covered by the Brand Licence Agreement, YNV shall procure that as soon as practicable following the start of such operations:
- (i) Yandex LLC files applications for registration of "YANDEX" trade marks (in Latin and, if relevant, in Cyrillic or other local alphabet) with the local trade mark authorities in the relevant jurisdiction in respect of such ICGS classes as may be necessary for the operation of the Business in such jurisdiction (if no such trade marks are registered in such jurisdiction already); and
  - (ii) Yandex LLC and the Russian OpCo shall:
    - (a) execute an amendment or an additional agreement to the Brand Licence Agreement (in the form reasonably acceptable to Sberbank), according to which the Brand Licence Agreement shall cover the relevant "YANDEX" trade marks registered (or to be registered, as applicable) in the relevant jurisdiction; and
    - (b) file such amendment or additional agreement to the Brand Licence Agreement for registration with the local trade mark authorities in the relevant jurisdiction (to the extent required under applicable Laws).
- 28.3** \*\*
- \*\*
- 28.4** \*\*
- \*\*
-

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**28.5    \*\***

**\*\***

**28.5.1                    \*\***

**28.5.2                    \*\***

**28.5.3                    \*\***

**(i)                    \*\***

**(ii)                    \*\***

**(iii)                    \*\***

**28.5.4                    \*\***

**28.5.5                    \*\***

**(i)                    \*\***

**(ii)                    \*\***

**(iii)                    \*\***

**28.6    Changes to advertising formats for online retailers related to products/goods search queries («товарные запросы»)**

Without prejudice to Clause 29.2.2(iii), YNV shall, when it becomes commercially feasible, but in any event no later than before, or simultaneously with, the start of any discussions with any online retailer in respect of a full commercial launch of any substantial changes to visualisation of advertising formats on Yandex search engine results page for online retailers related to products/goods search queries («товарные запросы»);

**28.6.1**    provide reasonable notification thereof to the Group; and

**28.6.2**    discuss adoption of such changes by the Group.

**29    Restrictions**

**29.1    Restrictive covenants**

Subject to Clauses 28.1, Yandex and Sberbank promotion and advertising and 29.6, each Principal undertakes to the other Principal and the Company that neither it nor any of its Affiliates shall during the Exclusivity Period:

**29.1.1**    carry on, be engaged in or be economically interested in any business which is of the same type as the Core Business (or any part of it) within the Exclusivity Territory;

**29.1.2**    employ any Key Employee whether as an employee, a consultant or otherwise;

**29.1.3**    induce or seek to induce any Restricted Employee to become employed whether as an employee, a consultant or otherwise by any Principal or any of its Affiliates, whether or not such Restricted Employee would thereby commit a breach of his/her employment contract or contract of service, provided that a Principal shall not be prohibited from recruiting.

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- (i) following expiry of \*\* following the date of this Agreement, any Senior Employee; and
- (ii) any Junior Employee,

in each case, pursuant to (a) any public announcement, general solicitation or advertising not specifically targeting such individual; (b) a referral by any search firm, employment agency or other similar entity that has not been specifically instructed to solicit such individual; or (c) an unsolicited inbound approach from such Restricted Employee;

**29.1.4** establish any joint venture (whether incorporated or not) with any Restricted Party within the Exclusivity Territory; or

**29.1.5** other than as permitted under Clause 29.2, promote any B2C online retail marketplace for the purchase of physical goods within the Exclusivity Territory or any online retailer of physical goods (other than the Group's marketplace(s)).

## **29.2 Yandex and Sberbank promotion and advertising**

**29.2.1** Nothing in this Agreement shall restrict any Principal or its Affiliates from providing advertising or promotion services (other than as carried out through the Price Comparison Business), including such advertising or promotion services that are monetised through cost per click model, cost per mile model or CPA model, including, in case of YNV, on all Yandex website or app properties, Yandex Advertising Network, Yandex Service Companies, including Yandex app, Yandex.Search, Yandex.Direct, Yandex.Browser, Yandex.Video, Edadeal, Yandex.Images, Yandex.Collections, Yandex Geo products or any other similar current or future Yandex property, application or service, to any third party, including any Restricted Party, in each case, other than as expressly restricted by this Clause 29.2.

**29.2.2** YNV undertakes to each of Sberbank and the Company that neither YNV nor its Affiliates shall, during the Exclusivity Period and on the Exclusivity Territory:

- (i) provide any YNV Special Promotion Services to any Restricted Party in respect of the Core Business, provided that the provision of any specific YNV Special Promotion Services shall be permitted upon a written request by YNV containing reasonable details in respect of such YNV Special Promotion Services to enable the CEO or the Board (as applicable) to make an informed decision (the "**YNV Special Promotion Services Request**");
  - (a) during the period from the date of this Agreement until \*\* with the prior written consent of the CEO (such consent shall not be unreasonably withheld, conditioned or delayed); and
  - (b) during the period after \*\* with the prior approval of a simple majority of the Board, provided that if, within \*\* from the date on which the Board receives an YNV Special Promotion Services Request, the Board does not reject such YNV Special Promotion Services Request, the Board shall be deemed to have granted its approval to such YNV Special Promotion Services Request;

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- (ii) provide to any Restricted Party Search Wizards for the period of \*\* from the date hereof; or
  - (iii) take any voluntary actions, the primary purpose of which is to divert advertising traffic which comes to the Group from Yandex search results page.
- 29.2.3** Sberbank undertakes to each of YNV and the Company that neither Sberbank nor its Affiliates shall, during the Exclusivity Period and on the Exclusivity Territory provide any Sberbank Special Promotion Services to any Restricted Party in respect of the Core Business, provided that the provision of any specific Sberbank Special Promotion Services shall be permitted upon a written request by Sberbank containing reasonable details in respect of such Sberbank Special Promotion Services to enable the CEO or the Board (as applicable) to make an informed decision (the **"Sberbank Special Promotion Services Request"**):
- (i) during the period from the date of this Agreement until the \*\* with the prior written consent of the CEO (such consent shall not be unreasonably withheld, conditioned or delayed); and
  - (ii) during the period after the first anniversary of the date of this Agreement with the prior approval of a simple majority of the Board, provided that if, within \*\* from the date on which the Board receives a Sberbank Special Promotion Services Request, the Board does not reject such Sberbank Special Promotion Services Request, the Board shall be deemed to have granted its approval to such Sberbank Special Promotion Services Request.
- 29.2.4** Notwithstanding the foregoing, the restrictions set forth in Clauses 29.2.2(i) and 29.2.3 shall not apply to experiments related to the launch of new advertising products or the enhancement of current advertising products, which could involve non-standard visual representations or could be based on new underlying functional principles.
- 29.2.5** For the purposes of this Clause 29.2:
- "YNV Special Promotion Service"** means:
- (i) \*\*
  - (ii) \*\*
    - (a) \*\*
    - (b) \*\*
    - (c) \*\*
    - (d) \*\*
- "Sberbank Special Promotion Service"** means:
- (iii) \*\*
    - (a) \*\*
    - (b) \*\*
-

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(c) \*\*

(d) \*\*

#### **29.3 Reasonableness of restrictions**

Each Party agrees that the restrictions contained in Clause 28 and this Clause 28.6 are no greater than are reasonable and necessary for the protection of the interest of each Principal and the Company, but if any such restriction shall be held to be void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

#### **29.4 Reimbursement of expenses for breach of non-solicitation restrictions**

The Parties acknowledge and agree that the Group's employees are experienced professionals, and that the Group will incur substantial expenses in the event there is a necessity to replace them or train new employees as a consequence of breach of Clause 29.1.2 or 29.1.3 by either Principal. In the event that an employee of the Group having an annual base salary greater than \*\* leaves his employment as a result of solicitation in breach of Clause 29.1.2 or 29.1.3, the breaching Principal shall be liable to reimburse the Group for expenses resulting from recruitment or training of a new employee in the amount of \*\* for each such employee (without prejudice to any other rights and remedies that the Group or the other Principal may have in relation to such breach).

#### **29.5 Duration**

The covenants set out in this Clause 28.6 shall survive in accordance with Clause 29.1 for the Exclusivity Period.

#### **29.6 Exclusions**

Nothing contained in Clause 28 or this Clause 28.6 precludes or restricts a Principal or any of its Affiliates from:

**29.6.1** holding or being interested in a stake of no more than:

(i) \*\*

(ii) \*\*

**29.6.2** fulfilling any obligation pursuant to this Agreement and any other Transaction Document;

**29.6.3** operating any Core Business in connection with implementation of any New Opportunity in a New Opportunity Jurisdiction under Clause 28.2.2(ii) or 28.2.3(ii);

**29.6.4** pursuing any Security Enforcement Opportunity, provided that if, as a result of such Security Enforcement Opportunity, a Principal acquires any interest in any person engaged in any activity which activity would otherwise be in breach of Clause 29.1 (for the avoidance of doubt, subject to the applicable exclusions under Clause 29.6, including in respect of the interest thresholds set out in Clause 29.6.1):

(i) the relevant Principal shall promptly notify the other Principal of such acquisition;

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- (ii) following such notification, the Principals shall negotiate in good faith for a period of six months with a view to agreeing whether the relevant interest should be transferred to the Group;
    - (iii) if the Principals:
      - (a) agree that the relevant interest shall be transferred to the Group, then the Principals shall (and shall procure that the Company shall) take all such actions as are required to effect such transfer on the terms agreed; or
      - (b) fail to agree that the relevant interest shall be transferred to the Group, then the acquiring Principal shall use its commercially reasonable efforts (taking into consideration the relevant market conditions) to divest the relevant interest within the following 36 months;
  - 29.6.5** operating any existing or future online or e-commerce businesses (including any online advertising or promotion business, including, for the avoidance of doubt, Price Comparison Business) in the following spheres:
    - (i) \*\*
    - (ii) \*\*
    - (iii) \*\*
    - (iv) \*\*
    - (v) \*\*
    - (vi) \*\*
    - (vii) \*\*
    - (viii) \*\*
    - (ix) \*\*
    - (x) \*\*
    - (xi) \*\*
    - (xii) \*\*
    - (xiii) \*\*
  - 29.6.6** in the case of Sberbank only:
    - (i) \*\*
      - (a) \*\*
      - (b) \*\*
      - (c) \*\*
    - (ii) \*\*
    - (iii) \*\*
-

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(iv) \*\*

29.6.7 in the case of YNV only, \*\*

**29.7 Non-Discrimination**

YNV undertakes to each of Sberbank and the Company that during the Exclusivity Period, and within the Exclusivity Territory YNV shall (and shall procure that its Affiliates shall):

29.7.1 in relation to any Yandex Services Promotion Features, treat the Group as a Yandex Service Company; and

29.7.2 provide Yandex Services Promotion Features to the Group on similar and non-discriminatory terms as compared with the terms and conditions of promotion of other Yandex Service Companies, subject to restrictions which also apply to other Yandex Service Companies (including restrictions applicable to priority advertising campaigns of a relevant Yandex Service Company or a service of YNV Affiliate). YNV and its Affiliates shall have the right not to include in any new Yandex Services Promotion Features any promotion tools which may be created in the future and which: (a) constitute a part of the corresponding functionality of a service of a Yandex Service Company; or (b) assume the need for technical integration with the service providing the promotion tool; or (c) are provided to Yandex Service Companies on a commercial basis, including in accordance with the policy of the service providing such promotion tool.

**29.8 General principles of co-operation between the Company and the Principal Shareholders**

29.8.1 The Parties intend that, other than as set out in the Transaction Documents, the Company's relationship with each of the Principal Shareholders shall be based on the principles of reciprocity and mutual benefit, having regard to the industry and market standing of the Company and each of the Principal Shareholders.

29.8.2 Each of the Principal Shareholders may invite the Company to participate in its new business initiatives and pilot projects, but the Board shall be free to decide, in its sole discretion, to what extent the Group shall participate therein (if at all).

29.8.3 Unless otherwise required by applicable Laws, the Parties agree that the internal corporate by-laws, policies, standards or other regulations of the Principal Shareholders shall not directly apply to the Company, and that the Board shall be free to decide, in its sole discretion, to what extent (if at all) to implement any such by-laws, policies standards or regulations at the Group level.

29.9 \*\*

29.9.1 \*\*

29.9.2 \*\*

29.9.3 \*\*

(i) \*\*

(a) \*\*

(b) \*\*

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(ii) \*\*

### **30 Confidentiality**

#### **30.1 Announcements**

No public announcement of any kind shall be made in respect of this Agreement except as otherwise agreed in writing between the Principal Shareholders or unless required by the Laws, in which case the Principal Shareholder concerned shall take all reasonable steps to obtain the consent of the other Principal Shareholder to the contents of the announcement, such consent not to be unreasonably withheld or delayed, and the Principal Shareholder or the Affiliate of the Principal Shareholder making the announcement (as the case may be) shall (unless it is not reasonably practicable to do so) give a copy of the text to the other Principal Shareholder prior to the announcement being released.

#### **30.2 Confidential Information**

Subject to Clauses 30.1 and 30.3, each Party shall keep confidential and shall procure that its respective Affiliates and their respective officers, employees, agents and advisers keep confidential the following (the "**Confidential Information**"):

**30.2.1** all communications between each Shareholder and the Group;

**30.2.2** all information and other materials supplied to or received by each Shareholder from the Group which are either marked "confidential" or are by their nature intended to be for the knowledge of the recipient alone; and

**30.2.3** any information relating to:

- (i) this Agreement, the Business which a Shareholder may have or acquire through ownership of an Interest in the Company, all information concerning the business transactions and/or financial arrangements of the Group; and
- (ii) the customers, business, assets or affairs of a Shareholder or its Affiliates and all information concerning the business transactions and/or financial arrangements of a Shareholder or its Affiliate which the other Parties may have, or acquire, through being a Shareholder or making appointments to the Board,

and shall not use any Confidential Information for its own business purposes or disclose any Confidential Information to any third party without the consent of the other Parties.

#### **30.3 Exclusions**

**30.3.1** Clause 30.2 shall not prohibit disclosure or use of any information if and to the extent:

- (i) the information is or becomes publicly available (other than by breach of this Agreement);
  - (ii) both Principal Shareholders have given prior written approval to the disclosure or use;
  - (iii) information about the Group which the Board has confirmed in writing to the Shareholders is not confidential;
-

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- (iv) the information is independently developed by a Party after the date of this Agreement;
- (v) the disclosure or use is required by law, any governmental or regulatory body or any stock exchange on which the shares of either Party or any of its Affiliates is listed (including where this is required as part of any actual or potential offering, placing and/or sale of securities of that Party or any of its Affiliates);
- (vi) the disclosure or use is required for the purpose of any judicial or arbitral proceedings arising out of or in connection with this Agreement or any documents to be entered pursuant to it;
- (vii) the disclosure of information is made to any Tax Authority to the extent such disclosure is reasonably required for the purposes of the tax affairs of the Party concerned or any of its Affiliates;
- (viii) the disclosure of information is made by a Principal Shareholder to its Affiliates, directors, employees or professional advisers on a need to know basis and on terms that such parties undertake to comply with the provisions of this Clause 30 as if they were a party to this Agreement; or
- (ix) the disclosure of information is made by a Principal Shareholder on a confidential basis to a bona fide third party (not being a Restricted Transferee) or professional advisers or financiers of such third party wishing to acquire Shares from such Principal Shareholder in accordance with the terms of this Agreement to the extent that any such persons need to know the information for the purposes of considering, evaluating, advising on or furthering the potential purchase PROVIDED THAT no such disclosure shall be made unless such person has agreed to be bound to observe the restrictions under this Clause 30 to which the Principal Shareholder concerned is subject,

provided that prior to disclosure or use of any information pursuant to Clause 30.3.1(v) or 30.3.1(vi), the Party concerned shall consult with the other Parties insofar as is reasonably practicable.

#### **30.4 Return of Confidential Information**

Where a Principal Shareholder ceases to be a Shareholder, such Principal Shareholder shall promptly return all written Confidential Information provided to it or its Affiliates or its or their officers, employees, agents or advisers which is in such Principal Shareholder's possession or under its custody and control without keeping any copies thereof, provided that such Principal Shareholder may retain any Confidential Information relating to the other Shareholders, the Company, the Group or the Business as may be required by the Laws or contained or referred to in board minutes or in documents referred to therein and such Principal Shareholder's advisers may keep one copy of any documents in their possession for record purposes without prejudice to any duties of confidentiality contained in this Agreement.

#### **30.5 Damages not an adequate remedy**

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Without prejudice to any other rights or remedies which a Shareholder may have under this Agreement or any other Transaction Document, the Shareholders acknowledge and agree that damages would not be an adequate remedy for any breach of this Clause 30 and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision and no proof of special damages shall be necessary for the enforcement of the rights under this Clause 30.

**30.6 Duration of confidentiality obligations**

The obligations contained in this Clause 30 shall last indefinitely notwithstanding the termination of this Agreement or a person ceasing to be party to this Agreement.

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## PART I – GENERAL

### 31 General

#### 31.1 Arbitration

- 31.1.1 The Parties agree that, in respect of any claim, dispute or difference or controversy of whatever nature arising out of, relating to, or in connection with this Agreement (including a claim, dispute, difference or controversy regarding its existence, termination, validity, interpretation, performance, breach, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (each, a "**Dispute**"), they shall notify in writing the other parties and attempt in good faith to resolve such Dispute. If no such resolution can be reached during the \*\* following the date of such written notice, then such Dispute shall be referred upon the application of any party to, and finally settled by, arbitration in accordance with the London Court of International Arbitration ("**LCIA**") Rules (the "**Rules**") as in force at the date of this Agreement, which Rules, as amended by this Clause 31.1, are deemed to be incorporated into this Clause 31.1, and capitalised terms used in this Clause 31.1 which are not otherwise defined in this Agreement have the meaning given to them in the Rules.
- 31.1.2 The number of arbitrators shall be three, one of whom shall be nominated by the Claimant(s) between them, one by the Respondent(s) between them, and the third of whom, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two party-nominated arbitrators, provided that if the third arbitrator has not been nominated within \*\* of the nomination of the second party nominated arbitrator, such third arbitrator shall be appointed by the LCIA.
- 31.1.3 The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.
- 31.1.4 No party shall be required to give general discovery of documents but may be required only to produce specific, identified documents or classes of documents which are relevant to the Dispute.
- 31.1.5 Each party agrees that the arbitration agreement set out in this Clause 31.1 and the arbitration agreement contained in each other Transaction Document (other than the Ancillary Agreements and all documents entered into pursuant to the Ancillary Agreements) shall together be deemed to be a single arbitration agreement.
- 31.1.6 Each party consents to being joined to any arbitration commenced under any Transaction Document on the application of any other party if the Arbitral Tribunal so allows, and subject to and in accordance with the Rules. Before the constitution of the Arbitral Tribunal, any party to an arbitration commenced pursuant to this Clause 31.1 may effect joinder by serving notice on any party to any Transaction Document whom it seeks to join to the arbitration proceedings, provided that such notice is also sent to all other parties to the Dispute and the LCIA Court within \*\* of service of the Request for Arbitration. The joined party will become a claimant or respondent party (as appropriate) to the arbitration proceedings and participate in the arbitrator appointment process in Clause 31.1.2.
-

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- 31.1.7 An Arbitral Tribunal constituted under this Agreement may consolidate an arbitration hereunder with an arbitration under any other Transaction Document if the arbitration proceedings raise common questions of law or fact, and subject to and in accordance with the Rules. For the avoidance of doubt, this Clause 31.1.7 is an agreement in writing by all parties to any arbitrations to be consolidated for the purposes of Article 22.1(x) of the Rules. If an Arbitral Tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Clause 31.1.7, the Arbitral Tribunal which shall have the power to order consolidation shall be the Arbitral Tribunal appointed in the arbitration with the earlier Commencement Date under Article 1.4 of the Rules (i.e. the first-filed arbitration). Notice of the consolidation order must be given to any arbitrators already appointed in relation to any of the arbitration(s) which are to be consolidated under the consolidation order, all parties to those arbitration(s) and the LCIA Registrar. Any appointment of an arbitrator in the other arbitrations before the date of the consolidation order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defense was raised for the purpose of applying any limitation bar or any similar rule or provision. If this clause operates to exclude a party's right to choose its own arbitrator, each party irrevocably and unconditionally waives any right to do so.
- 31.1.8 To the extent permitted by applicable Laws, each party waives any objection, on the basis that a Dispute has been resolved in a manner contemplated by Clauses 31.1.6 to 31.1.7, to the validity and/or enforcement of any arbitral award.
- 31.1.9 Each party agrees that any arbitration under this Clause 31.1 shall be confidential to the parties and the arbitrators and that each party shall therefore keep confidential, without limitation, the fact that the arbitration has taken place or is taking place, all non-public documents produced by any other party for the purposes of the arbitration, all awards in the arbitration and all other non-public information provided to it in relation to the arbitral proceedings, including hearings, save to the extent that disclosure may be requested by a regulatory authority, or required of it by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.
- 31.1.10 The law of this arbitration agreement, including its validity and scope, shall be English law.
- 31.1.11 This agreement to arbitrate shall be binding upon the parties, their successors and permitted assigns.

**31.2 Governing law and submission to jurisdiction**

- 31.2.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.
- 31.2.2 Each of the Parties irrevocably submits to the non-exclusive jurisdiction of the courts of England to support and assist the arbitration process pursuant to Clause 31.1,
-

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including if necessary the grant of interlocutory relief pending the outcome of that process.

### 31.3 Warranties

Each Party warrants to each other Party that each of the following statements is true and accurate as of the date of this Agreement:

- 31.3.1 it is validly existing and is a company duly incorporated under the law of its jurisdiction of incorporation;
- 31.3.2 it has the legal right and full power and authority to enter into and perform this Agreement;
- 31.3.3 this Agreement will, when executed, constitute valid and binding obligations on it; and
- 31.3.4 it has taken all corporate action required by it to authorise it to enter into and to perform this Agreement.

### 31.4 Notices

31.4.1 Any notice or other communication in connection with this Agreement (each, a "**Notice**") shall be:

- (i) in writing;
- (ii) in English language; and
- (iii) delivered by hand, registered post, pre-paid recorded delivery, pre-paid special delivery or courier using an internationally recognised courier company.

31.4.2 A Notice to Sberbank shall be sent to such party at the following address, or such other persons or address as Sberbank may notify to the other Parties from time to time:

**PJSC Sberbank of Russia**

19 Vavilova Street  
Moscow 117997  
Russia

Attention:

\*\*  
  
\*\*  
  
\*\*

with a copy (which shall not constitute Notice) to:

\*\*

Linklaters CIS  
Paveletskaya sq.2 bld. 2  
Moscow 115054

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Russia  
Email: \*\*

- 31.4.3 A Notice to Sberbank Nominee shall be sent to such party at the following address, or such other person or address as Sberbank Nominee may notify to the other Parties from time to time:

**«Digital assets» Limited**  
19 Vavilova Street  
Moscow 117997  
Russia

Attention: \*\*  
Email:

- 31.4.4 A Notice to YNV shall be sent to such party at the following address, or such other person or address as YNV may notify to the Parties from time to time:

**Yandex N.V.**  
Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands  
Attention: \*\*  
Email: \*\*

with a copy (which shall not constitute Notice) to:

\*\*

Yandex LLC  
16 Lva Tolstogo Street  
Moscow 119021 Russia  
Email: \*\*

\*\*

Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
Email: \*\*

- 31.4.5 A Notice to the Stichting shall be sent to such party at the following address, or such other person or address as Stichting may notify to the Parties from time to time:

**Stichting Yandex.Market Equity Incentive**  
Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands  
Attention: Yandex.Market B.V

- 31.4.6 A Notice to the Company shall be sent to such party at the following address, or such other person or address as the Company may notify to the Parties from time to time:

**Yandex.Market B.V.**  
Schiphol Boulevard 165  
Schiphol 1118 BG

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Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

Netherlands  
Attention: \*\*  
Email: \*\*

with a copy (which shall not constitute Notice) to:

\*\*  
Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
Email: \*\*

31.4.7 A Notice shall be effective upon receipt and shall be deemed to have been received:

- (i) at 9:00 am on the second Business Day after posting or at the time recorded by the delivery service; or
- (ii) at the time of delivery, if delivered by hand or courier.

### 31.5 Whole agreement and remedies

31.5.1 This Agreement contains the whole agreement between the Parties relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the Parties in relation to the matters dealt with in this Agreement.

31.5.2 Each Party agrees and acknowledges that:

- (i) in entering into this Agreement, it is not relying on any representation, warranty or undertaking not expressly incorporated into it; and
- (ii) its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement and each of the Parties waives all other rights and remedies (including those in tort or arising under statute) in relation to any such representation, warranty or undertaking.

31.5.3 In this Clause 31.5 **"this Agreement"** includes the Transaction Documents and all documents entered into pursuant to this Agreement.

31.5.4 Nothing in this Clause 31.5 excludes or limits any liability for fraud.

### 31.6 Legal advice and reasonableness

Each Party to this Agreement confirms that it has received independent legal advice relating to all the matters provided for in this Agreement, including the terms of Clause 31.5, and agrees that the provisions of this Agreement (including all documents entered into pursuant to this Agreement) are fair and reasonable.

### 31.7 Unlawful fetter

The Company is not bound by any provision of this Agreement to the extent it constitutes an unlawful fetter on any statutory power of the Company.

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**31.8 Conflict with the Articles**

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, it is intended that the provisions of this Agreement shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Agreement and shall further if necessary procure any required amendment to the Articles provided that such amendment to the Articles shall not contravene applicable Laws. The Company is not bound by this Clause 31.8.

**31.9 No partnership**

Nothing in this Agreement shall be deemed to constitute a partnership between the Parties hereto or constitute any Party the agent of any other Party for any purpose.

**31.10 Release etc.**

Any liability owing from any Shareholder or the Company under this Agreement may in whole or in part be released, compounded or compromised or time or indulgence given by a Shareholder or the Company in its absolute discretion without in any way prejudicing or affecting its Rights against any other Party under the same or a like liability, whether joint and several or otherwise, or the Rights of any other Party.

**31.11 Survival of rights, duties and obligations**

31.11.1 Termination of this Agreement for any cause shall not release a Party from any liability which at the time of termination has already accrued to another Party or which thereafter may accrue in respect of any act or omission prior to such termination.

31.11.2 If a Party ceases to be a Party to this Agreement for any cause, such Party shall not be released from any liability which at the time of the cessation has already accrued to another Party or which thereafter may accrue in respect of any act or omission prior to such cessation.

**31.12 Waiver**

No failure of any Shareholder or the Company to exercise, and no delay by it in exercising, any Right shall operate as a waiver of that Right, nor shall any single or partial exercise of any Right preclude any other or further exercise of that Right or the exercise of any other Right.

**31.13 Variation**

No amendment to this Agreement shall be effective unless signed by or on behalf of each of the Principal Shareholders.

**31.14 No assignment**

31.14.1 Except as otherwise expressly provided in this Agreement (including pursuant to Clause 22.3), none of the Parties may, without the prior written consent of the others, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement.

31.14.2 This Agreement shall be binding on the Parties and their respective successors and assigns.

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**31.15 Further assurance**

Each of the Parties shall (i) from time to time execute such documents and perform such acts and things as any Party may reasonably request from time to time in order to carry out the intended purpose of this Agreement; (ii) vote its Shares so as to give full effect to this Agreement; (iii) cause each Director appointed by it to take all steps necessary to carry out the intended purposes of this Agreement; and (iv) use reasonable endeavours to procure that any necessary third party shall execute such documents and do such acts and things as may reasonably be required in order to carry out the intended purpose of this Agreement.

**31.16 Invalidity/severance**

**31.16.1** If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties.

**31.16.2** To the extent it is not possible to delete or modify the provision, in whole or in part, under Clause 31.16.1, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Clause 31.16.1, not be affected.

**31.17 Counterparts**

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any Party may enter into this Agreement by executing any such counterpart.

**31.18 Costs**

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and execution of this Agreement.

**31.19 Third party rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of, or enjoy any benefit under, this Agreement except that any person who enters into a Deed of Adherence in accordance with Clause 25.7 may enforce and rely on this Agreement to the same extent as if it were a party to it.

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In **witness** of which this Agreement has been duly executed on the date set out on the first page hereof.

EXECUTED by \_\_\_\_\_  
on behalf of PJSC Sberbank of Russia:

EXECUTED by \_\_\_\_\_  
on behalf of «Digital assets» Limited:

EXECUTED by \_\_\_\_\_  
on behalf of Yandex N.V.:

EXECUTED by \_\_\_\_\_  
on behalf of Stichting Yandex.Market  
Equity Incentive:

EXECUTED by \_\_\_\_\_  
on behalf of Yandex.Market B.V.:

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**Schedule 1**

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**Deed of Adherence  
(Clause 25.7)**

This **Deed of Adherence** is made on **[date]** by [ ], a company incorporated [in [ ] /under the laws of [ ]] under registered number [ ] whose [registered/principal office is at [ ] (the "**New Shareholder**").

**Recitals:**

- (D) [ ] (the "**Transferor**") is proposing to transfer to the New Shareholder **[number]** shares of [ ] each in the capital of Yandex.Market B.V. (the "**Company**").
- (E) This Deed of Adherence is entered into in compliance with Clause 25.7 (*Deed of Adherence*) of a shareholders' agreement made on **[date]** between (1) [ ], (2) [ ], and (4) [ ] as such agreement has been or may be amended, supplemented or novated from time to time (the "**Agreement**").

**It is agreed** as follows:

- 1** The New Shareholder confirms that it has been supplied with and has read a copy of the Agreement.
  - 2** The New Shareholder agrees (a) to assume the benefit of the rights of the Transferor under the Agreement (including any rights accrued in respect of the shares transferred by the Transferor) and (b) to observe, perform and be bound by all the obligations and terms of the Agreement capable of applying to the New Shareholder and which are to be performed on or after the date of this Deed, to the intent and effect that the New Shareholder shall be deemed with effect from the date on which the New Shareholder is registered as a member of the Company to be a party to the Agreement (as if named as a party to the Agreement).
  - 3** This Deed is made for the benefit of (a) the original Parties to the Agreement and (b) any other person or persons who after the date of the Agreement (and whether or not prior to or after the date of this Deed) adhere to the Agreement.
  - 4** The address of the New Shareholder for the purposes of Clause 31.4 (*Notices*) of the Agreement are as follows:  
[•]
  - 5** Clauses 31.1 (*Arbitration*) and 31.2 (*Governing law and submission to jurisdiction*) of the Agreement shall apply to this Deed as if set out in full herein.
-

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In **witness** of which this Deed has been executed and delivered as a deed on the date stated at the beginning of this Deed.

EXECUTED AND DELIVERED as  
a DEED by [•] acting by [name of  
director] a Director in the presence  
of:

Witness's signature:

Name:  
Address:

Occupation:

[Also to be executed by each other party hereto]

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27 November 2018

Limited Liability Company "NAPA"  
and  
Limited Liability Company "YANDEX"

**AGREEMENT FOR SALE AND PURCHASE OF FUTURE THING No. 10204824**

in respect of facilities located at:

15 Kosygina Street, Gagarinsky district, Moscow

Moscow

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or other details of the Purchaser of which the Purchaser may notify the Seller in accordance with the provisions of the Agreement;		12
Beneficiary: LLC "YANDEX" Beneficiary's address: 16 L'va Tolstogo Street, Moscow, 119021, Russia.....12		
Account number: ** Beneficiary's bank: VTB BANK (PJSC) SWIFT: VTBRUMM Bank's address: 43/1 Vorontsovskaya Street, Moscow, 109147, Russian Federation		12
or other details of the Purchaser of which the Purchaser may notify the Seller in accordance with the provisions of the Agreement;		12
Beneficiary: LLC "NAPA" corr. acct.: ** INN: 7703466743 KPP: 770301001 BIK: 044525187 settlement acct.: **.12		
or other details of the Seller of which the Seller may notify the Purchaser in accordance with the provisions of the Agreement;		13
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**THIS SALE AND PURCHASE AGREEMENT ("Agreement")** is made on 27 November 2018 in Moscow, the Russian Federation

**BETWEEN:**

- (1) **Limited Liability Company "NAPA"**, primary state registration number (OGRN) 1187746900428, located at: Suite 6 / Office 470, 10 Presnenskaya Embankment, Moscow, 123112, Russian Federation (the **"Seller"**), represented by General Director Evgeny Mikhailovich Alyoshin, acting pursuant to the Charter, and
- (2) **Limited Liability company "YANDEX"**, primary state registration number 1027700229193, located at: 16 L'va Tolstogo Street, Moscow, 119021, Russian Federation (the **"Purchaser"**), represented by Andrey Olegovich Korolenko, acting pursuant to the power of attorney certified by Tatiana Yevgenyevna Nechaeva, notary of the city of Moscow, on 9 November 2018, registry No. 77/767-n/77-2018-3-880,

also together referred to as the **"Parties"** and each separately as a **"Party"**.

**RECITALS:**

- (A) As of the Execution Date: (i) OJSC owns the OJSC Premises, Metal Fencing and Other Property and OJSC possesses and uses the Land Plot under the Land Lease; (ii) the Owners of Third Party Premises own the Third Party Premises and an interest in the right of lease / use in respect of the Land Plot.
- (B) The OJSC Premises, the OJSC Lease Right and a part of the Other Property are mortgaged/pledged to VTB Bank as security for OJSC's obligations under the Facility Agreement.
- (C) The Purchaser wishes to purchase the entire Building by purchasing the OJSC Premises, the Third Party Premises and Other Property as well as the Land Lease Right and the Metal Fencing (the OJSC Premises, Third Party Premises, Other Property and Metal Fencing are hereinafter referred to as the **"Facilities"**). In order to ensure that the Purchaser is able to purchase the Facilities and the Land Lease Right, the Seller intends to purchase the Facilities and the Land Lease Right and then, upon the purchase of all Facilities and the Land Lease Right, sell them to the Purchaser on the terms and subject to the conditions hereof.
- (D) The following agreements and documents have been agreed and approved by the Parties and executed prior to the Execution Date: (i) OJSC Collateral Account Agreements and Seller Collateral Account Agreements; (ii) Addendum to the Facility Agreement between VTB Bank and OJSC; (iii) Annexes to the Security Documents; (iv) Addendum to the Korston-Moscow Lease between OJSC and Limited Liability Company "Korston-Moscow" (primary state registration number 1077746247347); and (v) Option Agreements.
- (E) The following agreements have been agreed and approved by the Parties and have been or will be signed on or about the Execution Date: (i) OJSC Account Pledges and Seller Account Pledges; and (ii) the Settlement Agreement.
- (F) The approval of the Seller's management bodies regarding the execution of the Agreement and the Third Party SPAs has been obtained (Minutes of the Extraordinary General Meeting of Shareholders of the Seller No. 12 dated 26 November 2018 in respect of the Agreement, Minutes of Extraordinary General Meetings of Shareholders of the Seller Nos. 2, 3, 4, 5, 6 and 7 dated 13 November 2018 and Nos. 8 and 9 dated 19 November 2018 in respect of the Third Party SPAs), and copies thereof have been transferred to the Purchaser on the Execution Date.
- (G) The approval of OJSC's management bodies has been obtained with respect to the execution of the Settlement Agreement, the OJSC SPA and other related documents (minutes of the Extraordinary General Meeting of Shareholders of the Seller dated 24 September 2018), and a copy thereof has been transferred to the Purchaser.
- (H) Capitalized terms used but not defined in these Recitals shall have the meanings given to them in this Agreement.
-

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**THE PARTIES HEREBY AGREE AS FOLLOWS:**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement, unless otherwise expressly required by the context, the following capitalized terms and expressions shall have the following meanings:

"**Documents Acceptance Certificate**" means the acceptance certificate in respect of documents, executed by the Purchaser (as the transferee) and Limited Liability Company VTB Capital Zhilaya Nedvizhimost', primary state registration number 1147746229377 (as the transferor), dated 12 November 2008;

"**Landlord**" means the City Property Department of the city of Moscow or its successor;

"**Affiliate**" means, in relation to any person, another person which directly or indirectly controls, is controlled by, or is under common control with, such person and persons controlled by such person, and members of a group of such person within the meaning of Federal Law No. 135-FZ "On Protection of Competition" dated 26 July 2006 (as amended on the Execution Date); for the purposes of this definition, a person is deemed to be "**controlled**" by another person if the latter is entitled (directly or indirectly, by virtue of ownership of shares or participation interests, or voting rights held by contract or otherwise) to appoint and/or remove executive bodies, all or a majority of members of the board of directors or other members of the management bodies of such person, or to give directions which are binding for such person, and the terms "**control**" and "**to control**" shall be construed accordingly;

"**VTB Bank**" means VTB Bank (Public Joint-Stock Company), a joint-stock company organized under the laws of the Russian Federation, located at: 29 Bol'shaya Morskaya Street, 190000, Saint Petersburg, primary state registration number 1027739609391, general license of the Central Bank of the Russian Federation No. 1000;

"**Second Part of the Security Payment**" has the meaning given in Clause 3.3;

"**Guarantee Period**" has the meaning given in Clause 9.1;

"**State Registration**" means state registration with the USRRP of the transfer of title to the Real Properties or any of them and the Land Lease Right, if it is subject to state registration, to the Purchaser;

"**Civil Code**" means the Civil Code of the Russian Federation (as amended);

"**VTB Group**" means VTB Bank and its subsidiaries / dependent entities included in the consolidated IFRS statements of VTB Bank;

"**Transfer Deed Date**" means the relevant date of execution of the Transfer Deed by the Parties, unless otherwise expressly required by the context;

"**Execution Date**" means the date of execution of this Agreement by the Parties;

"**Payment Date**" has the meaning given in Clause 3.8;

"**Registration Date**" means the relevant date of State Registration, unless otherwise expressly required by the context;

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**"Defect"** means:

- (a) any non-conformity of the Facilities and/or the Land Plot to the requirements of this Agreement and/or Applicable Law; and/or
- (b) any physical defect or deficiency in the Facilities if such defect or deficiency impedes or makes impossible the Permitted Use of any Facility or any part thereof;

**"\*\* SPA"** means the notarized sale and purchase agreement between \*\*, \*\* (as sellers) and the Seller (as purchaser) in respect of the \*\* Premises;

**"OJSC SPA"** means the notarized sale and purchase agreement in respect of the OJSC Premises, including OJSC's Lease Right, to be executed between the Seller (as purchaser) and OJSC (as seller);

**"Third Party SPAs"** means the notarized sale and purchase agreements and sale and purchase option agreements in respect of the Third Party Premises, to be executed between the Seller (as purchaser) and Owners of Third Party Premises (as sellers);

**"Land Lease"** means the lease agreement in respect of the Land Plot No. M-06-011534 dated 09 June 1998, between OJSC and other tenants (as tenant) and the Landlord (as landlord), as amended by the following addenda;

- (a) No. M-06-011534/1 dated 16 December 1998;
- (b) No. M-06-011534/2 dated 07 April 1999;
- (c) No. M-06-011534/3 dated 10 September 1999;
- (d) No. M-06-011534/4 dated 13 June 2000;
- (e) No. M-06-011534/5 dated 13 February 2001;
- (f) No. M-06-011534/6 dated 27 June 2005;

with the lease period expiring on 09 June 2047, and subject to the agreements for accession to the lease:

- (a) dated 07 September 2005 with \*\* (as tenant) (subject to the agreement for assignment of land lease rights dated 04 July 2017 and the addendum to the Land Lease dated 14 June 2018);
- (a) dated 20 March 2007 with LLC "RESONANCE-K" (as tenant);
- (a) dated 21 March 2007 with LLC "Galla Inter" (as tenant);
- (a) dated 22 March 2007 with LLC "GEMALADA" (as tenant);
- (a) dated 26 March 2007 with LLC "OFFICE-RENT" (as tenant);
- (a) dated 27 March 2007 with LLC "ANIKS" (as tenant);

with the lease period expiring on 09 June 2047;

**"Land Lease 2"** means the lease agreement in respect of Land Plot 2 No. M-06-506983 dated 08 September 2004, between OJSC (as tenant) and the Landlord (as landlord), with the initial lease period being until 08 September 2009 and subsequently prolonged for an indefinite period;

**"Land Lease 3"** means the lease agreement in respect of Land Plot 3 No. M-06-507994 dated 31 January 2006, between OJSC (as tenant) and the Landlord (as landlord), with the initial lease period being until 22 September 2010 and subsequently prolonged for an indefinite period;

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**"Korston Moscow Lease"** means lease agreement in respect of real property No. 200/11 dated 01 August 2011 between OJSC (as landlord) and Korston-Moscow (as tenant), as amended by the following addenda: No. 1 dated 16 November 2011, No. 2 dated 01 January 2012, No. 3 dated 07 February 2012, No. 4 dated 01 July 2013, No. 5 dated 01 January 2014, No. 6 dated 07 February 2014, No. 7 dated 02 May 2014, No. 8 dated 01 July 2014, No. 9 dated 18 December 2014, No. 10 dated 01 April 2015, No. 11 dated 23 December 2015, No. 12 dated 24 December 2015, No. 12/1 dated 31 December 2015, No. 13 dated 21 April 2016, No. 14 dated 31 May 2016, No. 13 dated 31 December 2016, and the Addendum to the Korston Moscow Lease;

**"Mortgage"** means mortgage (pledge of real property) agreement No. 31-108/19/550-13-ZN/454 dated 20 December 2013 between OJSC (as mortgagor) and VTB Bank (previously known as OJSC "Bank of Moscow") (as mortgagee) in respect of the OJSC Premises and OJSC's interest in the lease right to the Land Plot, as amended by the following addenda: No. 1 dated 11 April 2014, No. 2 dated 09 July 2014, No. 3 dated 30 December 2014 and No. 4 dated 30 December 2016;

**"Bank Assignment Agreement"** means the agreement for assignment of rights (claims) in respect of, *inter alia*, the rights (claims) of VTB Bank against OJSC under the Facility Agreement to be entered into between VTB Bank (as assignor) and the Purchaser (as assignee);

**"Equipment Pledges"** means equipment pledge agreement No. 31-108/15/454-13-DO/1 dated 30 June 2017 between OJSC (as pledgor) and VTB Bank (as pledgee) and equipment pledge agreement No. 31-108/15/454-13-DO/2 dated 27 July 2017 between Korston Moscow (as pledgor) and VTB Bank (as pledgee);

**"OJSC Account Pledges"** means the agreement for pledge of rights under bank (collateral) account agreement No. \*\* and the agreement for pledge of rights under bank (collateral) account agreement No. \*\* in respect of, *inter alia*, the OJSC Collateral Account, entered into on 20 November 2018 between OJSC (as pledgor) and VTB Bank (as pledgee and account bank) to secure the obligations of OJSC under the Facility Agreement in the form agreed with the Purchaser;

**"Seller Account Pledges"** means the agreements for pledge of rights under the Seller Collateral Account Agreements, to be entered into between the Seller (as pledgor) and VTB Bank (as pledgee and account bank) to secure the obligations of the Seller under the Bank Guarantee in the form agreed with the Purchaser;

**"OJSC Collateral Account Agreements"** means the bank account agreement in respect of foreign currency bank account (collateral account) No. \*\* and bank account agreement in respect of Russian currency bank account (collateral account) No. \*\* (in respect of the OJSC Collateral Account), entered into on 1 November 2018 between OJSC (as client) and VTB Bank (as account bank);

**"Seller Collateral Account Agreements"** means the bank account agreement in respect of foreign currency bank account (collateral account) No. \*\* and bank account agreement in respect of Russian currency bank account (collateral account) No. \*\*, entered into on 09 November 2018 in respect of the Seller Collateral Accounts between the Seller (as client) and VTB Bank (as account bank);

**"Utility Services Agreements"** means the agreements to which OJSC is a party, listed in Schedule 6;

**"Asset Charges"** means the Mortgage, Equipment Pledges and agreement for pledge of lease rights to land plots No. 552-13-ZN/454-DI/4 dated 12 April 2017 between OJSC (as pledgor) and VTB Bank (as pledgee) in respect of the lease right to Land Plot 2 and Land Plot 3;

**"Option Agreements"** means, collectively, the Put Option and Put Option 2;

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“**Subleases**” means sublease agreements between Korston Moscow (as tenant) and the subtenants listed in the OJSC SPA, which will be executed after the Execution Date in the form agreed with the Purchaser;

“**Security Documents**” means the documents set out in the Settlement Agreement and transferred under the Documents Acceptance Certificate;

“**Participation Interest**” means the participation interest in the Seller’s charter capital, with a nominal value of nine hundred ninety-nine thousand nine hundred roubles (RUB 999,900), which constitutes ninety-nine point ninety-nine percent (99.99%) of the Seller’s charter capital;

“**Participation Interest 2**” means the participation interest in the Seller’s charter capital, with a nominal value of one hundred roubles (RUB 100), which constitutes zero point zero one percent (0.01%) of the Seller’s charter capital;

“**Transaction Documents**” means agreements and documents listed in Schedule 4, provided that, for the purposes of this Agreement, the term “Transaction Documents” and each of documents and transactions designated as the Transaction Documents and listed in Schedule 4 means the version of the relevant document transferred to the Purchaser under the Documents Acceptance Certificate, and in case of any change in agreements (draft agreements) and/or documents after the execution of the Documents Acceptance Certificate, subject only to those changes that have been agreed with the Purchaser;

“**Annexes to Seller Collateral Account Agreements**” has the meaning given in the Settlement Agreement;

“**Annexes to Security Documents**” means addenda or confirmation letters to the Security Documents which confirm or reflect amendments to the Facility Agreement set out in the Addendum to the Facility Agreement, which were entered into prior to the Execution Date between VTB Bank and the relevant party to each Security Document or executed by the relevant security providers under the Security Documents and transferred to the Purchaser under the Documents Acceptance Certificate;

“**Addendum to the Korston Moscow Lease**” means addendum No. 15 to the Korston Moscow Lease dated 30 October 2018, registered with the USRRP on 09 November 2018, which, *inter alia*, reduces the lease period under the Korston Moscow Lease;

“**Addendum to the Facility Agreement**” means addendum No. 8 dated 15 November 2018 to the Facility Agreement entered into by OJSC (as borrower) and VTB Bank (as lender);

“**USRRP**” means the Unified State Register of Real Property of the Russian Federation;

“**USRLE**” means the Unified State Register of Legal Entities of the Russian Federation;

“**Seller’s Representations**” means representations as to circumstances, given by the Seller hereunder and set out in Clause 7.1 hereof (for the Seller) and Schedule 5;

“**Parties’ Representations**” means all representations as to circumstances, given by each Party to the other Party with respect to itself and set out in Clause 7.1 hereof;

“**OJSC Collateral Account**” means settlement (collateral) RUB account of OJSC No. \*\*, opened with VTB Bank (Russian bank identification code (BIK) 044525187, correspondent account \*\*, Russian Classifier of Businesses and Organizations (OKPO) 00032520, Russian taxpayer identification number (INN) 7702070139, OGRN 1027739609391);

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**"Seller Collateral Accounts"** means the Seller RUB Collateral Account and the Seller USD Collateral Account;

**"Seller RUB Collateral Account"** means settlement (collateral) RUB account of the Seller No. \*\*, opened with VTB Bank (BIK 044525187, correspondent account \*\*, OKPO 00032520, INN 7702070139, OGRN 1027739609391);

**"Seller USD Collateral Account"** means settlement (collateral) USD account of the Seller No. \*\*, opened with VTB Bank (BIK 044525187, correspondent account \*\*, OKPO 00032520, INN 7702070139, OGRN 1027739609391);

**"Building"** means the building with cadastral number 77:06:0001002:1032 located on the Land Plot;

**"Land Code"** means the Land Code of the Russian Federation, as amended;

**"Land Plot"** means the land plot with cadastral number 77:06:0001002:60 and total area of 31,812 sq. m, located at the address established in relation to the landmark within the boundaries of the land plot; postal address of the landmark: Plot 15, Kosygina Street, Moscow, land category: land for habitation, permitted use: hotel service (4.7) (land designated for hotels (1.2.6)); business management (4.1) (land designated for business and commercial office buildings (1.2.7)); catering (4.6) (land designated for trading, catering and amenities facilities (1.2.5)), which is, as of the Execution Date, leased by OJSC and the persons set out in paragraph (b) of the definition of the "Land Plot Encumbrances" under the Land Lease, as reflected in the USRLE extract referred to in Schedule 2 hereto;

**"Land Plot 2"** means the land plot with cadastral number 77:06:0001002:129 and total area of 7,312 sq. m, located at the address established in relation to the landmark within the boundaries of the land plot; postal address of the landmark: Plot 15, Kosygina Street, Moscow, which is, as of the Execution Date, leased by OJSC under Land Lease 2;

**"Land Plot 3"** means the land plot with cadastral number 77:06:0001002:85 and total area of 500 sq. m, located at the address established in relation to the landmark within the boundaries of the land plot; postal address of the landmark: Plot 15, Kosygina Street, Moscow, which is, as of the Execution Date, leased by OJSC under Land Lease 3;

**"Other Property"** means non-removable improvements of the Land Plot and non-removable improvements of the Real Properties, including those listed in Schedule 3 hereto, but excluding the property which is included in the OJSC Premises and set out in the definition of "OJSC Premises";

**"Other Agreements"** means the agreements to which OJSC is a Party as of the Execution Date, listed in Schedule 7;

**"Utility Services"** means power supply, heat supply, water supply, waste water collection and water disposal;

**"OJSC Component"** has the meaning given in Clause 3.1(a);

**"Third Party Component"** has the meaning given in Clause 3.1(b);

**"Confidential Information"** has the meaning given in Clause 14.1;

**"Korston Moscow"** means Limited Liability Company "Korston-Moscow", OGRN 1077746247347, INN 7736553504, located at: 15 Kosygina Street, 119334, Moscow, 100% participatory interest in which is held by OJSC as of the Execution Date;

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**"Facility Agreement"** means facility agreement (facility) No. 31-108/15/454-13-KR dated 30 October 2013 between OJSC (as borrower) and VTB Bank (previously known as OJSC "Bank of Moscow") (as lender), as amended by addenda No. 1 dated 07 November 2013, No. 2 dated 30 January 2014, No. 3 dated 26 May 2014, No. 4 dated 16 September 2014, No. 5 dated 30 December 2016, No. 6 dated 24 May 2017, No. 7 dated 08 May 2018 and the Addendum to the Facility Agreement;

**"VTB Bank Exchange Rate"** means the RUB/USD exchange rate expressed as USDRUB\_MOEX – (minus) 10 kopecks as on the relevant payment date, provided that, for the purposes of this definition, USDRUB\_MOEX means the RUB/USD exchange rate expressed as the amount of Roubles for one US Dollar, for next day settlements, announced by PJSC Moscow Exchange (MOEX) on the webpage [moex.com/en/fixing](http://moex.com/en/fixing) as MOEX USD/RUB FX Fixing at approximately 12:35 p.m. (Moscow time) on the relevant payment date;

**"Metal Fencing"** means the metallic fencing with cadastral number 77:06:0001002:9415 and the length of 841 m, located on the Land Plot, which, as of the Execution Date, is owned by OJSC in accordance with Order of the State Committee of the Russian Federation for the Management of State Property No. 658-R dated 28 July 1997 and the Transfer Deed dated 28 September 1997, which is confirmed by Certificate of State Registration of Right dated 03 May 2012, series 77-AN 750797, issued by the Moscow Office of the Federal Service for State Registration, Cadastral Records and Cartography, of which a registration entry was made in the Unified State Register of Rights to Real Property and Transactions with It on 03 May 2012 under No. 77-77-22/026/2012-650, and the USRRP extract referred to in Schedule 2 hereto;

**"IFRS"** means the international accounting standards, international financial reporting standards and related interpretations issued, adopted and amended from time to time by the International Accounting Standards Board;

**"Tax"** means:

- (a) all taxes, levies and insurance premiums, including all federal, regional, local and other taxes, special tax treatments, duties, excises, contributions to the Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation, Mandatory Medical Insurance Fund of the Russian Federation and other taxes, levies and insurance premiums of any kind (whether direct or withheld, whether or not they require filing a return and whether paid to the budget or to non-budgetary funds), charged or collected by any Authority;
- (b) all arrears, penalties, fines and interest relating to any tax, levy or insurance premium referred to in paragraph (a) of this definition; and
- (c) any liability to set off or refund from the budget in relation to the payment of any tax, levy or insurance premium referred to in paragraph (a) of this definition;

**"VAT"** means the value added tax provided for by Applicable Law;

**"OJSC"** means Open Joint-Stock Company Hotel Complex "ORLYONOK", organized and existing under the laws of the Russian Federation, located at: 15 Kosygina Street, Moscow, 119334, Russian Federation, OGRN 1027739582815;

**"Security Payment"** means, together, the First Part of the Security Payment and the Second Part of the Security Payment;

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**"Encumbrance"** means any encumbrance or restriction, third party right or limitation or rights, whether or not registered, which is established or claimed by contract, law or judicial act which has come into effect (whenever adopted), including, but not limited to:

- (a) any pledge, mortgage (including mortgage by law), charge, lease, sublease, easement, attachment, injunction, lien, right of perpetual use, right of free use for a fixed period, trust or pre-emption right;
- (b) third party right under option to enter into a contract, option agreement, preliminary agreement, sale and purchase agreement in respect of a future thing, sale and purchase agreement with deferred performance, or in accordance with any other agreement or transaction;
- (c) other transaction or agreement on disposal of property;
- (d) actual use;
- (e) attachment or prohibition of certain actions, or legal claims registered by a competent authority or filed with a court; and/or
- (f) any agreement or transaction creating or establishing any of the above,

with the exception of the Permitted Encumbrances;

**"Other Property Encumbrances"** means the following Encumbrances existing as of the Execution Date in respect of the Other Property: the pledge under the Equipment Pledges;

**"Third Party Premises Encumbrances"** means the encumbrances designated as the "Permitted Encumbrances" in the Third Party SPAs;

**"Premises Encumbrances"** means the following Encumbrances existing as of the Execution Date in respect of the Premises:

- (a) lease under the Korston Moscow Lease (for the avoidance of doubt, subject to the Addendum to the Korston Moscow Lease);
- (a) sublease under the Subleases;
- (a) pledge (mortgage) under the Mortgage;

**"Land Plot Encumbrances"** means the following Encumbrances existing as of the Execution Date in respect of the Land Plot:

- (a) pledge (mortgage) of lease rights under the Mortgage; and
- (a) lease to the benefit of the following legal entities and individuals: OJSC, Limited Liability Company "RESONANCE-K", Limited Liability Company "Galla Inter", Limited Liability Company "GEMALADA", Limited Liability Company "OFFICE-RENT", Limited Liability Company "ANIKS", \*\*, under the Land Lease;

**"Circumstances of Losses"** has the meaning given in Clause 8.1;

**"Facilities"** has the meaning given in Recital (C);

**"Real Properties"** means all Facilities, with the exception of the Other Property;

**"OJSC Facilities"** means all Facilities, with the exception of the Third Party Premises;

**"Put Option"** means the notarized agreement dated 12 November 2018 for the option to enter into the sale and purchase agreement in respect of the Participation Interest between the Seller's Member and the Purchaser, pursuant

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to which the Purchaser has offered to the Seller's Member to enter into the sale and purchase agreement in respect of the Participation Interest;

**"Put Option 2"** means the notarized agreement dated 12 November 2018 for the option to enter into the sale and purchase agreement in respect of Participation Interest 2 between Seller's Member 2 and Yandex Technologies, pursuant to which Yandex Technologies has offered to Seller's Member 2 to enter into the sale and purchase agreement in respect of Participation Interest 2;

**"Authority"** means any legislative, executive or judicial authority (whether federal, regional or municipal) of any country (or international / supranational organization), and any organizations, institutions, enterprises and other persons vested with governmental or other public powers;

**"First Part of the Security Payment"** has the meaning given in Clause 3.2;

**"First Claim"** has the meaning given in Clause 11.6;

**"Initial Registration"** means state registration with the USRRP of the transfer to the Seller of title to the Facilities and, if subject to state registration, the Land Lease Right under the OJSC SPA and the Third Party SPAs;

**"Initial Transfer Deeds"** means transfer deeds in respect of transfer and acceptance of the Facilities and the Land Plot under the OJSC SPA and Third Party SPAs, to be made and executed by the Seller with OJSC and the Owners of Third Party Premises in accordance with the OJSC SPA and Third Party SPAs, respectively;

**"Transfer Deed"** means the transfer deed(s) in respect of transfer and acceptance of the Facilities and the Land Plot hereunder between the Seller and the Purchaser, which shall be made and executed by the Parties in the form set out in Schedule 1 (if more than one transfer deed is made, with necessary adjustments to such form with respect to the transferred property);

**"Purchase Price"** has the meaning given in Clause 3.1;

**"\*\* Premises"** means the premises with cadastral number 77:06:0001001:2695 and total area of 236.3 sq. m, owned jointly by \*\* (1/2 share) and \*\* (1/2 share);

**"OJSC Premises"** means non-residential premises with cadastral number 77:06:0001002:9745 and total area of 42,184.2 sq. m (including the property in such premises), located in the Building which, as of the Execution Date, is owned by OJSC in accordance with Order of the State Committee of the Russian Federation for the Management of State Property No. 658-R dated 28 July 1997 and the Transfer Deed dated 28 September 1997, of which a registration entry was made in the Unified State Register of Rights to Real Property and Transactions with It on 29 January 1999 under No. 77-01/00-001/1998-35252b, which is confirmed by Certificate of State Registration of Right dated 25 September 2015, issued by the Moscow Office of the Federal Service for State Registration, Cadastral Records and Cartography and the USRRP extract referred to in Schedule 2 hereto;

**"Third Party Premises"** means the following non-residential premises located in the Building (other than the OJSC Premises):

(b) premises with cadastral number 77:06:0001001:2696 and total area of 214.6 sq. m, owned by Limited Liability Company "ANIKS", OGRN 1037739514504, INN 7706032582;

(c) \*\* Premises;

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- (d) premises with cadastral number 77:06:0001001:2693 and total area of 733.3 sq. m, owned by \*\*;
- (e) premises with cadastral number 77:06:0001001:2690 and total area of 211.2 sq. m, owned by Limited Liability Company "Galla Inter", OGRN 1027739126227, INN 7709286151;
- (f) premises with cadastral number 77:06:0001001:2694 and total area of 498.2 sq. m, owned by Limited Liability Company "CONTINENT-PROFILE", OGRN 1027739085934, INN 7721205254;
- (g) premises with cadastral number 77:06:0001001:2692 and total area of 422.9 sq. m, owned by Limited Liability Company "OFFICE-RENT", OGRN 1027739904928, INN 7736200330;
- (h) premises with cadastral number 77:06:0001001:2691 and total area of 530.8 sq. m, owned by Limited Liability Company "RESONANCE-K", OGRN 1027739079994, INN 7709284210;
- (i) premises with cadastral number 77:06:0001001:2689 and total area of 507.7 sq. m, owned by \*\*; and
- (j) premises with cadastral number 77:06:0001001:2688 and total area of 1,190.4 sq. m, owned jointly by \*\* (1/4 share), \*\* (1/4 share), \*\* (1/4 share) and \*\* (1/4 share);

"Lease Right" means:

- (a) if the Seller's lease right in respect of the entire Land Plot is registered with the USRRP as a result of acquisition of the Facilities, the lease right in respect of the entire Land Plot; OR
- (b) if the Seller's lease right in respect of the entire Land Plot is not registered with the USRRP as a result of acquisition of the Facilities:
  - (i) any interest in the lease right in respect of the Land Plot (if any interest held by the Seller in the lease right in respect of the Land Plot is registered with the USRRP as a result of acquisition of the Facilities); and/or
  - (ii) the right to use the Land Plot (to the extent that the Seller's lease right or an interest held by the Seller in the lease right in respect of the Land Plot is not registered with the USRRP as a result of acquisition of the Facilities);

"OJSC's Lease Right" means a 91/100 interest in the lease right in respect of the Land Plot owned by OJSC as of the Execution Date under the Land Lease;

"Applicable Law" means all laws and regulations which are in force in the Russian Federation and in any region or municipality of the Russian Federation, including technical regulations, sanitary rules and regulations (SanPIN), construction rules and regulations (SNiP), regional construction rules (TSN), fire safety rules and regulations (PPB and NPB), technical conditions (TU) and special technical conditions (STU), judicial acts (including orders, judgments, regulations, rulings and verdicts) which affect the relevant issue or person;

"Interest" has the meaning given in Clause 11.9 of the Agreement;

"Business Day" means any day which is not a statutory holiday in Russia or Saturday or Sunday (with the exception of any Saturday or Sunday officially declared a business day in Russia by a relevant Authority);

"Reverse SPAs" means notarized sale and purchase option agreements in respect of the Third Party Premises (with the exception of the \*\* Premises), to be entered into between the Seller (as seller) and the respective Owners of Third Party Premises (as purchaser);

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**"Permitted Use"** means the use of the Facilities and the Land Plot for hotel services, business management and/or catering, operating trading facilities or amenities;

**"Permitted Encumbrances"** means, in relation to the Facilities and the Land Plot: Other Property Encumbrances, Premises Encumbrances (provided that, for the avoidance of doubt, the lease under the Korston Moscow Lease is always subject to the Addendum to the Korston Moscow Lease), Third Party Premises Encumbrances and Land Plot Encumbrances;

**"Transaction Expenses"** means reasonable and documented expenses of the Seller actually incurred in connection with the Transaction and agreed in writing with the Purchaser; for the avoidance of doubt, the Transaction Expenses do not include expenses of any third party (with the exception of the Seller) but may include the Seller's expenses for services of third parties in connection with the Transaction;

**"Registration Authority"** means the Authority empowered to carry out state cadastral registration and state registration of rights;

**"Encumbrance Release Registration"** means, in aggregate:

- (a) removal of the entry on mortgage of the OJSC Premises and OJSC's Lease Right from the USRRP; and
- (b) registration of notification of the removal of information on the pledge of movable property relating to the pledge of the lease right to Land Plot 2 and Land Plot 3 and the pledge of Other Property from the register of notifications of pledge of movable property (if such registration has been initially made in respect of the Asset Charges);

in each case, pledged with VTB Bank as security for OJSC's obligations under the Facility Agreement;

**"Roubles"** or **"RUB"** means the lawful currency of the Russian Federation as of the Execution Date;

**"Transaction"** means acquisition by the Seller of title to all Facilities and Land Lease Rights for further disposal by the Seller and acquisition by the Purchaser of title to all Facilities and Land Lease Rights;

**"Owners of Third Party Premises"** means the following legal entities and individuals and their successors:

- (a) Limited Liability Company "ANIKS", OGRN 1037739514504, INN 7706032582, which owns the premises with cadastral number 77:06:0001001:2696 and total area of 214.6 sq. m;
  - (b) \*\* and \*\*, who jointly own \*\* Premises;
  - (c) \*\*, who owns the premises with cadastral number 77:06:0001001:2693 and total area of 733.3 sq. m;
  - (d) Limited Liability Company "Galla Inter", OGRN 1027739126227, INN 7709286151, which owns the premises with cadastral number 77:06:0001001:2690 and total area of 211.2 sq. m;
  - (e) Limited Liability Company "CONTINENT-PROFILE", OGRN 1027739085934, INN 7721205254, which owns the premises with cadastral number 77:06:0001001:2694 and total area of 498.2 sq. m;
  - (f) Limited Liability Company "OFFICE-RENT", OGRN 1027739904928, INN 7736200330, which owns the premises with cadastral number 77:06:0001001:2692 and total area of 422.9 sq. m;
  - (g) Limited Liability Company "RESONANCE-K", OGRN 1027739079994, INN 7709284210, which owns the premises with cadastral number 77:06:0001001:2691 and total area of 530.8 sq. m;
  - (h) \*\*, who owns the premises with cadastral number 77:06:0001001:2689 and total area of 507.7 sq. m; and
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- (i) \*\* and \*\*, who jointly own the premises with cadastral number 77:06:0001001:2688 and total area of 1,190.4 sq. m;

**"Bank Guarantee"** means the master agreement for the issuance of guarantees provided by VTB Bank (as guarantor) at the request of the Seller (as principal) to the benefit of OJSC and the Owners of Third Party Premises (as beneficiaries) in accordance with the OJSC SPA and Third Party SPAs (as appropriate), in the form of bank guarantees set out in the schedules to the OJSC SPA and Third Party SPAs;

**"Settlement Agreement"** means the settlement agreement to be entered into by and between the Seller, the Purchaser, OJSC and VTB Bank;

**"Gross-Up Amount"** means, in relation to any amount payable hereunder which is subject to VAT payable by its recipient, such amount by which the relevant payment shall be increased so that, upon payment of such VAT, the recipient would keep such amount of payment as if such VAT was not payable or paid;

**"Debt Amount"** means the amount of the principal and interest accrued on the principal under the Facility Agreement as well as the amount of all other payments due from OJSC under the Facility Agreement as of the relevant date;

**"Surplus Amount"** has the meaning given in Clause 5.7(a);

**"Purchaser's Account"** means the following bank details of the Purchaser with VTB Bank:

Beneficiary: LLC "YANDEX"

corr. acct.: \*\*

INN: 7736207543

KPP: 997750001

BIK: 044525187

settlement acct.: \*\*

or other details of the Purchaser of which the Purchaser may notify the Seller in accordance with the provisions of the Agreement;

**"Purchaser's USD Account"** means the following bank details of the Purchaser with VTB Bank:

Beneficiary: LLC "YANDEX"

Beneficiary's address: 16 L'va Tolstogo Street, Moscow, 119021, Russia

Account number: \*\*

Beneficiary's bank: VTB BANK (PJSC)

SWIFT: VTBRUMM

Bank's address: 43/1 Vorontsovskaya Street, Moscow, 109147, Russian Federation

or other details of the Purchaser of which the Purchaser may notify the Seller in accordance with the provisions of the Agreement;

**"Seller's Account"** means the following bank details of the Seller with VTB Bank:

Beneficiary: LLC "NAPA"

corr. acct.: \*\*

INN: 7703466743

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KPP: 770301001  
BIK: 044525187  
settlement acct.: \*\*

or other details of the Seller of which the Seller may notify the Purchaser in accordance with the provisions of the Agreement;

“**Third Component**” has the meaning given in Clause 3.1(c);

“**Notice of Readiness**” has the meaning given in the Settlement Agreement;

“**Notices**” has the meaning given in Clause 12.1 of the Agreement;

“**Payment Conditions**” has the meaning given in Clause 3.6;

“**Seller’s Member**” means Limited Liability Company VTB Capital Zhilaya Nedvizhimost’, primary state registration number 1147746229377, located at: 17<sup>th</sup> floor, 10 Presnenskaya Embankment, Moscow, 123112;

“**Seller’s Member 2**” means Limited Liability Company “Transportniye Kontsessii (Sakha)”, primary state registration number 1137746413243, located at: 12 Presnenskaya Embankment, Moscow, 123112;

“**Yandex Technologies**” means Limited Liability Company “YANDEX.TECHNOLOGIES”, primary state registration number 1177746494166, located at: 16 L’va Tolstogo Street, Moscow, 119021, Russian Federation.

7.1 For the purposes of interpretation of this Agreement, unless otherwise is expressly required by the context:

- (a) the title and headings are included in the text of this Agreement for ease of reference only and shall not affect its interpretation;
  - (b) words used in the singular include the plural and vice versa, and words used in a particular gender include all other genders;
  - (c) “**include**”, “**including**”, “**inclusive**” and “**in particular**” shall be interpreted without any limitation (as if they were followed by “*but not limited to*”);
  - (d) any reference to “**written**” or “**in writing**” means any method of reproduction of words in fixed (physical, non-deletable) written form (for the avoidance of doubt, this does not include email);
  - (e) “**person**” means any person with separate legal capacity (including legal entities, individuals and unincorporated organizations, including partnerships, joint ventures, firms, associations, trusts, governmental and other public authorities and officials), wherever and however established or organized;
  - (f) reference to any law or specific provision of any law means such law or provision as of the Execution Date, including any regulations adopted thereunder;
  - (g) this Agreement serves for the benefit of, and is binding on, the Parties’ successors and assignees (in the latter case, to the extent and on terms and conditions on which the transfer of the Agreement, assignment of claims or transfer of debt (as applicable) is allowed by the provisions hereof);
  - (h) references to Sections, Clauses, paragraphs and Schedules in this Agreement mean sections, clauses of, and schedules to, this Agreement, and references to Parts of Schedules mean parts of the relevant Schedule;
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TRANSLATION

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- (i) references in this Agreement to any Transaction Documents agreed with the Purchaser mean versions of such documents (draft documents) transferred to the Purchaser under the Documents Acceptance Certificate, and in case of any amendments to agreements and/or documents after the execution of the Documents Acceptance Certificate, subject only to such amendments which have been agreed with the Purchaser;
- (j) references in this Agreement to the "latest Transfer Deed Date", "later of Transfer Deed Dates" or any similar expression mean:
  - (i) if all Facilities and the Land Plot are transferred from the Seller to the Purchaser hereunder by one transfer deed, the date of execution of the Transfer Deed by the Parties;
  - (ii) if the Facilities are transferred from the Seller to the Purchaser hereunder in accordance with Clause 5.2 in stages under several Transfer Deeds, the date of execution by the Parties of the Transfer Deed in respect of the last Facility (so that, upon execution by the Parties of such Transfer Deed, there are no more Facilities (and no Land Plot) that have not been transferred by the Seller to the Purchaser hereunder);
- (k) for the purposes of the references in this Agreement to the VTB Bank Exchange Rate and conversion of US Dollars into Roubles and vice versa, the Parties shall (including by means of exercise of their rights under the Settlement Agreement) ensure a single conversion rate and VTB Bank Exchange Rate for settlements on the relevant payment date;
- (l) all schedules to the Agreement constitute an integral part hereof and shall have the same legal effect as the Agreement, as if they were expressly set forth in the Agreement, and any reference to "**this Agreement**" or the "**Agreement**" shall be construed as a reference to the Agreement including the schedules to it; and
- (m) the time of day set out in this Agreement or legally meaningful communications of the Parties (unless the Parties provide otherwise) shall be Moscow time.

**2. SUBJECT MATTER OF THE AGREEMENT**

**2.1** The Parties recognize and agree that:

- (a) as of the Execution Date, copies of the Transaction Documents executed by the parties to such agreements on the Execution Date and draft execution versions of other Transaction Documents which will be executed after the Execution Date are transferred to the Purchaser under the Documents Acceptance Certificate dated 12 November 2018;
- (b) they assume that:
  - (i) on or about the Execution Date, VTB Bank, the Seller, the Purchaser and OJSC entered into or will enter into the Settlement Agreement; and
  - (i) after the execution of the Third Party SPAs (with the exception of the \*\* SPA, which will be executed later), but prior to the execution of OJSC SPA, the Seller's Member will accept the Put Option and Seller's Member 2 will accept Put Option 2.

**2.2** The Parties have agreed, within the meaning of Article 327.1 of the Civil Code, that, subject to:

- (a) the Initial Registration of all Real Properties and, if it is subject to registration, the Land Lease Right, in each case without any Encumbrances, save for the Permitted Encumbrances;
  - (b) transfer of title to the Participation Interest, free of Encumbrances, to the Purchaser (state registration of the Purchaser with the USRLE as the Seller's member holding the title to the Participation Interest); and
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- (c) transfer of title to Participation Interest 2, free of Encumbrances, to Yandex (state registration of Yandex with the USRLE as the Seller's member holding the title to Participation Interest 2).

the Seller will transfer to the Purchaser, and the Purchaser will accept the title to all Facilities and the Land Lease Right, free from any Encumbrances, subject to the Permitted Encumbrances and provisions of this Agreement relating to the Encumbrance Release Registration, and the Purchaser will pay the Purchase Price for the Facilities, including the Land Lease Right, on terms and subject to the conditions of, and in the manner prescribed by, this Agreement.

- 2.3 The Facilities and the Land Plot shall be suitable for use in accordance with the Permitted Use and consistent with the requirements set out in the Agreement.
- 2.4 The Parties hereby agree and recognize that this Agreement is an agreement for sale and purchase of a future thing and the purpose of this Agreement is the acquisition by the Purchaser of title to the entire Building and the Land Lease Rights, which is an essential condition taken into account by the Parties when entering into this Agreement;
- 2.5 In accordance with Article 35 of the Land Code and Articles 271 and 552 of the Civil Code, simultaneously with the transfer of title to the OJSC Premises, Metal Fencing and Third Party Premises, the Purchaser acquires the title to the Land Plot. The Seller will transfer, and the Purchaser will accept the Facilities and the Land Plot on the same terms, within the same scope and in the same condition as OJSC, and the Owners of Third Party Premises shall transfer and the Seller shall accept the relevant Facilities and the Land Plot from OJSC and the Owners of Third Party Premises in accordance with the OJSC SPA and Third Party SPAs under the Initial Transfer Deeds.
- 2.6 The Facilities and the Land Plot shall be transferred to the Purchaser together with all documents relating to the Facilities, the Land Plot and the Lease Right which shall be received by the Seller from OJSC and the Owners of Third Party Premises under the Initial Transfer Deeds in accordance with the OJSC SPA and Third Party SPAs.
- 2.7 For the avoidance of doubt, the title to the Facilities and the Land Lease Rights shall be transferred to the Purchaser together with their constituent elements (provided that the price of such elements is included in the Purchase Price set out in Clause 3.1 of the Agreement).
- 2.8 The Parties shall cooperate in good faith to ensure the Encumbrance Release Registration in respect of the Facilities and the Land Plot, which includes filing of applications and other documents required by the relevant Governmental Authority and/or notary for the Encumbrance Release Registration in accordance with the Settlement Agreement.
- 2.9 The Parties will do everything in their power, including in accordance with Applicable Law, to ensure proper transfer of the lease right in respect of the Land Plot to the Purchaser. If necessary, the Seller will also provide all assistance for the execution of the addendum to the Land Lease on transfer of the lease right and all rights and duties under the Land Lease to the Purchaser.

### 3. PURCHASE PRICE AND PAYMENT PROCEDURE

- 3.1 The Purchase price to be paid by the Purchaser to the Seller ("**Purchase Price**") consists of the following components:

- (a) \*\* and the applicable VAT ("**OJSC Component**");
- (b) \*\* and the applicable VAT ("**Third Party Component**"); and
- (c) \*\* and the applicable VAT ("**Third Component**").
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- 3.2 The Purchaser will, as security for its monetary obligation to pay the Third Component of the Purchase Price, provide to the Seller the first part of the security payment by transfer to the Seller's Account of \*\* ("**First Part of the Security Payment**") within three (3) Business Days from the Execution Date.
- 3.3 Subject to satisfaction of the conditions set out in Clause 3.4, the Purchaser will, as security for its monetary obligations to pay the QJSC Component and the Third Party Component of the Purchase Price, provide to the Seller the second part of the security payment by transfer of the following amounts to the Seller RUB Collateral Account:
- (a) \*\*, to be transferred in Roubles to the Seller RUB Collateral Account and further converted from Roubles into US Dollars and transferred to the Seller USD Collateral Account in the manner prescribed by clause 5.1(a) of the Settlement Agreement, so that the amount in US Dollars credited to the Seller USD Collateral Account is not less than. The Parties will submit to VTB Bank payment instructions and instructions for purchase/sale of currency in the manner prescribed by clause 5.1(a) of the Settlement Agreement to enable VTB Bank ensure a single conversion rate for the settlements;
- (a) \*\*
- the amounts set out in paragraphs (a) and (b) above being the "**Second Part of the Security Payment**".  
In accordance with the Tax Code of the Russian Federation, the Security Payment is not subject to VAT.
- 3.4 The Second Part of the Security Payment shall be paid by the Purchaser within \*\* Business Days from the date of satisfaction of the following conditions and occurrence of the following events (and such obligation of the Purchaser is contingent on satisfaction of such conditions and occurrence of such obligations within the meaning of Article 327.1 of the Civil Code):
- (a) provision of all of the following documents by the Seller to the Purchaser:
- (i) notarized copies of Third Party SPAs (with the exception of the \*\* SPA, which will be executed later);
- (i) notarized copies of the following corporate and/or other required approvals from the Owners of Third Party Premises and the Seller in respect of the Transaction Documents:
- (A) the Seller's corporate approval for the execution of the Transaction Documents;
- (B) corporate approvals from the following Owners of Third Party Premises for the execution of the Third Party SPAs: Limited Liability Company "ANIKS", Limited Liability Company "Galla Inter", Limited Liability Company "CONTINENT-PROFILE", Limited Liability Company "OFFICE-RENT", Limited Liability Company "RESONANCE-K";
- (C) notarized spousal consent to the execution of the Third Party SPAs or a statement to the effect that the relevant person was not and is not married, with notarized signature, or notarized prenuptial agreement under which such spousal consent is not required, with respect to the following Owners of Third Party Premises: \*\*
- (i) notarized copy of the Addendum to the Korston Moscow Lease bearing a stamp confirming state registration with the USRRP;
- (b) receipt by the Purchaser of the Notice of Readiness from the Seller;
- (c) transfer of the title to the Participation Interest, free of Encumbrances, to the Purchaser (state registration of the Purchaser with the USRLE as the Seller's member holding the title to the Participation Interest);
- (d) transfer of the title to Participation Interest 2, free of Encumbrances, to Yandex Technologies (state registration of Yandex Technologies with the USRLE as the Seller's member holding the title to Participation Interest 2),
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and provided that, as of the date of payment of the Second Part of the Security Payment in accordance with the first paragraph of this Clause 3.4:

- (e) all of the Transaction Documents executed as of that payment date remain valid obligations of the parties thereto, have not been amended (as compared to the versions agreed with the Purchaser) without the Purchaser's consent, no claim or waiver has been made in respect of any such Transaction Document or termination or amendment thereof, and no claim has been made to challenge, invalidate or void any such Transaction Document (or any provisions thereof) or to make any provision of any Transaction Document unenforceable;
  - (f) the Purchaser has not found any of the Seller's Representations (as defined in the Put Option) under the Put Option to be untrue and Yandex Technologies has not found any of the Seller's Representations (as defined in Put Option 2) under Put Option 2 to be untrue.
- 3.5 The Seller shall, no later than \*\* Business Days from the date of payment of the Second Part of the Security Payment, provide the Purchaser with a notarized copy of the notarized OJSC SPA executed by the Seller and OJSC. The Seller and the Purchaser hereby confirm that if the Purchaser is not provided with a notarized copy of the executed and notarized OJSC SPA within \*\* Business Days from the date of payment of the Second Part of the Security Payment, the Purchaser may unilaterally repudiate the Agreement out of court.
- 3.6 The Parties agree that, in accordance with Articles 327.1 and 328 of the Civil Code, payment of the Purchase Price by the Purchaser is counter performance contingent on satisfaction of all of the following conditions (the "**Payment Conditions**"):
  - (a) State Registration in respect of all Real Properties and, if it is subject to state registration, the Land Lease Right, in each case free of Encumbrances, with the exception of the Permitted Encumbrances;
  - (b) provision by the Seller to the Purchaser of the original confirmation letter issued by the Seller's general director on the Registration Date (which in this case shall mean the latest Registration Date for all Real Properties) which confirms that all of the Seller's Representations set out in Schedule 5 are true as of that Registration Date;
  - (c) no party to any Transaction Document and no third party has made any claim to terminate/repudiate (upon the grounds provided by such agreements and/or Applicable Law), amend, invalidate or avoid any such agreement (or any of its provisions) and/or to make any provision of any such agreement unenforceable;
  - (d) the Purchaser has not found any of the Seller's Representations (as defined in the Put Option) under the Put Option to be untrue and Yandex Technologies has not found any of the Seller's Representations (as defined in Put Option 2) under Put Option 2 to be untrue.
- 3.7 For the avoidance of doubt, the Purchaser shall not make payment, including partial payment, if the Seller has provided an incomplete set of documents or if any document provided by the Seller does not comply with any requirements of the Settlement Agreement or this Agreement, and/or the Payment Conditions are not satisfied.
- 3.8 The Purchase Price shall be paid by the Purchaser on the \*\* Business Day after the satisfaction of the last of the conditions set out in Clauses 3.6(a) and 3.6(b), provided that the conditions set out in Clauses 3.6(c) to 3.6(d) are also satisfied on such Business Day (the "**Payment Date**").
- 3.9 The Purchase Price shall be paid by the Purchaser by transfer of funds in Roubles to the Seller's Account, provided that, to the extent that a part of the Purchase Price is denominated in US Dollars, conversion shall be made in the manner set out in Clause 3.3(a).
- 3.10 The Parties agree that the Security Payment shall be refunded to the Purchaser (provided that the conversion shall be made with the use of a single conversion rate for the Parties' settlements, so that the amount credited to the Purchaser's USD Account is no less than the USD amount debited from the Seller USD Collateral Account, and for
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these purposes the Parties will submit to VTB Bank payment instructions and instructions for purchase/sale of currency in the manner prescribed by the Settlement Agreement) on the earlier of the following dates:

- (a) In full, on the date falling no later than \*\* Business Days after receipt of the Purchase Price from the Purchaser; or
- (b) the Second Part of the Security Payment in full and the First Part of the Security Payment less the Transaction Expenses, in each case no later than \*\* Business Days after the expiration (termination) of the Agreement for any reason (including in accordance with Clause 10.3),

provided, however, that if on the date of expiration (termination) of the Agreement at least one independent guarantee is issued securing the Seller's obligations under OJSC SPA and/or Third Party SPAs, the Second Part of the Security Payment shall be refunded no later than \*\* Business Days from the date of termination of the Bank Guarantee.

- 3.11 The Parties agree that the Purchaser may (but is not obliged to) set off its obligation to pay the Purchase Price against the Seller's obligation to refund the Security Payment to the Purchaser in accordance with Clause 3.10. With respect to any amounts denominated in US Dollars, such set-off shall be made in US Dollars without conversion.
- 3.12 If upon expiration of \*\* calendar days from the Execution Date the Payment Conditions are not satisfied for any reason, the Purchaser may repudiate this Agreement. The Seller may not demand that the Purchaser purchase the Facilities, including the Land Lease Right, and pay the Purchase Price (or any part thereof), unless all Payment Conditions are satisfied.
- 3.13 The Purchaser may (but is in no event obliged to) at its sole discretion pay the Purchase Price early and/or prior to the satisfaction of all or certain Payment Conditions and, in particular, set off its obligation to pay the Purchase Price against the Seller's obligation to refund the Security Payment to the Purchaser in accordance with Clause 3.10.
- 3.14 Without prejudice to any rights the Purchaser may have under Applicable Law, the Parties acknowledge and agree that the loss of the Purchaser's title to any Facility and/or the Land Lease Right (not related to the Purchaser's actions after the relevant Registration Date) and/or the creation of an Encumbrance (with the exception of the Permitted Encumbrances) in respect of any Facility and/or the Land Plot (not related to the Purchaser's actions after the relevant Registration Date) on grounds arising (or as a result of facts / circumstances arising) prior to the latest Transfer Deed Date shall terminate the Seller's right to receive the Purchase Price (within the meaning of Article 327.1 of the Civil Code) and, accordingly, the Purchaser's obligation to pay the Purchase Price and deposit the Security Payment.
- 3.15 For the purposes of clause 5 of Article 488 of the Civil Code, neither the Facilities nor the Land Lease Right are deemed to be pledged (mortgaged) to the Seller until the Purchase Price is paid in full.
- 3.16 The Parties may agree upon an alternative procedure for payment of the Purchase Price hereunder with the use of letters of credit in accordance with the Settlement Agreement, and in that case the Parties will amend this Agreement accordingly and, in particular, remove the provisions on transfer of the Security Payment, adjustment of the Payment Conditions and accommodation of terms for opening letters of credit. For the avoidance of doubt, unless the Parties agree upon an alternative procedure for payment of the Purchase Price, the provisions of this Section 3 on the procedure for payment of the Purchase Price shall apply without restriction.

#### 4. TRANSFER OF TITLE AND STATE REGISTRATION

- 4.1 The Parties shall initiate the procedure of the state registration of transfer of title to the Real Properties and, if it is subject to state registration, the Land Lease Right from the Seller to the Purchaser only upon satisfaction of the conditions set out in Clause 2.2.

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- 4.2 The Parties shall, within \*\* Business Days after satisfaction of the conditions set out in Clause 2.2, ensure that their authorized representative appears before the Registration Authority and files with the Registration Authority the documents required (from each Party) for State Registration of all Real Properties and, if it is subject to state registration, the Land Lease Right (including an application for state registration of the transfer of title to the Real Properties and, if the Seller's lease right or interest in the lease right in respect of the Land Plot was registered as a result of acquisition of the Facilities, an application for state registration of the transfer of the lease right or interest in the lease right to the Land Plot).
- 4.3 The Parties shall cooperate in good faith to procure State Registration in respect of all of the Real Properties and, if it is subject to state registration, the Land Lease Right. For the purposes of carrying out and completing such State Registration, each Party shall promptly take, or cause to be taken, any actions that may be required of it to carry out and complete such State Registration, including signing all necessary documents (as well as amendments and supplements thereto) as may be required of it by the Registration Authority to carry out such State Registration, promptly submitting such documents (as well as amendments and supplements thereto) to the relevant Registration Authority and further applying to the Registration Authority for State Registration in respect of all of the Real Properties and, if it is subject to state registration, the Land Lease Right in case of refusal to carry out State Registration or suspension thereof.
- 4.4 If, in the course of State Registration in respect of all of the Real Properties and, if it is subject to state registration, the Land Lease Right, the Registration Authority requires to amend and/or supplement this Agreement for the purposes of such State Registration, the Parties will immediately agree upon and introduce the required amendments and/or supplements to this Agreement, provided that the Parties shall use their best efforts to ensure that such amendments and/or supplements do not cause any change in the material terms of this Agreement.
- 4.5 The costs on payment of the state fee for State Registration shall be borne by the Purchaser.
- 4.6 The title to the Facilities and the Land Lease Right shall pass from the Seller to the Purchaser on the relevant Registration Date.
- 4.7 The Seller shall not, prior to the Transfer Deed Date and without the Purchaser's prior consent, enter into, amend, terminate (including by repudiation) or agree to enter into, amend or terminate any agreement in respect of the Facilities (or any of them) and/or the Land Plot, including the Korston Moscow Lease, create, or allow the creation of, any Encumbrances in respect of the Facilities (or any of them) and/or the Land Plot, or take any actions or allow any omissions which could adversely affect the rights and legitimate interests of the Purchaser as acquirer of the Facilities and the Land Lease Right.
- 4.8 From the Transfer Deed Date the Purchaser shall exercise the rights of possession, use and disposal of the relevant Facility and the Land Lease Right and shall bear the costs associated with maintaining such Facility and the Land Lease Right, provided that, subject to Clauses 4.9 and 4.10 hereof, any indebtedness (including any tenant's liability) arising under the Land Lease prior to (and inclusive of) the Transfer Deed Date, including as a result of the reversal of judicial acts reducing the cadastral value of the OJSC Premises and/or the Land Plot, shall be paid by the Seller.
- 4.9 Unless otherwise agreed by the Parties in writing:
- (a) the Seller will ensure that OJSC pays for the Utility Services under the Utility Services Agreements and for services under the Other Agreements prior to (and inclusive of) the relevant Transfer Deed Date by exercising its rights under the OJSC SPA;
  - (b) the Seller will ensure that the Owners of Third Party Premises pay for utility services in respect of the Third Party Premises prior to (and inclusive of) the relevant Transfer Deed Date by exercising its rights under the Third Party SPAs.
- 4.10 The Seller will promptly and in full:
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- (a) pay or cause the payment of (by exercising its rights under the OJSC SPA and Third Party SPAs) Taxes and other mandatory payments in respect of the Facilities and the Land Plot,
- (b) repay or cause the repayment of (by exercising its rights under the OJSC SPA and Third Party SPAs) all indebtedness on Taxes and other mandatory payments in respect of the Facilities and the Land Plot, including under the Land Lease, and
- (c) perform or cause the performance of (by exercising its rights under the OJSC SPA and Third Party SPAs) monetary obligations relating to operation and maintaining of the Facilities and the Land Plot,

in each case, in respect of payments, indebtedness and obligations (as applicable) which shall be paid (performed) prior to (and inclusive of) the latest Transfer Deed Date.

If such payment, indebtedness or obligation is identified after the latest Transfer Deed Date, the Seller shall at its own expense repay (perform) it or cause it to be repaid (performed) (by exercising its rights under the OJSC SPA and Third Party SPAs) within \*\* Business Days from the date of receipt of the relevant written request from the Purchaser.

If the rent under the Land Lease for the period prior to (and inclusive of) the latest Transfer Deed Date is paid by the Purchaser and not by the Seller, the Seller shall also compensate to the Purchaser such rent within \*\* Business Days from the date of receipt by the Seller of the relevant written request from the Purchaser.

- 4.11 The risk of loss or deterioration of the Facilities and the Land Plot shall pass from the Seller to the Purchaser on the latest Transfer Deed Date.
- 4.12 The right to derive income and profit from the use of the Facilities shall pass from the Seller to the Purchaser on the latest Transfer Deed Date.

## 5. TRANSFER OF THE FACILITIES AND THE LAND PLOT

- 5.1 The Seller will transfer to the Purchaser all of the Facilities and the Land Plot, and the Purchaser will accept all of the Facilities and the Land Plot in the same condition in which the Seller shall accept the Facilities and the Land Plot from OJSC and the Owners of Third Party Premises in accordance with the terms of the OJSC SPA and Third Party SPAs, within \*\* Business Days after all of the following requirements are met:
    - (a) State Registration in respect of all of the Real Properties and, if it is subject to State Registration, the Land Lease Rights, in each case free of Encumbrances, other than any Permitted Encumbrances;
    - (b) The absence of Defects and compliance of the Facilities and the Land Plot with the requirements stipulated in the Agreement, including their suitability for use in accordance with the Permitted Use; and
    - (c) With the exception of the premises leased under the Korston Moscow Lease, removal from the OJSC Premises of any furniture and other property owned by OJSC.
  - 5.2 The Parties will use their best efforts to ensure that the acceptance and transfer of the Facilities and the Land Plot from the Seller to the Purchaser hereunder take place on the same Business Day as the transfer of the Facilities and the Land Plot to the Seller from OJSC and the Owners of Third Party Premises under the OJSC SPA and Third Party SPAs. The Parties agree that if OJSC or any of the Owners of Third Party Premises evades the transfer in accordance with the terms of the OJSC SPA and Third Party SPAs, or if the conditions for the transfer stipulated by the OJSC SPA or by the relevant Third Party SPA have not been met, the Parties may agree to transfer the Facilities and the Land Plot in several stages (being as close as possible to each other), subject to the principle that the transfer of the relevant
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Facility by OJSC and/or the Owners of Third Party Premises to the Seller and by the Seller to the Purchaser shall be performed on the same day. On the day of the transfer of the OJSC Premises, the Seller will provide the Purchaser with the original confirmation letter from the general director of the Seller, confirming that the Seller's Representations given in Schedule 5 are true on the Transfer Deed Date in respect of such OJSC Premises, OJSC Facilities and/or the Land Plot.

- 5.3 Unless otherwise agreed between the Parties, the Seller will fully comply with the terms of the OJSC SPA and Third Party SPAs, including the terms relating to acceptance and transfer of the Facilities and the Land Plot set out in clause 5 of the OJSC SPA and the relevant provisions of the Third Party SPAs.
  - 5.4 The Facilities shall be transferred to the Purchaser at the location of the Facilities. Each Party will procure the appearance of its authorized representative for the signing of the documents required for the transfer of the Facilities to the Purchaser on the date determined in accordance with Clause 5.1.
  - 5.5 The Parties shall additionally execute other documents required in accordance with Applicable Law in respect of accounting, utility services, taxes and fees for the performance of the acceptance and transfer of the Facilities. The Parties will execute, simultaneously with the execution of the Transfer Deed, a fixed assets transfer deed on the form OS-1A, and the Seller shall transfer to the Purchaser all documents which are to be received by the Seller upon the transfer of the Facilities to the Seller from OJSC and the Owners of Third Party Premises pursuant to the terms of the OJSC SPA and Third Party SPAs, including reconciliation acts and other documents in relation to the Facilities.
  - 5.6 The Seller will fully assist the Purchaser in the re-execution of those Utility Services Agreements and Other Agreements as will be indicated by the Purchaser, at its discretion, to the Purchaser.
  - 5.7 If:
    - (a) the Purchaser receives from the Landlord under the Land Lease any rent payable under the Land Lease which was overpaid by OJSC/the Seller/the Owners of Third Party Premises during the period from \*\* up to and including the latest Transfer Deed Date as result of a decrease in the cadastral value of the Land Plot for the specified period (the "**Surplus Amount**") and/or
    - (b) the Purchaser sets off the Surplus Amount against the rent payable by Purchaser under the Land Lease for the period following the latest Transfer Deed Date (including such date)

the Purchaser will pay the Seller the Surplus Amount actually received or credited by the Purchaser within \*\* Business Days from the later of:

    - (i) the relevant receipt or setting off of the Surplus Amount (or any part thereof) by the Purchaser or
    - (ii) execution of the relevant reconciliation act with the Landlord under the Land Lease, and the Purchaser shall request such reconciliation acts within \*\* Business Days upon receipt of the Seller's request.
  - 5.8 For a period of \*\* following the latest Transfer Deed Date the Seller will refrain from any actions or omissions (and ensure that OJSC refrains from any actions or omissions) which could lead to a breach of any of the Seller's Representations specified in Schedule 5.
  - 5.9 The Seller will ensure the cancellation of all entries in the USRRP in respect of state registration of the following encumbrances:
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- (a) the lease under the Korston Moscow Lease: the Seller will ensure that not later than \*\* Business Days following the expiration of the Korston Moscow Lease (subject to the Addendum to the Korston Moscow Lease), or within any other period agreed with the Purchaser, Korston Moscow, together with the Seller or the Purchaser, shall file an application with the USRRP for the cancellation of the relevant entry; and
  - (b) the sublease (lease) under the sublease agreements recorded in the USRRP on the Execution Date, any Registration Date and/or any Transfer Deed Date: not later than \*\* Business Days following the expiration of the Korston Moscow Lease or within any other period agreed with the Purchaser.
- 5.10 The Seller will (by exercising its rights under the OJSC SPA) ensure dismantling by OJSC at the expense of OJSC the temporary metal hangar with an area of approximately 300 sq. m, located on the Land Plot, within \*\* from the date of the Purchaser's notice to the Seller in respect of such dismantling.

#### **6. LIABILITY OF THE PARTIES**

- 6.1 For any failure to perform or undue performance of its obligations hereunder, the Party that has failed to perform or unduly performed the obligation shall indemnify the other Party against losses (subject to Clause 6.3) in accordance with Applicable Law to the extent not covered by the penalty, if such penalty is provided by this Agreement, and shall be held liable in the amount and in compliance with the procedure stipulated herein.
  - 6.2 In case of any failure to comply with the timeframe stipulated herein for the transfer by the Seller of the Facilities and the Land Plot to the Purchaser, including due to breach by the Seller of its obligations stipulated herein, other than any delay in transfer by the Seller due to unreasonable evasion or refusal on the part of the Purchaser to execute the Transfer Deed, upon the Purchaser's request the Seller will pay to the Purchaser a penalty in the amount of \*\* of the Purchase Price payable to the Seller for each \*\* delay in performance by the Seller of its obligation to transfer the Facilities and the Land Plot.
  - 6.3 Other than in the case specified in Clause 9.5, the Parties may not be held liable for any lost income (profit) that the other Party could possibly have received. The Purchaser may not be held liable to the Seller under and in connection with this Agreement in the absence of fault on the part of the Purchaser. In the event of a conflict between this Clause and other provisions of the Agreement, the provisions of this Clause will prevail.
  - 6.4 In case of any failure to comply with the timeframe for payment of the Surplus Amount referred to in Clause 5.7, the Purchaser will, upon the Seller's request, pay the Seller a penalty in the amount of \*\* of the Surplus Amount due for each \*\* delay in the Purchaser's performance of its payment obligation.
  - 6.5 The Parties acknowledge and agree that the penalties stipulated hereby are proportionate to the consequences of the breach of obligations by the other Party or breach of representations and warranties (as the case may be), and the recovery of such penalties in the amount stipulated in this Agreement will not result in a Party obtaining unjust enrichment.
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## 7. REPRESENTATIONS AND WARRANTIES

- 7.1 Within the meaning of Article 431.2 of the Civil Code, as on the Execution Date each Party provides the following representations and warranties concerning itself to the other Party:
- (a) it is a legal entity duly incorporated and existing in accordance with the legislation of the Russian Federation, has the right to conduct its business and to own property, may be held liable to the full extent of such property, and may acquire and exercise proprietary rights on its own behalf, incur obligations and act as plaintiff and defendant in court;
  - (a) no applications have been filed and no awards have been rendered declaring the Party bankrupt or introducing any insolvency (bankruptcy) procedure in respect of the Party, the Party does not meet any bankruptcy requirements and there are no grounds for the occurrence of any of the above;
  - (b) no decisions have been adopted regarding the reorganization or voluntary liquidation of the Party;
  - (c) the Party has the legal capacity to enter into this Agreement, perform its obligations and conclude transactions hereunder, including receipt of all necessary corporate approvals (including obtaining approval of a major transaction and/or an interested party transaction and/or any other approval required under Applicable Law and/or constitutional documents of the Party);
  - (d) the persons executing this Agreement on behalf of the Party have been duly authorized; and
  - (e) execution of this Agreement by the Party and performance of its obligations hereunder does not violate and will not lead to:
    - (i) violation of any provisions of its constitutional documents;
    - (i) violation of Applicable Law by such Party;
    - (i) violation of any act of any Authority (including any court) being binding upon the Party; or
    - (i) violation of any agreement or breach of any transaction binding upon the Party.
- 7.1 Within the meaning of Article 431.2 of the Civil Code, the Seller shall provide the representations and warranties listed in Schedule 5 to the Purchaser on each Registration Date and each Transfer Deed Date, and will ensure the accuracy of such representations and warranties on each Registration Date and each Transfer Deed Date (provided that the transfer of title to the Facilities and the Land Lease Rights to the Purchaser may not be considered a breach of such representations and warranties or a default under the obligation to ensure the accuracy of the representations and warranties on the relevant Transfer Deed Date).
- 7.1 The Parties acknowledge and agree that:
- (a) the Parties' Representations are material for the purpose of execution and performance of the Agreement by the Parties, and the Parties in executing and performing the Agreement are relying on the Parties' Representations;
  - (a) the Seller's Representations are material for the purpose of execution and performance of the Agreement by the Purchaser (within the meaning of paragraph 2 of Article 431.2 of the Civil Code);
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- (a) the Seller gives the representations and warranties set out in Schedule 5 and concerning OJSC, the OJSC Facilities and the Land Plot, relying on the corresponding representations and warranties of OJSC under the OJSC SPA to the extent that the corresponding representations and warranties in this Agreement are identical to the representations and warranties of OJSC given to the Seller under the OJSC SPA and do not depend on any actions or omission to act on the part of the Seller; and
  - (a) the Seller gives the representations and warranties set out in Schedule 5 and concerning the Owners of Third Party Premises, the Third Party Premises and the Land Plot, relying on the corresponding representations and warranties of the Owners of Third Party Premises under the Third Party SPAs to the extent that the corresponding representations and warranties in this Agreement are identical to the representations and warranties of the Owners of Third Party Premises given to the Seller under the Third Party SPAs and do not depend on any actions or omission to act on the part of the Seller.
- 7.1 If any of the Seller's Representations is inaccurate and/or the Seller fails to ensure the accuracy of any of the Seller's Representations on each Registration Date and/or each Transfer Deed Date (provided that the transfer of title to the Facilities and the Land Lease Rights to the Purchaser may not be considered a breach of such representations or a default under the obligation to ensure the accuracy of the representations on the relevant Transfer Deed Date), the Seller shall within \*\* Business Days upon receipt of the relevant Purchaser's request:
- (a) pay the Purchaser a penalty in the amount (increased by the Gross-Up Amount) equal to \*\* of the Purchase Price for each breach (failure by the Seller to ensure the accuracy) of the Seller's Representations, to the Purchaser's Account; and
  - (a) to the extent not covered by such penalty, indemnify the Purchaser against any losses incurred as a result of the breach (failure to ensure the accuracy) of such representation, by payment to the Purchaser's Account.
- 7.1 The Parties acknowledge and agree that the invalidity of one or several provisions of Clause 7.4 of the Agreement shall not render the entire Clause 7.4 of the Agreement invalid, in accordance with Article 180 of the Civil Code. Without limiting the generality of the foregoing, the Parties agree that if the provisions of Clause 7.4 of the Agreement are deemed to contravene Applicable Law, or for any other reason become invalid, illegal or unenforceable in any way due to the fact that in the event of a breach of any of the Seller's Representations the civil law rights of the Purchaser are protected either by payment of a penalty or by recovery of damages, but not both of these means of protection of civil law rights of the Purchaser, in the event of a breach of any of the Seller's Representations set out in Clause 7.4 of the Agreement, the civil law rights of the Purchaser shall be duly protected by payment of the penalty referred to in Clause 7.4 of the Agreement.
- 7.2 The Parties acknowledge and agree that the provisions of this Agreement on the Seller's Representations (including the consequences of a breach of such representations) shall also apply to representations and warranties given in confirmation letters and transfer deeds provided by the Seller to the Purchaser in accordance with the provisions of this Agreement.
- 7.1 The Seller will deliver to the Purchaser copies of the OJSC Account Pledges, the Land Lease, Subleases, Utility Services Agreements and Other Agreements, including all addenda thereto, which the Seller shall receive from OJSC under the OJSC SPA, as well as copies of all agreements in respect of or in connection with the Third Party Premises (including all leases and subleases), which the Seller shall receive from the Owners of Third Party Premises under the Third Party SPAs, under a transfer deed,
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which shall also include a representation given by the Seller to the Purchaser confirming that copies of such documents are copies received by the Seller from OJSC and the Owners of Third Party Premises under the OJSC SPA and Third Party SPAs, respectively.

## 8. RECOVERY OF PECUNIARY LOSSES

8.1 Without prejudice to other rights of the Purchaser provided for by Applicable Law, upon request of the Purchaser the Seller shall fully indemnify the Purchaser against all pecuniary losses (within the meaning of Article 406.1 of the Civil Code) incurred as a result of any of the following circumstances ("**Circumstances of Losses**"):

- (a) the Purchaser's loss of title to any of the Facilities and/or Land Lease Rights (including as a result of the title being declared absent, recovery from illegal possession by another party, invalidation or voidance of transactions on the basis of which the Facilities and/or Land Lease Rights were purchased, declaration as unauthorized construction and/or demolition on the grounds provided for by Applicable Law and/or clarification of the boundaries of the Land Plot (or part thereof)) on grounds (or as a result of any facts/circumstances) that arose prior to the latest of the Transfer Deed Dates (inclusively) in relation to all of the Facilities and the Land Plot; and/or
  - (b) creation of any Encumbrances in respect of any of the Facilities and/or the Land Plot on grounds (or as a result of any facts/circumstances) that arose prior to the latest of the Transfer Deed Dates (inclusively) in relation to all of the Facilities and the Land Plot; and/or
  - (c) inability to use any of the Facilities and/or the Land Plot for its intended purpose and/or in accordance with the Permitted Use on grounds (or as a result of any facts/circumstances) that arose prior to the latest of the Transfer Deed Dates (inclusively) in relation to all of the Facilities and the Land Plot; and/or
  - (d) submission of any claims against the Purchaser by Authorities or other third parties (including claims for recovery of unjust enrichment) in connection with any of the Facilities and/or the Land Plot (including under and/or in connection with the Land Lease, including joint and several liability under the Land Lease) as a result of circumstances that arose prior to the latest Transfer Deed Date (inclusively) in relation to all of the Facilities and the Land Plot (including as a result of reversal of judicial acts on reduction of the cadastral value of the OJSC Premises and/or the Land Plot), other than any claims arising after the latest Transfer Deed Date in respect of all of the Facilities and the Land Plot due to registration by the Purchaser of documentation for the performance of construction (reconstruction) works on the Land Plot; and/or
  - (e) default by Korston Moscow under any of its obligations under the Korston Moscow Lease during the period from the latest Transfer Deed Date (inclusively) in respect of all of the Facilities and the Land Plot (other than the obligation to pay the rent under such agreement); and/or
  - (f) performance by any person of any illegal actions in the Facilities and/or on the Land Plot during the period prior to the expiration date of the Korston Moscow Lease (inclusively) or any other Korston Moscow lease concluded in respect of the OJSC Premises or any part thereof; and/or
  - (g) infliction of any losses, damage and/or harm by any person to any legal entity and/or individual in the Facilities and/or on the Land Plot during the period prior to the expiration date of the Korston Moscow Lease (inclusively) or any other Korston Moscow lease concluded in respect of the OJSC Premises or any part thereof.
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- 8.2 The Parties agree that upon the occurrence of any of the circumstances referred to in Clause 8.1, the amount of the indemnification against the pecuniary losses shall be calculated as follows:
- (a) upon the occurrence of any of the circumstances referred to in Clauses 8.1(a) to 8.1(c), the amount of the indemnification against the relevant losses shall be the aggregate of the following:
    - (i) the monies paid to the Seller for the Facilities, including the Land Lease Right; and
    - (i) upon the occurrence of the circumstance referred to in Clause 8.1(a) and/or 8.1(b), expenses for the satisfaction of the claims of the legal owner in connection with the actual title to and use of the Facilities and/or the Land Plot;
  - (b) upon the occurrence of the circumstance referred to in Clause 8.1(d), the amount of the indemnification against the relevant losses shall be the aggregate of the following:
    - (i) the amount of the relevant claims of the Authorities or third parties (including administrative fines); and
    - (i) the amount of all losses incurred by the Purchaser due to the existence of the relevant obligation referred to in Clause 8.1(d);
  - (c) upon the occurrence of any of the circumstances referred to in Clauses 8.1(e) to 8.1(g), the amount of the indemnification against the relevant losses shall be the aggregate of the amounts referred to in Clauses 8.2(a) to 8.2(b).
- 8.1 The Seller will indemnify the Purchaser against the pecuniary losses referred to in Clause 8.1 of the Agreement by transferring monies to the Purchaser's Account within 15 (fifteen) Business Days from the date of receipt of the relevant request from the Purchaser. For the avoidance of doubt, requests may be presented repeatedly in the event that new pecuniary losses provided for by this Agreement are incurred. Pecuniary losses, indemnification against which is required in accordance with this Clause 8.3, shall be reimbursed by paying to the Purchaser the amounts of the pecuniary losses without any deductions and/or withholdings. If any fee or tax is charged in respect of any amount, the amount to be transferred to the Purchaser shall be increased by the amount of such tax or fee.
- 8.1 Pecuniary losses referred to in this Clause 8 shall be reimbursed irrespective of the recognition of this Agreement as void or invalid, in whole or in part.
- 9. QUALITY ASSURANCE**
- 9.1 The OJSC Facilities may not have any Defects, shall be suitable for their use in accordance with the Permitted Use, and shall also comply with the requirements stipulated in the Agreement during the following guarantee period (the "**Guarantee Period**"): until \*\* (inclusively), but not later than the expiration date of the Korston Moscow Lease, subject to the extension of such period by entering into a supplementary agreement between the parties to the above lease after the Execution Date.
- If any of the OJSC Facilities cannot be used as intended due to any detected flaws (defects), the Guarantee Period in respect of the OJSC Facility that could not be used as intended due to the detected flaws (defects) shall be prolonged by an amount of time equal to the amount of time it could not be used as intended.
- 9.2 The Seller shall be responsible for any flaws (defects) in the OJSC Facilities detected by the Purchaser, of which the Purchaser notifies the Seller within the Guarantee Period. The warranty period for
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materials/parts replaced upon guarantee repair shall remain in force until the end of the Guarantee Period.

- 9.3 If during the Guarantee Period the Purchaser detects any flaws (defects) in the OJSC Facilities, the Purchaser shall notify the Seller thereof in writing, stating the list of flaws (defects), and shall call upon representatives of the Seller to agree on the list of flaws (defects) and the timeframes for their remediation by the Seller.

Notwithstanding other provisions of this Agreement, in the event of an emergency the Purchaser has the right to immediately proceed with remediation and may recover from the Seller reasonable documented costs incurred for the purpose of remediation, if the Seller subsequently admits that the emergency arose due to any flaws (defects) for which the Seller may be held liable during the Guarantee Period, or if that fact is confirmed by a court. The Purchaser will notify the Seller of the occurrence of an emergency within one day of becoming aware of it.

The Parties understand an emergency to mean situations where untimely remediation or delayed remediation may result in significant damage to any of the OJSC Facilities and/or the Land Plot and/or a situation directly threatening the condition of any of the OJSC Facilities and/or the Land Plot, including qualitative characteristics thereof, as well as the life, health and property of people on the territory of any of the OJSC Facilities and/or on the Land Plot.

- 9.4 If the Seller fails to perform its obligation to remedy flaws (defects) within the period agreed by the Parties or within a reasonable period, the Purchaser shall be entitled to remedy such defects on its own or with the involvement of third parties, and the Seller shall indemnify the Purchaser against the documented costs of remedying such defects by payment to the Purchaser's Account.
- 9.5 Notwithstanding other remedies available to the Purchaser in accordance with this Agreement or Applicable Law, if any flaws (defects) interfere with or limit the use by the Purchaser of any of the OJSC Facilities and/or the Land Plot, the Seller shall indemnify the Purchaser against the losses incurred due to the impossibility to use the OJSC Facilities and/or the Land Plot (in full or in part), including full compensation of all fines, penalties, lost rent and other revenues not received by the Purchaser under contracts in relation to the OJSC Facilities to which the Purchaser is a party.

## 10. TERM

- 10.1 Subject to Clause 10.2, within the meaning of paragraph 1 of Article 157 of the Civil Code, the Agreement shall take effect on the date of satisfaction of the last of the following conditions:

- (a) transfer of title to the Participation Interest to the Purchaser (state registration of the Purchaser with the USRLE as the Seller's member holding the Participation Interest), free of Encumbrances; and
- (b) transfer of title to Participation Interest 2 to Yandex Technologies (state registration of Yandex Technologies with the USRLE as the Seller's member holding Participation Interest 2), free of Encumbrances.

- 10.2 Notwithstanding Clause 10.1, the Purchaser performs the obligation to make the First Part of the Security Payment in accordance with Clause 3.2 within the timeframe specified in Clause 3.2, and may not request the return of the First Part of the Security Payment before the earlier of the dates specified in Clause 3.10.
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- 10.3 In the event that not all of the conditions set out in Clause 10.1 above are satisfied by \*\*, this Agreement shall terminate in full, save for Clauses 1, 3.2, 3.10, 6.3, 7 (with respect to the Parties' Representations on the Execution Date), 10.2, 10.3, 12, 14, 15 and 16.

## 11. TERMINATION

- 11.1 Without prejudice to any rights that the Purchaser may have by virtue of Applicable Law, in accordance with paragraph 2 of Article 310 of the Civil Code and Article 450.1 of the Civil Code, the Purchaser has the right to unilaterally waive (repudiate) this Agreement by written notification of the Seller about the waiver (repudiation) of the Agreement in the cases:
- (a) stipulated by Clause 3.12; and/or
  - (b) if any party to any of the Transaction Documents or any third party imposes any of the following requirements: termination/waiver (on the grounds stipulated by such agreements and/or Applicable Law), amendment, invalidation or voidance of any of such agreements (or any provision thereof) and/or unenforceability of any terms and conditions of any of such agreements; and/or
  - (c) stipulated by Clause 3.5; and/or
  - (d) if any of the Seller's Representations referred to in Clause 7.1 is inaccurate on the Execution Date, any of the Registration Dates or the Transfer Deed Dates, and/or if any of the Seller's Representations (other than those referred to in Clause 7.1) is inaccurate on any of the Registration Dates or the Transfer Deed Dates (and, for the purposes of representations on the relevant Transfer Deed Date, the transfer of title to the Facilities and Land Lease Rights to the Purchaser in itself does not serve as a basis for the termination of the Agreement in accordance with this Clause 11.1(d)); and/or
  - (e) if the Registration Authority denies State Registration of the transfer of title to any of the Real Properties, and/or, if it is subject to state registration, the Land Lease Rights to the Purchaser for any reason; and/or
  - (f) if at the time of State Registration or before or on the Transfer Deed Date in respect of any Facility and/or Land Plot there are any restrictions, registered with the USRRP and/or unregistered, of rights or encumbrances, agreements for participation in shared construction, legally asserted rights of claim, information on objections to registered rights, information on the existence of a decision on seizure of any Facility and/or Land Plot for state and municipal needs, claims and information on the existence of filed but not yet examined applications for state registration of rights (assignment or termination of rights), restrictions of title to or encumbrance over real estate, transactions in respect of any Facility and/or Land Plot, information on the performance of state registration of any transaction, right or restriction of rights without the consent of a third party or any authority required by law (this circumstance (regarding information on the performance of state registration of a transaction, right or restriction of rights without the consent of a third party or authority required by law) does not apply to the Mortgage), or any other Encumbrances (other than any Encumbrances arising solely due to the actions of the Purchaser following the relevant Registration Date, and Permitted Encumbrances); and/or
  - (g) if the Facilities and/or the Land Plot are not transferred to the Purchaser pursuant to the terms of this Agreement within \*\* Business Days following inception of the Seller's duty to transfer such Facilities and the Land Plot; and/or
  - (h) if any insolvency (bankruptcy) and/or liquidation and/or reorganization proceedings (if applicable) are initiated in respect of the Seller, any Owner of Third Party Premises and/or OJSC in accordance with Applicable Law.
- 11.2 In the cases referred to in Clause 11.1, the Agreement shall be deemed terminated on the date the Purchaser sends written notice to the Seller on repudiation of this Agreement.
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- 11.3 The Seller may not waive this Agreement, other than in cases when such waiver is permitted by mandatory provisions of Applicable Law.
- 11.4 Unless otherwise agreed by the Parties, the Seller agrees within \*\* Business Days from the date of termination of the Agreement for any reason to return to the Purchaser the Purchase Price paid under this Agreement (using the common exchange rate for settlements between the Parties so that the amount credited to the Purchaser's Account (in US dollars) is not less than the amount (in US dollars) debited from the Seller's USD Collateral Account) in full. To enable VTB Bank to provide a common exchange rate for settlements, the Parties agree to submit to VTB Bank payment orders and instructions for purchasing/selling foreign currency in accordance with the procedure stipulated in the Settlement Agreement.
- 11.5 Upon the termination of this Agreement by the Purchaser:
- (a) on the grounds referred to in Clause 11.1(d), 11.1(f) and/or 11.1(h);
  - (b) on the grounds referred to in Clause 11.1(a), 11.1(e) or 11.1(g), unless the relevant ground arose solely as a result of wrongful actions (or omission to act) on the part of the Purchaser or illegal actions (or omission to act) on the part of the Registration Authority;
  - (c) on the grounds stipulated by Applicable Law; and/or
  - (d) through the courts due to a material breach of the Agreement by the Seller,
- in addition to the obligation referred to in Clause 11.4, the Seller shall, within \*\* Business Days from the date of receipt of the relevant claim of the Purchaser, indemnify the Purchaser against the expenses actually incurred by the Purchaser and specified in Clause 8.2(a)(ii) hereof, as well as expenses related to state registration and registration of the transfer of title to the OJSC Facilities and the OJSC Lease Rights. However, the Purchaser shall not compensate the Seller for all the benefits obtained by the Purchaser in connection with the use of the Facilities, less the necessary maintenance expenses incurred by the Purchaser.
- 11.6 A claim by the Purchaser, referred to in Clause 11.5, must be submitted within \*\* Business Days from the date of termination of the Agreement (the "**First Claim**") and may be submitted repeatedly (upon expiration of the specified period) in the event that new expenses, envisaged in Clause 11.5, are incurred.
- 11.7 In case of termination of the Agreement after State Registration, the Purchaser agrees, after and subject to the performance by the Seller of all actions referred to in Clause 11.4, and also, if applicable, in Clause 11.5 (in respect of the First Claim), to submit, together with the Seller, to the Registration Authority documents required for registration of the transfer of title to the Real Properties and, if they are subject to state registration, the Land Lease Rights from the Purchaser to the Seller, and the Seller agrees to take all actions required of it in connection with such registration.
- 11.8 In case of termination of the Agreement after the Transfer Deed Date, the Purchaser agrees to return the Facilities and the Land Plot to the Seller after and subject to performance by the Seller of all actions referred to in Clause 11.4 and also, if applicable, in Clause 11.5 (in respect of the First Claim). In this case, the Parties shall also execute a transfer deed in respect of fixed assets, on form OS-1A.
- 11.9 If the Seller's obligation to return the received Purchase Price and/or Security Payment (or any part thereof) arises on the grounds stipulated herein and/or by Applicable Law:
- (a) interest shall accrue on the relevant amounts of the Purchase Price and/or Security Payment pursuant to Article 317.1 of the Civil Code on the terms set out in this Clause 11.9 ("**Interest**"); and
  - (b) the Interest accrual period will begin on the date following the date on which the Seller is obliged, in accordance with this Agreement, to return the appropriate amount of the Purchase Price and/or Security Payment to the Purchaser, and will end on the date the Purchaser receives the appropriate amount of the Purchase Price and/or Security Payment on the Purchaser's Account.
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- 11.10 The Parties confirm that if the Purchaser sends a notice of the Purchaser's waiver of the Agreement, none of the Purchaser's actions taken prior to the date of receipt of the Purchaser's notice of the waiver by the Seller may be construed as confirmation of the Agreement for the purposes of paragraph 5 of Article 450.1 of the Civil Code.
- 11.11 Termination of the Agreement in accordance with this Section 10 does not relieve the Seller from liability for its breaches that occurred prior to the date of termination of this Agreement.
- 11.12 If the Purchaser loses the title to the Facilities and/or the Land Lease Rights (including as a result of invalidation of title, recovery from illegal possession by another party, nullity of the transactions on the basis of which the Facilities and/or the Land Lease Rights were acquired, invalidation of transactions on the basis of which the Objects and/or the Lease Rights of the Land Plot were acquired, expropriations (including for state or municipal needs), recognition of any construction and/or demolition as unauthorized on the grounds stipulated by Applicable Law and/or clarification of the borders of the Land Plot (or any part thereof) on grounds (or as a result of any facts/circumstances) that arose prior to the latest Transfer Deed Date, including as a result of any expropriation for state or municipal needs on the basis of any territorial planning document adopted prior to the latest Transfer Deed Date (irrespective of the existence of an approved territorial development plan) (other than in cases of any loss of title by the Purchase solely due to the actions of the Purchaser after the relevant Registration Date), the Seller shall, within five (5) Business Days from the date of receipt of the relevant claim from the Purchaser, perform all actions specified in Clause 11.4 and indemnify the Purchaser against the expenses actually incurred by the Purchaser and specified in Clause 11.5 (for the avoidance of doubt, the claims of the Purchaser may be submitted repeatedly in the event that new expenses, envisaged in Clause 11.5, are incurred).
- 11.13 In the event of invalidation of this Agreement, the Seller shall, within \*\* Business Days from the date of receipt of the Purchaser's claim, perform all actions specified in Clause 11.4. If the Agreement is invalidated due to any circumstances related to any breach of the Seller's Representations and/or due to any circumstances of which the Seller was or, acting reasonably and prudently, ought to have been aware on the Execution Date (other than any circumstances connected with any breach of the Purchaser's Representations), the Seller shall indemnify the Purchaser against the expenses actually incurred by the Purchaser and specified in Clause 11.5 (for the avoidance of doubt, the claims of the Purchaser may be submitted repeatedly in the event that new expenses, envisaged in Clause 11.5, are incurred).
- 11.14 The Parties acknowledge and agree that the waiver of this Agreement by the Purchaser in accordance with this Section 11 and other provisions of this Agreement shall in all cases be deemed a reasonable and bona fide action.
- 11.15 The Parties acknowledge and agree that in the event of termination of this Agreement the provisions of Clauses 11.4 to 11.11 shall be deemed an agreement between the Parties on the consequences of termination of the Agreement within the meaning of paragraph 2 of Article 453 of the Civil Code.

12. NOTICES

- 12.1 All notices and other legally significant communications sent by one Party to the other Party ("**Notices**") shall be executed in writing and delivered by hand, by registered mail or certified mail with a delivery receipt notification, by another generally accepted delivery service (courier service) or otherwise against signature to the relevant Party to the addresses given below (or to any other address which the relevant Party may specify to the other Party in accordance with this Agreement):

Party	Address
Seller	Suite 6 / Office 470, 10 Presnenskaya Embankment, Moscow, 123112, Russian Federation
Attention of	E.M. Alyoshin
Purchaser	16 L'va Tolstogo Street, Moscow, 119021, Russian Federation

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TRANSLATION

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Attention of  
with a copy to be sent by email to the following email addresses:  
Party  
Seller  
Attention of  
Purchaser  
Attention of

A.O. Korolenko  
Email address  
\*\*  
E.M. Alyoshin  
\*\*  
A.O. Korolenko

- 12.2 Each Party may, by sending a Notice to the other Party in accordance with Clause 12.1 above, change its address for receiving Notices and/or other details specified in Clause 12.1. Such change shall take effect upon the expiration of \*\* Business Days from the date of receipt of the Notice of the respective change by the other Party.
- 12.3 Any Notice delivered before 6:00 p.m. at the place of delivery on a Business Day shall be deemed received on the same day. Any Notice received after 6:00 p.m. on a Business Day or at any time not on a Business Day shall be deemed received on the immediately following Business Day.
- 12.4 Without prejudice to paragraph 2 of clause 1 of Article 165.1 of the Civil Code, each Notice shall be deemed received at the time of its delivery to the addressee. If at the time of delivery of any notice the addressee is absent at the specified postal address, such notice shall be deemed delivered to the receiving Party on the day on which such fact was registered by the courier or postal service worker who delivered the document.

**13. FORCE MAJEURE**

**Definition**

- 13.1 In this Agreement, "Force Majeure" means any circumstance beyond the reasonable control of a Party invoking Force Majeure, including floods, storms, earthquakes, hurricanes, tornadoes, other Acts of God, warfare, acts of terrorism, explosions, bombings, revolutions, uprisings, political changes (including expropriation and nationalization), civil unrest, strikes, lockouts, embargoes, sanctions or similar measures, economic or financial restrictions or bans introduced and/or imposed by any Authority, but excluding a shortage of funds for any reason.

**Exemption from liability**

- 13.2 A Party shall be released from the performance of its respective obligations under this Agreement to the extent that the inability to perform such obligations arose due to Force Majeure that has a material adverse effect on the Party invoking the Force Majeure during the period that the Force Majeure remains in effect or continues to have effect. At the same time, the Parties agree to perform all their other obligations that are unaffected by the Force Majeure.

**Notification**

- 13.3 A Party invoking Force Majeure shall as soon as possible, but in any case no later than \*\* days after the onset of the Force Majeure, notify the other Party in writing about the occurrence of such circumstances. Such notice shall contain information on the nature of the Force Majeure and, to the extent possible, the estimated period of time that the Force Majeure will remain in effect, as well as the estimated impact of the Force Majeure on the ability of the Party invoking Force Majeure to perform its obligations hereunder.

**Termination**

- 13.4 Upon termination of the effects of Force Majeure, the Party invoking Force Majeure shall promptly, but in any case no later than \*\* days after such termination, notify the other Party in writing of such termination. If a Party invoking Force Majeure delays sending or fails to send the other Party a notice of the onset or termination of Force Majeure, it shall be held liable to the other Party for additional damage or losses caused by such failure to notify or delay in sending the notice.

**Duration**

- 13.5 If Force Majeure or the effects thereof last more than \*\* months in a row, or if at any time it can reasonably be assumed that the Force Majeure or its effects will last for more than \*\* months, the Parties will immediately hold negotiations based on the principles of good faith to negotiate such changes to this Agreement as will allow the

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Parties to continue performing their obligations hereunder in the manner and by means which most closely approximate those agreed upon at the time of execution of this Agreement.

#### 14. CONFIDENTIALITY

##### Confidentiality undertaking

14.1 The Parties agree to keep confidential information relating to the terms of this Agreement and information received from each other in connection with the conclusion and execution of this Agreement ("**Confidential Information**"). Each Party agrees:

- (a) not to transfer to third parties originals or copies of documents containing Confidential Information;
- (b) not to disclose and not to allow disclosure to third parties and not to otherwise make public any Confidential Information; and
- (c) not to use Confidential Information for purposes unrelated to the performance of this Agreement.

##### Exceptions to the confidentiality undertaking

14.2 The confidentiality undertaking stipulated in Clause 14.1 does not apply:

- (a) to information independently prepared by the relevant Party or lawfully obtained from a third party to the extent that the disclosing Party has the right to disclose such information;
  - (b) provided that the disclosing Party notifies the other Party in advance of the disclosure planned in accordance with this Clause 14.2, will consult with and consider in good faith the recommendations of the other Party regarding the scope and terms of disclosure of Confidential Information, regarding:
    - (i) the disclosure of Confidential Information, to the extent such disclosure is required in accordance with Applicable Law, rules of any stock exchange or a binding decision, ruling or requirement of any court or other competent Authority;
    - (i) disclosure of Confidential Information to any rating agencies, banks and other credit or financial organizations, specialized depositories and auditors of the Purchaser;
  - (c) to any disclosure of Confidential Information to Affiliates of the Purchaser, VTB Group, Yandex N.V., professional advisors, officers and employees of a Party, VTB Group and Yandex N.V.;
  - (d) subject to each person's confidentiality undertaking similar to the one assumed by the Parties in accordance with this Clause 14, in respect of:
    - (i) disclosure of Confidential Information to the extent reasonably necessary for the preparation and reflection of such information in the consolidated financial statements of either Party or its (direct or indirect) parent company in accordance with the accounting and financial reporting rules and/or standards applicable to that Party;
    - (i) disclosure to a Party's professional advisors of information, the disclosure of which is required for purposes related to this Agreement;
  - (e) to any disclosure of Confidential Information for the purposes of resolving disputes hereunder by any court or arbitral tribunal.
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- 14.3 Each Party shall inform the persons referred to in Clause 14.2 and receiving Confidential Information that such information is confidential and shall instruct them to keep it confidential and not disclose it to any third party (other than those to persons to whom it has already been disclosed in accordance with the terms of this Agreement).

## 15. GOVERNING LAW AND DISPUTE RESOLUTION

- 15.1 This Agreement and all rights and obligations of the Parties hereunder are governed by and shall be construed in accordance with Russian law.
- 15.2 Any disputes arising between the Parties under or in connection with this Agreement shall be resolved by the Parties through negotiations. For the purposes of paragraph 5 of Article 4 of the Arbitrazh Procedure Code of the Russian Federation, each Party is entitled to refer a dispute to the Arbitrazh Court of the City of Moscow, provided that the dispute is not resolved within \*\* Business Days from the date of the Notice (claim).

## 16. MISCELLANEOUS

- 16.1 **Settlements.** The Parties agree that settlements based on prepayment, advance payment, payment by installments or deferred payment hereunder (if applicable) are not a commercial loan in the meaning of Article 823 of the Civil Code, and in accordance with Article 317.1 of the Civil Code the lender is not entitled to demand interest from the debtor accrued on the amount of the debt during the period of use of the funds, unless expressly provided otherwise by this Agreement. Without limiting the foregoing, the Parties hereby confirm and agree that (a) the procedure of payment by the Purchaser of the Purchase Price stipulated herein is not a form of attraction by the Purchaser of financing from the Seller, and that the provisions of Article 823 of the Civil Code are not applicable to payment of the Purchase Price; and (b) unless expressly provided otherwise by this Agreement, interest may not accrue on any part of the Purchase Price (including in accordance with Article 317.1 of the Civil Code) during the period from the Execution Date to the due date of payment of the relevant amount in accordance with this Agreement.
- 16.2 **Waiver of claim.** The Purchaser's failure to submit a claim regarding any action or omission to act on the part of the Seller (including the failure to give notice regarding the waiver of the Agreement), irrespective of the period during which such action or omission to act continues, does not constitute waiver by the Purchaser of any rights provided to it by this Agreement. The express or implied waiver by the Purchaser at any time of any claim in respect of a breach of any term of this Agreement may not be construed as a waiver of the claim upon a breach of any other term of this Agreement or as consent to any subsequent breach of the same or any other term of this Agreement. If any action of the Seller requires the consent of or approval by the Purchaser, the Purchaser's consent to or approval of such action in any specific case may not be construed as consent or approval of the same action in any subsequent case or of any other action in that case or in any subsequent case.
- 16.3 **Set-off.** Unless expressly provided otherwise herein, or unless the Parties agree otherwise in writing: (i) all amounts payable under this Agreement by the Seller must be paid in full without any withholding or deduction, unless such withholding or deduction is required in accordance with Applicable Law; (ii) the Seller is not entitled to demand any set-off or to perform any set-off on the basis of a counterclaim against the Purchaser in order to justify withholding of payment of any amount, in full or in part.
-

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

- 16.4 **Gross-up.** The amounts payable by the Seller to the Purchaser hereunder shall be increased by the Gross-Up Amount. However, for the avoidance of doubt, the provisions of this Agreement do not imply double VAT payments and such double payments are not allowed.
- 16.5 **Partial invalidity.** If one or more provisions of this Agreement for any reason become invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will have no impact on the validity, legality and enforceability of the other provisions hereof. The Parties confirm that in accordance with Article 180 of the Civil Code the invalidity of one or several provisions of this Agreement will not render the Agreement invalid as a whole. The Parties agree to use their best efforts to replace any provision of this Agreement that is illegal, invalid or unenforceable in any respect with an appropriate legal, valid and enforceable provision, the effect of which will most closely approximate the desired effect of the illegal, invalid or unenforceable provision.
- 16.6 **Scope.** The scope of the transaction, its consequences, liability, rights and obligations, as well as provisions of Parts I and II of the Civil Code, including those expressly specified in this Agreement, are known and clear to the Parties. The Parties confirm that the transaction hereunder is not made under the influence of delusion, deception, violence, threat or adverse circumstances.
- 16.7 **Term of payments.** Unless this Agreement provides for a different timeframe for specific payments, a Party will make the appropriate payment to the settlement account of the other Party within \*\* Business Days upon receipt of the relevant request from the other Party.
- 16.8 **Rounding.** The amounts of payments received as a result of calculations in accordance with this Agreement are subject to mathematical rounding to two decimal places.
- 16.9 **Survival.** The Parties agree that Clauses 1, 3.10, 6.3, 7, 8, 11, 12, 14, 15 and 16 shall survive the termination of this Agreement.
- 16.10 **Material change of circumstances.** With the exception of the provisions of Clause 2.4, which by agreement of the Parties are material for the Parties, a material change of the circumstances relied upon by the Parties in entering into this Agreement (as defined in Article 451 of the Civil Code) may not serve as grounds for amendment or termination of this Agreement by either of the Parties.
- 16.11 **Amendments and addenda.** Any amendments and/or addenda to this Agreement shall be effective only if made in writing and signed by both of the Parties.
- 16.12 **Counterparts.** This Agreement is executed in the Russian language in three (3) original counterparts, each having equal legal force, one for the Seller, one for the Purchaser and one for the Registration Authority.
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TRANSLATION

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TRANSLATION

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Signatures of the Parties:

**Seller**

Name: Evgeny Mikhailovich Alyoshin  
General Director

/Seal/

**Purchaser**

Name: Andrey Olegovich Korolenko,  
acting pursuant to the power of attorney certified by Tatiana Yevgenyevna Nechaeva, notary of the city of Moscow, on 9 November 2018, registry No. 77/767-n/77-2018-3-880  
/Seal/

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Confidential

Date: 14 July 2019

(1) FASTEN CY LIMITED

and

(2) MLU B.V.

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AGREEMENT  
for the sale and purchase of the issued share  
capital of Axelcroat Limited

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**Morgan Lewis**

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THIS SHARE PURCHASE AGREEMENT (this “Agreement”) is dated 14 July 2019 and is made BETWEEN:

1. **FASTEN CY LIMITED**, a limited liability company incorporated and existing under the laws of the Republic of Cyprus under registration number HE 355819, having its registered office at 4 Afentrikas, Afentrika Court, Office 2, 6018, Larnaca, Cyprus, with further particulars set out in Part A of **Error! Reference source not found.** (*Information about the Seller and the Group*) (the “**Seller**”); and
2. **MLU B.V.**, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its corporate seat at Amsterdam, its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands and registered with the trade register of the Chamber of Commerce under number 69160899 (the “**Buyer**”),

each a “**Party**” and together the “**Parties**”.

#### BACKGROUND

- (A) As of the date of this Agreement, the Seller is the sole legal and beneficial owner of one hundred per cent. (100%) of the total issued and outstanding share capital of Deanfirm (as defined below and having the particulars set out in Part B of **Error! Reference source not found.** (*Information about the Seller and the Group*)). The Seller also owns and Controls (as defined below) directly and indirectly (through Deanfirm and other subsidiaries of the Seller) the Former Group Companies (as defined below), the particulars of which and the Seller’s and Deanfirm’s respective shareholding in which are set out in Part C of **Error! Reference source not found.** (*Information about the Seller and the Group*)). Deanfirm and other Former Group Companies are engaged in Business (as defined below).
- (B) As part of the Restructuring (as defined below), the Seller intends to reorganise the Former Group so that, *inter alia*:
  - (1) Prior to Completion, Deanfirm will undergo a demerger in accordance with the Scheme of Arrangement to be approved by the Cyprus Court (as such Scheme of Arrangement is more fully described in **Error! Reference source not found.** (*Restructuring*)), as the result of which, *inter alia*, Deanfirm’s business will be demerged into two legal entities, each wholly legally and beneficially owned by the Seller: one being Deanfirm having the same particulars as set out in Part B of **Error! Reference source not found.** (*Information about the Seller and the Group*) and the other being a limited liability company Axelcroft Limited, incorporated and existing under the laws of the Republic of Cyprus under registration number HE 397714, having its registered office at 3, Themistokli Dervi, Julia House, 1066, Nicosia, Cyprus, with further particulars set out in Part D of **Error! Reference source not found.** (*Information about the Seller and the Group*) (the “**Company**”);
  - (2) at Completion, the Company will wholly legally and beneficially own and Control a group of Subsidiaries, certain particulars of which and the Company’s shareholding in which as of Completion are set out in Part D of **Error! Reference source not found.** (*Information about the Seller and the Group*); and
  - (3) at Completion, Deanfirm, the Seller and/or any of their Affiliates (other than the Group Companies) will continue owning substantially all assets, rights, liabilities and claims owned by Deanfirm as of the date of this Agreement (other than any assets, rights, liabilities and claims acquired or disposed of in the ordinary course of business or as

required by this Agreement), save for one hundred per cent. (100%) in the charter capital of each of the Subsidiaries.

- (C) The Seller has agreed to sell to the Buyer at Completion the shares in the Company constituting in the aggregate one hundred per cent. (100%) of the total issued and outstanding share capital of the Company (the "**Sale Shares**"), and the Buyer has agreed to purchase the Sale Shares for the consideration stated below, in each case upon and subject to the terms and conditions of this Agreement.

**IT IS HEREBY AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 Definitions. In this Agreement (including its Schedules), unless the context requires otherwise, the following words and terms shall have the following meanings:

"**Accounts**" means the audited consolidated accounts of the Group as at, and for the period starting from [\*\*\*] and ending on, the Accounts Date, comprising the consolidated balance sheet, profit and loss account and cash flow statement of the Group, accompanied by the auditor's report, prepared in accordance with the IFRS and Applicable Law;

"**Accounts Date**" means [\*\*\*];

"**Acquired Franchise Business**" has the meaning given to it in paragraph **Error! Reference source not found.** of **Error! Reference source not found.** (*Conduct of Business before Completion*);

"**Adjustable Cash Component**" has the meaning given to it in the definition of "Adjustable Purchase Price" in this Clause 1.1;

"**Adjustable Purchase Price**" means the portion of the Purchase Price comprised of: (a) [\*\*\*] (b) [\*\*\*] ((a) and (b), together, the "**Adjustable Cash Component**") and (c) the [\*\*\*];

"**Affiliate**" means, in relation to any person (the "**first person**");

- (a) a person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, the first person;
- (b) is an executive officer, director or employee of such person;
- (c) a legal entity that shares the same investment management or investment advisory company with, or acts solely as bare nominee holder on behalf of the first person, or a fund for which the first person acts as bare nominee;
- (d) upon any liquidation or other dissolution of the first person which is not a natural person, any person that is a beneficial owner of the interests held in the entity being liquidated or dissolved;
- (e) with respect to a first person that is a natural person, any person that is a member of his/her Family; and
- (f) without limitation, each of [\*\*\*] (as each defined in Part A of **Error! Reference source not found.** (*Information about the Seller and the Group*)) shall be deemed Affiliates of each other;

provided, however, that for the purposes of this Agreement (a) the Seller shall not be deemed an Affiliate of the Buyer nor, after Completion, of any Group Company, and (b) after Completion, the Buyer shall be deemed an Affiliate of the Group Companies;

“**Agreed Completion Statement**” has the meaning given to it in Clause 5.7;

“**Agreed Software**” means (a) [\*\*\*] and (b) [\*\*\*] to be installed on (i) the Servers, (ii) computers used by the AMP Employees and (iii) such other computers as are shown in the Inventory Lists as having [\*\*\*] installed;

“**Agreed Software Costs**” has the meaning given to it in Clause 17.10.2;

“**Agreed Software Licences**” has the meaning given to it in Clause 17.10.1;

“**AMP Employee**” means a Transferred Employee holding an administrative and/or management position at a Group Company;

“**Announcement**” means any public announcement, communication or circular, including any document, statement or disclosure published, issued or made;

“**Applicable Law**” means any law, statute, order, decree, binding decision, licence, permit, consent, approval, agreement, or regulation of any Governmental Authority having jurisdiction over the matter or person in question, or other legislative or administrative action of a Governmental Authority, or a final, binding, or executive decree, injunction, judgment or order of a court that affects and has the authority to affect the matter or person in question;

“**Application Integration Shares**” means the Consideration Shares representing [\*\*\*];

“**A/R Dispute Notice**” has the meaning given to it in Clause 5.11.2;

“**A/R Shortfall**” has the meaning given to it in Clause 5.11.1;

“**A/R Statement**” has the meaning given to it in Clause 5.11.1;

“**Auditors**” means PWC, as auditor of the Company and the Group prior to Completion;

“**Big Four Firm**” means Deloitte Touche Tohmatsu, EY, KPMG, PricewaterhouseCoopers (PWC), or any successor in title to any of their respective accounting and/or valuation businesses;

“**Buffer CC Employees**” has the meaning given to it in paragraph 1.2(r) of **Error! Reference source not found.** (*Conduct of Business before Completion*);

“**Business**” means the business of (i) the booking and provision of information services for arranging passenger transportation through telecommunication (including, but not limited to, over the Internet, communication devices and/or mobile applications), (ii) taxi ride-hailing, ride-sharing services and related services for the arrangement of passenger transportation, in each case in the Russian Federation, as carried out by the Former Group as of the date of this Agreement. The Parties acknowledge and agree that “**Business**” shall not include the Vezet Dobro Business or GoLama Business, each as conducted as of the date of this Agreement, that shall be transferred or kept out of the Group (as applicable) as part of the Restructuring prior to Completion;

“**Business Agreement**” means a services agreement in respect of call centre services and related services entered into between a Call Centre and a Former Group Company, including each agreement listed in **Error! Reference source not found.** (*Business Agreements*);

“**Business Day**” means a day other than a Saturday or Sunday or public holiday on which banks are ordinarily open for the transaction of normal banking business in Nicosia, Cyprus; Moscow, Russian Federation, or Amsterdam, the Netherlands (save in Clause 22.10, where “**Business Day**” shall have the meaning given to it in Clause 22.10.2);

“**Business IPR**” means all Intellectual Property Rights which are used as of the date of this Agreement or which have been used [\*\*\*] in relation to the business of any Group Company or any Former Group Company;

“**Business IT**” means all Information Technology which is owned, used or held for use by any Group Company (excluding “shrink wrapped”, “click wrapped” or other software commercially available off the shelf);

“**Buyer Conditions**” has the meaning given to it in Clause 8.6;

“**Buyer Documents**” means the deeds, agreements and other documents referred to in this Agreement which have been, or which are to be, executed by or on behalf of the Buyer or to which the Buyer is otherwise a party;

“**Buyer Incentive Plan**” means 2018 Equity Incentive Plan of the Buyer, which became effective as of 7 February 2018;

“**Buyer Liability Cap**” has the meaning given to it in Clause 15.4.1;

“**Buyer Material Adverse Change**” means any material adverse change in, or effect on, the business, assets, liabilities (including contingent liabilities), financial condition and/or results of operations of the Buyer’s Immediate Group taken as a whole, save, in each case, to the extent the same arises directly from any matter (i) affecting or likely to affect generally all companies carrying on similar businesses in the Russian Federation (save to the extent any such matter disproportionately affects the Buyer’s Immediate Group), (ii) related to general economic conditions in the Russian Federation, including interest rates or the state of the securities or capital markets, (iii) arising as a consequence of earthquakes, acts of war, armed hostilities or terrorism or any material escalation thereof; (v) arising as a result of changes in applicable accounting principles; (vi) arising as a result of the transactions contemplated by the Transaction Documents and the announcement and completion of such transactions; (vii) taken or not taken at the request of, or with the consent of, the Seller; or (viii) any material change in, or effect on, the business, assets, liabilities or financial condition of the Buyer’s Immediate Group taken as a whole, which is cured (including by payment of money) by the Buyer or any Buyer Related Person;

“**Buyer Protected Information**” has the meaning given to it in Clause 19.1.1;

“**Buyer Related Person**” means any Buyer Group Company and/or any director, officer, employee, consultant, contractor, agent or adviser of any Buyer Group Company (and any director, member, partner, officer or employee of any such person);

“**Buyer Warranties**” means the warranties given by the Buyer to the Seller as set out in **Error! Reference source not found.** (*Buyer Warranties*);

“**Buyer’s Accounts**” means the unaudited management accounts of the Buyer’s Immediate Group comprising the unaudited condensed consolidated and combined balance sheet and the

unaudited related condensed consolidated and combined statements of operations and comprehensive income and cash flows relating to the Buyer's Immediate Group, prepared in conformity with the management accounting policies, as at, and for the period of [\*\*\*], and supplemented by a statement by KPMG confirming their review of such unaudited management accounts of the Buyer's Immediate Group;

"**Buyer's Accounts Date**" means [\*\*\*];

"**Buyer's Cypriot Counsel**" means Katsis LLC with an office at 4 Georgiou Katsounotou, 3036 Limassol, Cyprus;

"**Buyer's Deal Team**" means any of the following individuals: [\*\*\*] (in respect of the Tax Warranties), [\*\*\*] (in respect of the Warranties set out in paragraph 17 of Part A of **Error! Reference source not found.** (*Seller Warranties*)), [\*\*\*];

"**Buyer's Group**" means:

- (a) the Buyer; and
- (b) each person which is for the time being (whether on or after the date of this Agreement):
  - (i) a shareholder of the Buyer; and
  - (ii) holding company of the Buyer, any subsidiary of the Buyer (including, for the avoidance of doubt, the Group Companies after Completion) or any such holding company, and the ultimate beneficial owners of the Buyer and any Affiliates of such ultimate beneficial owners, and

a "**Buyer Group Company**" shall be construed accordingly, provided, however, that for the purposes of this Agreement the Seller shall be deemed not to be part of the Buyer's Group or be a Buyer Group Company;

"**Buyer's Immediate Group**" means the Buyer and all subsidiaries of the Buyer and "**Buyer Immediate Group Company**" means any of them;

"**Buyer's Relief**" means:

- (a) any Relief to the extent that it has been shown as an asset or taken into account in reducing a provision for deferred tax in the Accounts;
- (b) any Relief to the extent that it arises in the Ordinary Course of Business between the Accounts Date and Completion; or
- (c) any Relief to the extent that it arises to a Group Company in respect of a period beginning after Completion; or in respect of a transaction contemplated hereunder (including for the avoidance of doubt any Relevant Change of Law) occurring or deemed to have occurred after Completion;

"**CA 2006**" means the Companies Act 2006;

"**Call Centre**" means each of the following persons operating call centres: [\*\*\*];

"**Cash Component**" has the meaning given to it in Clause 3.1;

"**CC Merger**" has the meaning given to it in paragraph 3 of Part A of **Error! Reference source not found.** (*Restructuring*);

“**Claim**” means any claim by the Buyer or, in case of an Indemnity Claim, by any other Indemnified Person, in each case against the Seller under or in connection with this Agreement;

“**Clean Team**” means a restricted group of Representatives of the Buyer to be determined by the Buyer who are not involved in the operations of the Buyer’s Group taxi ride-hailing, ride-sharing services business and who will receive access to the Seller Group’s information solely for the purposes of [\*\*\*], and receiving the Seller’s notices under Clause 9.5, and for no other purpose;

[\*\*\*]

“**Cloud Agreement**” means each of the agreements entered into by the Former Group Companies to get cloud storage or similar services of data storage as listed in Part B of **Error! Reference source not found.** (*Information Technology*);

“**Cluster Switch Date**” has the meaning given to it in Annex 7 to **Error! Reference source not found.** (*Post-Completion Integration*);

“**Collected A/R**” has the meaning given to it in Clause 5.11.1;

“**Company**” has the meaning given to it in paragraph (B)(1) of the Recitals;

“**Company Related Person**” means any Group Company and/or any Director, officer, Employee, or management company of any Group Company;

“**Completion**” means completion of the sale and purchase of the Sale Shares in accordance with Clause 10 (*Completion*);

“**Completion Cash**” has the meaning given in paragraph 1.2 of **Error! Reference source not found.** (*Completion Statement Principles*);

“**Completion Consideration**” has the meaning given to it in Clause 3.2.1;

“**Completion Consideration Cash**” means the cash sum of [\*\*\*];

“**Completion Consideration Payment**” has the meaning given to it in Clause 3.2.1(a);

“**Completion Consideration Shares**” means the Consideration Shares representing [\*\*\*] in the share capital of the Buyer, on the Fully-diluted and After-issued Basis;

“**Completion Date**” means the date on which Completion occurs;

“**Completion Date A/R**” means the accounts receivable of the Group outstanding as of the end of the Completion Date but solely to the extent such accounts receivable were actually included as Current Assets in the final calculation of the Working Capital in accordance with Clause 5.8 as set out in the Agreed Completion Statement;

“**Completion Debt**” has the meaning given in paragraph 1.3 of **Error! Reference source not found.** (*Completion Statement Principles*);

“**Completion Metrics Calculation**” has the meaning given in Clause 5.3;

“**Completion Value**” means [\*\*\*];

“**Conditions**” has the meaning given to it in Clause 8.1;



“**Conduct Notice**” has the meaning given to it in paragraph **Error! Reference source not found.** of **Error! Reference source not found.** (*Tax Indemnity*);

“**Confidential Information**” means any proprietary and confidential information, and may include commercial, business, financial, operational, technical, administrative, marketing or other information (including intellectual property, information relating to existing or new products or services (or those in development), business opportunities, trade secrets, information relating to potential and actual business transactions, business plans, designs, formulae, processes, methods, lists, models, concepts and know-how, and information relating to past, present or potential future customers, clients and suppliers);

“**Connected**” has, in relation to a person, the meaning given in section 1122 of the Corporation Tax Act 2009;

“**Consideration Shares**” means the Class A ordinary shares of US\$0.10 each in the capital of the Buyer representing [\*\*\*], on the Fully-diluted and After-issued Basis, to be allotted and issued to the Seller and as may be adjusted downward as set out in Clause 3 (*Consideration*) in consideration for the sale of the Sale Shares;

“**Contract**” has the meaning given to it in paragraph **Error! Reference source not found.** of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**Contribution in Kind**” in respect of the issuance of the Completion Consideration Shares, Application Integration Shares and the Integration Consideration Shares pursuant to the relevant Deed of Issuance, means, for Dutch corporate law purposes, the transfer and contribution of the Sale Shares by the Seller as payment for the Consideration Shares, against the obligation of the Buyer (i) to issue the Consideration Shares and (ii) to pay the Cash Component, in each case to the Seller, on the terms and subject to the conditions of the Agreement;

“**Control**” means, with respect to any person, (a) the possession, directly or indirectly, of power to direct or cause the direction of management and policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such person; (b) the ability, whether exercised or held directly or indirectly, to exercise more than fifty per cent. (50%) of the votes at any general meeting (or equivalent) of such person; or (c) the ability to appoint more than fifty per cent. (50%) of the members to the board of directors (or the closest equivalent governing body) of such person; and the correlative terms “**Controlled**” and “**by and under common Control with**” shall be similarly construed;

“**Current Excluded Businesses**” has the meaning given to it in Clause 16.3;

“**Data Protection Legislation**” means (i) Federal Law “On Protection of Personal Data” No. 152-FZ dated 27 July 2006 (as amended), (ii) the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 On The Protection of Natural Persons with Regard to the Processing of Personal Data and On the Free Movement of Such Data and any legislation in force from time to time which implements this regulation, and (iii) all other similar privacy laws, for each of (i) – (iii), only to the extent any such privacy law is applicable to the Group Company or the relevant Former Group Company in question;

“**Deanfirm**” means Deanfirm Limited, a limited liability company incorporated and existing under the laws of the Republic of Cyprus under registered number HE 339370, having its registered office at Afentrikas 3, Office 302, 6018, Larnaca, Cyprus, further particulars of which are set out in Part B of **Error! Reference source not found.** (*Information about the Seller and the Group*);

[\*\*\*]

“**Deed of Issuance**” means, in respect of each issuance of the relevant Consideration Shares, a notarial deed of issuance in respect of the issuance of such Consideration Shares to the Seller substantially in the form attached in **Error! Reference source not found.** (*Form of a Deed of Issuance*);

“**Deed of Undertaking**” means a deed setting out undertakings of certain shareholders of the Seller and ultimate beneficial owners of certain shareholders of the Seller (collectively, the “**Fasten Parties**”) to be entered into on Completion among the Fasten Parties and the Buyer substantially in the form attached in **Error! Reference source not found.** (*Form of Deed of Undertaking*);

“**Deferred Cash**” means the cash sum of [\*\*\*];

“**Description**” means a written confirmation by the Buyer’s board of (executive) directors (*bestuur*) which provides a description of the Contribution in Kind as of the date not earlier than six (6) months prior to the date of a Deed of Issuance and which sets out a value attributed to the Contribution in Kind and refers to the method(s) used for such valuation, in each case solely for the purpose of complying (and in accordance) with Section 204b, Book 2 of the Dutch Civil Code;

“**Determined**” means a final determination of a claim by the arbitrators appointed under Clause 21 or otherwise by written agreement of the Buyer and the Seller settling the claim;

“**Director**” means, in respect of any Group Company, a member of the board of directors, or member of the management board or supervisory board, a general director or a chief executive officer of such Group Company;

“**Disclosed**” means:

- (a) in respect of the Seller Warranties given as of the date of this Agreement, fairly disclosed in or under the Initial Disclosure Letter; and
- (b) in respect of the Seller Warranties given as at Completion, fairly disclosed in or under the Initial Disclosure Letter and the Supplementary Disclosure Letter, if any, provided that, in the case of any matter disclosed in or under the Supplementary Disclosure Letter, such matter is a Permitted Supplementary Disclosure,

in each case, with sufficient detail to enable a reasonable investor to assess the nature and the scope of the matter disclosed, and “**Disclosure**” and “**Disclosing**” has the corresponding meaning;

“**Disclosure Bundle**” means, in respect of each of the Initial Disclosure Letter and the Supplementary Disclosure Letter, the bundle of documents that have been provided by the Seller or its Representatives to the Buyer and/or its Representatives, in the case of the Initial Disclosure Letter, prior to the signing of this Agreement or, in the case of the Supplementary Disclosure Letter, no later than [\*\*\*] prior to Completion, electronically stored in permanent form on a memory card or other electronic flash memory data storage device used for storing digital information and attached as an annex to the Initial Disclosure Letter or the Supplementary Disclosure Letter, as the case may be. The Parties understand and agree that the first draft of the Disclosure Bundle comprising the Supplementary Disclosure Letter, if any, shall be delivered to the Buyer not later than ten (10) Business Days prior to the Completion Date;

“**Disclosure Letters**” means the Initial Disclosure Letter and the Supplementary Disclosure Letter;

“**Dispute**” means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement and/or any other Transaction Document (other than the SHA Supplemental Deed), including a dispute, controversy, claim or difference regarding the existence, formation, validity, interpretation, performance or termination of this Agreement and/or any other Transaction Document or the consequences of its or their nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement and/or any other Transaction Document;

“**Dispute Auditor**” has the meaning given to it in Clause 5.11.3;

“**Disputed Amount**” has the meaning given to it in Clause 7.3.4;

“**Draft Completion Statement**” means the draft of the completion statement in the agreed form attached as **Error! Reference source not found.** (*Form of the Draft Completion Statement*), drawn up by the Seller in accordance with the principles set out in **Error! Reference source not found.** (*Completion Statement Principles*) and Part B of **Error! Reference source not found.** (*Form of the Draft Completion Statement*) and setting out the Seller’s calculation of [\*\*\*], each as at Completion;

[\*\*\*]

“**Eligible Bonus Recipient**” has the meaning given to it in paragraph 3.1 of Part A of **Error! Reference source not found.** (*Employee Matters*);

“**Employee**” means an employee, contract worker, part-time employee, temporary employee or home worker of any Group Company or a Former Group Company, as the case may be;

“**Employee Integration Bonus**” means [\*\*\*];

“**Encumbrance**” means any right, interest or equity of any other person (including any right to acquire, option, preference, right of pre-emption or right of first refusal) or any mortgage, charge, pledge, lien, restriction, assignment, hypothecation, security interest, title retention, power of sale or any other encumbrance, security agreement or arrangement or other Third Party right, or any agreement, arrangement or obligation to create, or any claim by any person to have, any of the same;

“**Excess**” has the meaning given to it in Clause 7.3.4;

“**Excluded Franchise Agreements**” means the Franchise Agreements listed in items **Error! Reference source not found.** and **Error! Reference source not found.** of **Error! Reference source not found.** (*Restructuring*);

“**Expert**” means any Big Four Firm or any reputable investment bank, other than such firm that serves as the auditors of the Buyer at the time of engagement of the Expert for purposes of Clause 7.5;

“**Expert LLC**” means Limited Liability Company “Expert”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1090280004088 particulars of which are set out in Part D of **Error! Reference source not found.** (*Information about the Seller and the Group*);

“**Extended Operating Metrics Measurement Period**” has the meaning given to it in Clause 5.1.1;

“**Extended Operating Metrics Reference Period**” means a period [\*\*\*];

“**Family**” means any group of individuals who are together related in any of the following ways: spouse (or civil partner or cohabitee), child or grandchild (or any further lineal descendant) (in each case including any adopted children or stepchildren), brother, sister, cousin, parent, grandparent, aunt, uncle or other close family relative of that individual, and “**Family Member**” shall mean any person who is a member of the relevant Family;

“**Family Trust**” means, in relation to any person, trusts established by that person (or any Family Member of that person (whether living or dead)) in relation to which only that person and/or his Family Members are capable of being beneficiaries;

“**FAS**” means the Federal Anti-Monopoly Service of the Russian Federation (in Russian: *Федеральная Антимонопольная Служба России*) or any successor Russian Governmental Authority;

“**FAS Approval Condition**” has the meaning given in Clause 8.1.1;

“**Fasten Phone Numbers**” means the Group Telephone Numbers listed in Part B of **Error! Reference source not found.** (*Group Telephone Numbers*), [\*\*\*];

“**Fasten Rus**” means Limited Liability Company “Fasten Rus”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1152310007750, particulars of which are set out in Part C of **Error! Reference source not found.** (*Information about the Seller and the Group*);

“**Financial Year**” means each accounting reference period of the Company or any Group Company, as the case may be, which begins on 1 January and ends on 31 December in each calendar year;

“**Former Group Companies**” means each of persons listed at part E of **Error! Reference source not found.** (*Information about the Seller and the Group*) which, prior to Completion, includes the Group Companies and “**Former Group**” means all such Former Group Companies taken together;

“**Franchise Agreement**” means each agreement listed in paragraphs **Error! Reference source not found.** - **Error! Reference source not found.** of Part B of **Error! Reference source not found.** (*Restructuring*);

“**Franchise-Related Agreement**” means each agreement listed in paragraphs **Error! Reference source not found.** - **Error! Reference source not found.** of Part B of **Error! Reference source not found.** (*Restructuring*);

“**Fully-diluted and After-issued Basis**” means, with respect to the calculation of the share capital of the Buyer, taking into account all authorised and issued shares of whatever class in the capital of the Buyer as of the date of calculation other than [\*\*\*];

“**Fundamental Claim**” means any Warranty Claim involving or relating to a breach of any of the Fundamental Warranties;

“**Fundamental Warranties**” means the Seller Warranties set out in paragraphs 1, 2 and 3 of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**GMV**” means gross merchandise value;

“**GoLama Business**” means the business conducted in the Russian Federation of providing B2C services via Golama mobile app and web application which allows customers to shop for groceries from offline food retailers with provision of in-store picking services and courier delivery;

“**Governmental Authority**” means any government or its administrative territories, any organisation, institution or authority with the executive, judicial, regulating or administrative functions (including any governmental authority, ministry, agency, service, committee, commission, institution or any other organisation and their structural subdivisions) acting on behalf of the government or its administrative territory, any court, arbitration or judge and any self-regulating organisation acting on behalf of the government in compliance with the rights granted thereto under Applicable Laws;

“**Group**” means the Company and the Subsidiaries and a “**Group Company**” means any of them;

“**Group Telephone Numbers**” means the telephone numbers listed in **Error! Reference source not found.** (*Group Telephone Numbers*) comprising [\*\*\*];

“**Guarantee**” means any guarantee, indemnity, suretyship, letter of comfort or other assurance, security or right of set-off given or undertaken by a person to secure or support the obligations (actual or contingent) of any other person and whether given directly or by way of counter-indemnity to any other person who has provided a Guarantee;

“**HR Records**” means information and data with respect to the Transferred Employees in the form reasonably acceptable to the Buyer (such form to be provided to the Seller not later than one (1) month after the date of this Agreement) and covering the periods identified by the Buyer (including the personal information and employment track record), necessary for integration of the Transferred Employees’ data in the HR and payroll systems used by the Buyer;

“**IFRS**” means the body of pronouncements issued by the International Accounting Standards Board (“**IASB**”) including the International Financial Reporting Standards and interpretations approved by the IASB, International Accounting Standards and Standards Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee, then in force as at the relevant time;

“**Indebtedness**” means, in respect of any person, any borrowing or indebtedness in the nature of borrowing (including any indebtedness for monies borrowed or raised under any bank or third party Guarantee, acceptance credit, bond, note, bill of exchange or commercial paper, letter of credit, finance lease, hire purchase agreement, forward sale or purchase agreement or conditional sale agreement or other transaction having the commercial effect of a borrowing and all finance, loan and other obligations of a kind required to be included in the balance sheet of such person pursuant to applicable accounting standards), and any amounts owing or payable under any financing or quasi-financing arrangement which would not need to be shown or reflected in any such balance sheet) excluding any amounts counted as Working Capital as of the relevant date;

“**Indemnified Person**” means each of the Buyer and each Group Company;

“**Indemnity Claim**” means a Claim made under Clause 11.11;

“**Independent Counsel**” means Queen’s counsel of at least ten (10) years standing who is experienced in commercial and corporate matters and is neither presently, nor in the past three

(3) years has been, retained to represent any Buyer Group Company or any Seller Group Company, and who does not have a conflict of interest under the applicable standards of professional conduct;

“**Infomobil LLC**” means Limited Liability Company “Infomobil”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1070277007910;

“**Information Technology**” means computer systems, communication systems, software, hardware and related services;

“**Informatsia LLC**” means Limited Liability Company “Informatsia”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1110280005494;

“**Initial Disclosure Letter**” means the letter in the agreed terms from the Seller to the Buyer dated the date of this Agreement and signed by the Seller and acknowledged by the Buyer immediately prior to the signing of this Agreement making general and specific Disclosures in relation to the Seller Warranties, together with the Disclosure Bundle which forms part thereof;

“**Initial Lock-in Period**” has the meaning given to it in Clause 4.4.1;

“**Integration**” has the meaning given to it in paragraph 2.1 of **Error! Reference source not found.** (*Post-Completion Integration*);

“**Integration Bonus**” means [\*\*\*];

“**Integration Completion Cash**” means the sum of: (a) the Integration Consideration Cash and (b) the Deferred Cash;

“**Integration Completion Date**” has the meaning given to it in **Error! Reference source not found.** (*Post-Completion Integration*);

“**Integration Consideration**” has the meaning given to it in Clause 3.2.2;

“**Integration Consideration Cash**” means [\*\*\*];

“**Integration Consideration Shares**” means [\*\*\*];

“**Integration Period**” means the period beginning on the Completion Date and ending on the Integration Completion Date;

“**Integration Records**” has the meaning given to it in Clause 17.3.1(a);

“**Integration Settlement Date**” has the meaning given to it in **Error! Reference source not found.** (*Post-Completion Integration*);

“**Intellectual Property Rights**” means all rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: patent and industrial property rights including invention patents, utility model patents and design patents; trade secret rights, rights in know-how and confidential information; rights associated with works of authorship, including exclusive exploitation rights, copyrights, neighbouring rights and moral rights, rights in designs, rights in computer software and database rights; trademark, whether registered or unregistered, and any similar rights, including domain names; other intellectual property rights in each case whether registered or unregistered; and rights in or relating to registrations,

renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to above;

“**IP Claim**” means a Claim involving or relating to a breach of any IP Warranty or under the IP Indemnity;

“**IP Holder**” has the meaning given to it in Part A of **Error! Reference source not found.** (*Restructuring*);

“**IP Holders Merger**” has the meaning given to it in paragraph 4 of Part A of **Error! Reference source not found.** (*Restructuring*);  
[\*\*\*];

“**IP Indemnity**” has the meaning given to it in Clause 11.11.3;

“**IP Warranties**” means the Seller Warranties contained in paragraph 17 of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**IT Licences Indemnity**” has the meaning given to it in Clause 11.11.4;

“**Key Former Group Company**” means [\*\*\*];

“**Key Integration Employees**” means each of the Employees listed at part C of **Error! Reference source not found.** (*Employee Matters*);

[\*\*\*]

“**KPIs**” means [\*\*\*];

“**Kronos**” means Limited Liability Company “Kronos” a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1162375033919, particulars of which are set out in Part D of **Error! Reference source not found.** (*Information about the Seller and the Group*);

“**Labour Indemnity**” has the meaning given to it in Clause 11.11.8;

“**LCIA**” has the meaning given to it in Clause 21.2;

[\*\*\*]

[\*\*\*];

“**Linkomobil LLC**” means Limited Liability Company “Linkomobil”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1144825001639;

“**Local Services Agreements**” means, collectively, call centre information and software services agreements to be entered into prior to or at Completion between Teleon, on one hand, and each of the Key Former Group Companies, on the other hand, pursuant to which Teleon will provide information services and other services related to access to certain Intellectual Property Rights owned by the Group Companies, the principal agreed terms of which are set out in **Error! Reference source not found.** (*Principal Terms of the Local Services Agreements*);

“**Lock-in Periods**” has the meaning given to it in Clause 4.4.3;

“**Longstop Date**” means [\*\*\*];

“**Look Through Transfer**” has the meaning given to it in Clause 17.5.2;

“**Loss**” means any action, cost, claim, demand, proceedings, expense, charge, loss (including any direct loss of profit, all interest and penalties), damages, or any other liability or protective award (including damages, reasonable and documented legal and other professional advisers’, experts’ and consultants’ fees and costs, penalties, expenses and other losses, on an indemnity basis) and any Tax in respect of any of the foregoing, as well as cancellation or non-availability (full or partial) of Tax losses available to carry-forward and/or Tax receivables, *but excluding* indirect loss of profit and compensation in respect of management time;

“**Lost Purchased Relief**” means:

- (a) the setting off against any profits or any Taxation of, or the reduction of any profits or any Taxation by, all or part of any Relief to the extent that it has been shown as an asset or taken into account in reducing a provision for deferred tax in the Accounts or of any Relief to the extent that it arose in the Ordinary Course of Business between the Accounts Date and the Completion Date, in each case where a valid Claim could have been made against the Seller under this Agreement in respect of such profits or Taxation in which case the amount of the Lost Purchased Relief shall be deemed to be the amount of Tax that would have been payable in the absence of such set off or reduction; or
- (b) the cancellation, loss or non-availability of all or part of a Relief to the extent that it has been shown as an asset or reduced a liability in the Accounts or any Relief to the extent that it arose in the Ordinary Course of Business between the Accounts Date and the Completion Date, and the amount of the Lost Purchased Relief shall be deemed to be the amount of Tax payable as a result of that Relief being so cancelled, lost, or which is unavailable, or the amount of that Relief (when it is a right to a repayment of Tax) that could otherwise have been obtained;

“**MAC Notice**” has the meaning given to it in Clause 5.3;

“**Management Accounts**” means, if any, the unaudited consolidated balance sheet of the Group and the unaudited consolidated profit and loss account of the Group for the period [\*\*\*], including any notes thereon, a complete and accurate copy of which shall be delivered to the Buyer on or before the Completion Date;

“**Management Accounts Date**” means the date to which the Management Accounts have been prepared;

“**Material Adverse Change**” means [\*\*\*];

“**Material Contract**” has the meaning given in paragraph **Error! Reference source not found.** of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**Material Counterparty**” has the meaning given to it in paragraph 12.1 of **Error! Reference source not found.** (*Seller Warranties*);

“**Metrics Adjustment**” has the meaning given in Clause 5.5.1;

“**Metrics Disagreement Notice**” has the meaning given in Clause 5.1.2(c);



“MGL” means [\*\*\*];

“MGL CLA” [\*\*\*];

“MGL Release Event” [\*\*\*];

“MGL Withheld Consideration” [\*\*\*];

“Minimum Claim Amount” has the meaning given to it in Clause 13.2.1;

“Mirkontakt LLC” means Limited Liability Company “Mirkontakt”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1190280023735;

“Monthly Salary” means, in respect of an Employee, an average amount of their monthly salary (including both their monthly base salary and a monthly bonus target amount, but excluding any annual, semi-annual and quarterly bonuses) paid to such Employee over the six-month period preceding the relevant date;

“Mutual Conditions” has the meaning given to it in Clause 8.6;

“Named Competitor” [\*\*\*];

“Necessary Action” means, with respect to any result required to be caused, all actions permitted by the Applicable Law and where relevant Organisational Documents of the relevant company and reasonably necessary to cause such result, including (a) voting or providing a written consent with respect to voting securities of the relevant person to cause the adoption of shareholders resolutions and amendments to the charter or other Organisational Documents, (b) causing members of the board of directors or other appropriate governing body of the relevant person (to the extent such members were nominated or designated by the person obligated to undertake the Necessary Action) to pass necessary resolutions and take relevant actions, (c) executing and delivering agreements and instruments, and (d) making, or causing to be made, all governmental, regulatory and administrative filings, and undertaking all other procedures or formalities;

“Net Adjustment” has the meaning given to it in Clause 5.10;

“Notary” means any civil law notary of Van Doorne N.V. or such civil law notary’s deputy or successor;

“Notice” has the meaning given to it in Clause 22.10.1;

“Notified Address” has the meaning given to it in Clause 22.10.4;

“Notified Claim” means any Claim notified by the Buyer in accordance with Clause 13.1;

“Objection Notice” has the meaning given in Clause 5.3;

“Operating Metrics DD” has the meaning given in Clause 5.1.2(b);

“Operating Metrics Measurement Period” has the meaning given to it in Clause 5.1.1;

“Operating Metrics Reduction” has the meaning given to it in Clause **Error! Reference source not found.**;

“Operating Metrics Reference Period” means [\*\*\*];

“**Ordinary Course of Business**” means the ordinary and usual course of business consistent with past practice (including where applicable with respect to quantity and frequency);

“**Organisational Documents**” means any articles of incorporation, articles of association, charter, by-laws or other constituent or organisational document of any person required or contemplated by the Applicable Law for the creation or operation of such person;

“**Other Phone Number Agreement**” has the meaning given to it in paragraph **Error! Reference source not found.** of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**Other Phone Numbers**” means the Group Telephone Numbers listed in Part E of **Error! Reference source not found.** (*Group Telephone Numbers*), which [\*\*\*];

“**Overprovision**” has the meaning given to it in paragraph **Error! Reference source not found.** of **Error! Reference source not found.** (*Tax Indemnity*);

“**Owned IPR**” means any Intellectual Property Rights owned by any Group Company;

“**Owned Registered IPR**” means any Owned IPR that is registered or is the subject of applications for registration;

“**Parties**” means the Seller and the Buyer and the “**Party**” means either one of them;

“**Permitted Method**” has the meaning given to it in Clause 22.10.2;

“**Permitted Supplementary Disclosure**” has the meaning given to it in Clause 11.10.1;

“**Personal Data**” has the meaning given to it in paragraph **Error! Reference source not found.** of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**Post-Completion Management Accounts**” means the unaudited consolidated balance sheet of the Group and the unaudited consolidated profit and loss account of the Group for [\*\*\*], including any notes thereon, together with an electronic file in MS Excel containing statement of financial position of each Group Company as of Completion Date;

“**Pre-Completion GMV**” means, [\*\*\*];

“**Pre-Completion Rides**” means, [\*\*\*];

“**Promotional Phone Numbers**” means the Group Telephone Numbers listed in Part A of **Error! Reference source not found.** (*Group Telephone Numbers*), [\*\*\*];

“**Properties**” means the property or the properties details of which are set out in **Error! Reference source not found.** (*The Properties*);

“**Protected Information**” means the Buyer Protected Information and/or the Seller Protected Information, as applicable;

“**Purchase Price**” has the meaning given to it in Clause 3.1;

“**Ratio**” means [\*\*\*];

“**Real Estate Register**” means Russian Unified State Register of Real Estate (*in Russian: Единый государственный реестр недвижимости*);

“**Recovered Amount**” has the meaning given to it in Clause 13.11.5(a);

“**Recovery Amount**” has the meaning given to it in Clause 13.11;

“**Related Party Agreement**” means a services agreement entered into between a Call Centre and any one of [\*\*\*], including those listed in **Error! Reference source not found.** (*Related Party Agreements*);

“**Released Amount**” has the meaning given to it in Clause 7.3.3;

“**Relevant Change of Law**” means any decision of any court or tribunal after Completion that changes the law or practice generally understood to apply to the matter giving rise to the Tax Effect or that reverses an earlier decision of any court or tribunal in that jurisdiction in relation to which no Group Company (or Former Group Company) was a party or any change (including any retrospective change), after Completion, in the law (including subordinate legislation) or in the generally published interpretation or practice of any Tax Authority or in financial reporting or accounting standards or practice coming into force after Completion;

“**Relevant Period**” means (i) with respect to the Tax Warranties given at the date of this Agreement, the period starting at the beginning of [\*\*\*] and ending at the date of this [\*\*\*] and (ii) with respect to the Tax Warranties given at the Completion Date, the period starting at the [\*\*\*] and ending at [\*\*\*];

“**Relevant Relief**” has the meaning given to it in paragraph **Error! Reference source not found.** of **Error! Reference source not found.** (*Tax Indemnity*);

“**Relief**” includes any right to repayment of Taxation from a Tax Authority and any relief, loss, allowance, set-off or credit in respect of Taxation and any deduction in computing or against profits for Taxation purposes;

“**Representative**” means with respect to any person, any officer, manager, director, employee, agent, attorney, accountant or advisor of such person;

“**Restricted Business**” means [\*\*\*];

[\*\*\*];

“**Restricted Period**” has the meaning given to it in Clause 16.1.1;

“**Restricted Person**” means any person who is, either at the time of signing this Agreement or at Completion a [\*\*\*];

“**Restricted Territory**” means any geographic area in which the Business (or any part of the Business) is conducted at Completion (or was conducted in the period of twelve (12) months preceding Completion) and any country in which the Buyer conducts its business (or any part of such business) at Completion, as listed in **Error! Reference source not found.** (*Countries List*);

“**Restructuring**” means the reorganisation and restructuring of the Group and the Former Group whereby, in each case as described in a more detailed way in **Error! Reference source not found.** (*Restructuring*): [\*\*\*];

“**Restructuring Condition**” has the meaning given to it in Clause 8.1.3;

“**Restructuring Indemnity**” has the meaning given to it in Clause 11.11.2;

“**Retained Records**” has the meaning given to it in Clause 17.3.2;

“**Revised Metrics Calculation**” has the meaning given in Clause 5.4;

“**Rides Decrease**” has the meaning [\*\*\*]

“**Rospatent**” means the Federal Service for Intellectual Property of the Russian Federation (*in Russian: Федеральная служба по интеллектуальной собственности (Роспатент)*) or any successor Russian Governmental Authority;

“**RUB**” or “**Roubles**” means lawful currency of the Russian Federation;

“**Rules**” has the meaning given to it in Clause 21.2;

“**Rutaxi Platform**” means IT platform “Rutaxi”, an integrated information system providing taxi ride-hailing, ride-sharing and related services for the arrangement of passenger transportation, a more detailed description of which is set out in **Error! Reference source not found.** (*Information Technology*);

“**Sale Shares**” has the meaning given to it in paragraph (C) of the Recitals;

“**Sanctions**” means any trade or economic sanction, trade or economic restriction, prohibition, embargo, ban, inclusion in any government negative list, imposed by Applicable Law or regulation, or resolution of the United Nations, the Russian Federation, the European Union or any member state thereof, the United States of America, or any other relevant jurisdiction in all cases to the extent they apply to the person in question;

“**Second Lock-in Period**” has the meaning given to it in Clause 4.4.2;

“**Seller Account**” means the following bank account:

Name:	[***]
Bank:	[***]
Bank Address:	[***]
US\$ Account Number:	[***]
SWIFT:	[***]
Correspondent Bank for BCB:	[***]

“**Seller Claim**” means any claim by the Seller against the Buyer under or in connection with this Agreement, including under or in respect of any of the Buyer Warranties, other than any Seller Consideration Claim;

“**Seller Condition**” has the meaning given to it in Clause 8.6;

“**Seller Consideration Claim**” means any claim by the Seller against the Buyer in relation to payment of all or a portion of the Purchase Price;

“**Seller Documents**” means the deeds, agreements and other documents referred to in this Agreement which have been, or which are to be, executed by or on behalf of the Seller or to which the Seller is otherwise a party;

“**Seller Liability Cap**” means the aggregate of (i) [\*\*\*] and (ii) [\*\*\*], provided that [\*\*\*];

“**Seller Protected Information**” has the meaning given to it in Clause 19.2.1;

“**Seller Recovered Amount**” has the meaning given to it in Clause 15.10.5(a);

“**Seller Recovery Amount**” has the meaning given to it in Clause 15.10;

“**Seller Related Entity**” means:

- (a) any member of the Seller’s Group,
- (b) any Seller Related Person, and
- (c) any company which would be a subsidiary of any Seller Related Person (or any group of Seller Related Persons collectively) if such Seller Related Person (or such group of Seller Related Persons collectively) were a company,

for the avoidance of doubt, including the Group Companies prior to Completion and excluding the Group Companies after Completion;

“**Seller Related Person**” means, where either individually or collectively:

- (a) any individual, or
- (b) any group of individuals who are together members of the same Family,
- (c) any Family Trust of which any such individual is an actual or potential beneficiary,

would, if the relevant individual, group of individuals and/or Family Trust were (individually or collectively) a company, be a holding company of the Seller:

- (i) that individual (or, in the case of a number of individuals who are together members of the same Family, each such individual),
- (ii) any Family Member of any such individual or individuals, and
- (iii) any Family Trust of which any such individual or individuals is or are an actual or potential beneficiary;

“**Seller Warranties**” means the warranties given by the Seller to the Buyer as set out in **Error! Reference source not found.** (*Seller Warranties*);

“**Seller’s Deal Team**” means any of the Representatives of the Seller who have participated in negotiations over this Agreement;

“**Seller’s Group**” means:

- (a) the Seller, and
- (b) each person which is for the time being (whether on or after the date of this Agreement):

- (i) a shareholder of the Seller, or
- (ii) a subsidiary of the Seller or any such shareholder (including any Former Group Company but excluding, from and after Completion, any Group Company),

and a “**Seller Group Company**” shall be construed accordingly;

“**Seller’s Stakeholder**” has the meaning given to it in Clause 17.5.1;

“**Server**” means each of the computer servers owned by a Former Group Company prior to Completion and used for the purposes of the Business, as listed in the Section entitled “Servers” of **Error! Reference source not found.** (*Information Technology*) and as identified as the result of the inventory conducted pursuant to paragraph 6 of **Error! Reference source not found.** (*DD Follow-up Actions*);

“**SHA**” means the Shareholders’ Agreement in relation to the Buyer dated 7 February 2018 among Yandex N.V., Uber International C.V., Stichting MLU Equity Incentive and the Buyer;

“**SHA Supplemental Deed**” means a deed supplemental to the SHA in relation to the Buyer to be entered into in the agreed form on Completion among Yandex N.V., Uber International C.V., Stichting MLU Equity Incentive and the Buyer;

“**Short Indices**” means the short indices listed in Part D of **Error! Reference source not found.** (*Group Telephone Numbers*), [\*\*\*];

[\*\*\*];

“**Staff Schedule**” has the meaning given to it in paragraph 2.2 of Part A of **Error! Reference source not found.** (*Employee Matters*);

“**Stolitsa DS**” means Limited Liability Company “Stolitsa DS”, a limited liability company incorporated and existing under the laws of the Russian Federation under the state registration number (OGRN) 1167746725013 particulars of which are set out in Part C of **Error! Reference source not found.** (*Information about the Seller and the Group*);

“**Subsidiaries**” means the companies and undertakings specified in Part D of **Error! Reference source not found.** (*Information about the Seller and the Group*) other than the Company and a “**Subsidiary**” means any of them;

“**Subsidiary Equity Interests**” means all shares or participatory interests in a Subsidiary, or all of such shares and participatory interests in the Subsidiaries collectively, as the context requires;

“**Supervisory Board**” means the supervisory board of the Buyer as constituted from time to time;

“**Supplementary Disclosure Letter**” has the meaning given to it in Clause 11.10.1;

“**Surviving Agreements**” has the meaning given to it in Clause 17.2.1(c);

“**Surviving Provisions**” has the meaning given to it in Clause 22.12.2;

“**Target Working Capital**” means [\*\*\*];

“**Tax**”, and “**Taxation**” means all forms of taxation including withholdings, duties, imposts, levies, value added tax, social security contributions imposed, assessed or enforced by any

Governmental Authority (whether in the Russian Federation, Republic of Cyprus, or any other jurisdiction in which any Group Company or, where relevant, any Former Group Company does business), in all cases being in the nature of Taxation, and any interest, penalty, surcharge or fine in connection therewith, in each case whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments to a Governmental Authority on account of Tax, whenever and wherever imposed and whether chargeable directly or primarily against or attributable directly or primarily to a Group Company or any Former Group Company or any other person;

“**Tax Audit**” means an examination and verification of a person’s financial, Tax and accounting records and supporting documents by a competent Russian or Cypriot Tax Authority for the purpose of verifying such person’s tax calculations and payments as well as overall compliance with the applicable Tax law conducted in-chambers or at such person’s place of business;

“**Tax Authority**” means any Governmental Authority competent to impose any Tax, or responsible for the administration and/or collection of Tax or enforcement of any law in relation to Tax, in any jurisdiction.

“**Tax Claim**” means a Claim involving or relating to a breach of any Tax Warranty or under the Tax Indemnity;

“**Tax Effect**” means:

- (a) actual Taxation payable or suffered by the relevant Group Company; and
- (b) a Lost Purchased Relief;

“**Tax Indemnity**” means the indemnities relating to Tax set out in **Error! Reference source not found.** (*Tax Indemnity*);

“**Tax Warranties**” means the Seller Warranties contained in Part B of **Error! Reference source not found.** (*Seller Warranties*);

“**Technical Experts**” mean [\*\*\*];

[\*\*\*]

“**Telephone Number Agreement**” has the meaning given to it in Clause 11.11.4;

“**Third Lock-in Period**” has the meaning given to it in Clause 4.4.3;

“**Third Party**” means any person other than a Party to this Agreement;

“**Third Party Claim**” has the meaning given to it in Clause 14.2.1;

“**Third Party Tax Claim**” has the meaning given to it in Clause 14.2.1;

“**Title Claim**” means a Claim involving or relating to a breach of any Title Warranty or under the Title Indemnity;

“**Title Indemnity**” has the meaning given to it in Clause 11.11.1;

“**Title Warranties**” means the Seller Warranties contained in paragraph 1 of Part A of **Error! Reference source not found.** (*Seller Warranties*);

“**Top Manager Bonus**” means [\*\*\*];

“**Top Managers**” means each of the Employees of the relevant Former Group Companies listed at Part B of **Error! Reference source not found.** (*Employee Matters*);

“**Transaction**” includes any transaction, circumstance, state of affairs, act, event, arrangement, provision or omission of whatever nature, including a receipt or accrual of income or gains, distribution, failure to distribute, acquisition, disposal, transfer, payment, loan or advance, and any reference to an event occurring on or before a particular date shall include events which for Tax purposes are deemed under Applicable Law to have, or are treated or regarded as having, occurred on or before Completion;

“**Transaction Documents**” means this Agreement, each Deed of Issuance, the SHA Supplemental Deed, the Deed of Undertaking, and each Local Services Agreement;

“**Transfer**”, in the context of any shares or any interest in such shares, means any of the following: (a) to sell, assign, transfer or otherwise dispose of, or grant any option over, any such shares or any interest in such shares; (b) to create or permit to subsist any Encumbrance over any such shares or any interest in such shares; (c) to enter into any agreement in respect of the votes or any other rights attached to any such shares or any interest in such shares; or (d) to renounce or assign any right to receive any such shares or any interest in such shares;

“**Transferred Assets**” means the assets of the Former Group Companies listed at **Error! Reference source not found.** (*Transferred Assets*) and any other assets owned by the Former Group Companies or any other Third Party and identified by the Seller as necessary for the operations of the Group pursuant to paragraph 6.3 of **Error! Reference source not found.** (*DD Follow-Up Actions*);

“**Transferred Employee**” has the meaning given to it in paragraph 1.1.1 of **Error! Reference source not found.** (*Employee Matters*);

“**Transferred Phone Numbers**” means the Group Telephone Numbers listed in Part C of **Error! Reference source not found.** (*Group Telephone Numbers*), [\*\*\*];

“**Used IPR**” means any Business IPR other than the Owned IPR;

“**US\$**” or “**US Dollars**” means lawful currency of the United States;

“**U.S. GAAP**” means United States generally accepted accounting principles;

“**Vezet Dobro Business**” means the business conducted in the Russian Federation of providing both B2B and B2C intracity cargo transportation services as well as certain other services, namely: car towing, removal of construction waste, delivery of construction materials and goods, assistance with loading and unloading of cargo trucks;

“**Vezet Dobro Marks**” has the meaning given to it in Clause 16.3.1(b);

“**Vezet Platform**” means IT platform “Fasten” (“Vezet 2.0”), an integrated information system providing taxi ride-hailing, ride-sharing services and related services for the arrangement of passenger transportation, the detailed description of which will be determined as the result of the independent technical audit conducted pursuant to paragraph 2.2 of **Error! Reference source not found.** (*DD Follow-Up Actions*);

“**Warranty Claim**” means a Claim involving or relating to a breach of any of the Seller Warranties (other than any Tax Warranty);

“**Weekly Metrics**” has the meaning given in Clause 5.1.2(b);



“**Withheld Amount**” has the meaning given to it in Clause 7.3.1;

“**Working Capital**” [\*\*\*]; and

[\*\*\*]

1.2 In this Agreement (including the Schedules), unless otherwise specified:

1.2.1 The Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the schedules.

1.2.2 The contents table, and the headings to Clauses, paragraphs and schedules, are for convenience only and do not affect the interpretation of this Agreement.

1.2.3 References in this Agreement to:

- (a) any Recital, Clause or Schedule are to those contained in this Agreement and references to any paragraph are to those contained in the relevant Recital or Schedule to this Agreement;
- (b) this Agreement or to any other agreement or document (or to any specified provision of this Agreement or any other agreement or document) are references to this Agreement, that agreement or document or that provision as amended, supplemented, novated or otherwise modified from time to time (in each case provided that any such amendment, supplement, novation or other modification is not in breach of this Agreement or the relevant agreement or document);
- (c) a document in the “**agreed form**” is a reference to a document in a form approved and for the purposes of identification initialled by or on behalf of each Party on or before the execution of this Agreement or set out in a Schedule;
- (d) a “**Party**” includes a reference to that Party’s successors, permitted assigns and personal representatives;
- (e) one gender includes all genders (including, in each case, neuter), and the singular includes the plural, and vice versa, unless the context otherwise requires;
- (f) a time of day is to Moscow (Russian Federation) time, unless the context otherwise requires;
- (g) writing shall include any modes of reproducing words in a legible and non-transitory form (and for the avoidance of doubt shall include e-mail or other electronic form);
- (h) the words “**herein**”, “**hereby**”, “**hereof**”, “**hereinafter**”, “**hereto**”, and other words of similar import shall (unless the context otherwise requires) be deemed to refer to this Agreement as a whole, and not to a specific clause, paragraph or schedule thereof;
- (i) a “**person**” includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state

or any joint venture, association, partnership, organisation, foundation, trust, works council or employee representative body (in each case, whether or not having separate legal personality); and

- (j) a “**subsidiary undertaking**” or “**parent undertaking**” is to be construed in accordance with section 1162 (and Schedule 7) of CA 2006 and a “**subsidiary**” or “**holding company**” is to be construed in accordance with section 1159 (and Schedule 6) of CA 2006.
- 1.2.4 Any reference to any statute, law, regulation, rule, delegated legislation or order is to any statute, law, regulation, rule, delegated legislation or order as amended, modified or replaced from time to time and to any statute, law, regulation, rule, delegated legislation or order replacing or made under any of them; provided that no such amendment, modification or replacement after the date of this Agreement shall increase the liability of any Party beyond that for which such Party would have been liable but for such amendment, modification or replacement.
- 1.2.5 A reference to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include what most nearly approximates in that jurisdiction to the English legal term.
- 1.2.6 The rule known as the *ejusdem generis* rule, and similar rules of interpretation, shall not apply and accordingly the words “**other**” and “**otherwise**” shall not be given a restrictive meaning (where a wide interpretation is possible); and the words “**including**” and “**in particular**” are to be construed as being by way of illustration or emphasis only, and are not to be construed as, nor shall they take effect as, limiting the generality of any foregoing words.
- 1.2.7 Any obligation on a Party not to do something includes an obligation not to allow that thing to be done (insofar as it reasonably lies within the power of that Party to prevent it).
- 1.2.8 Any amount to be converted from one currency into another currency for the purposes of this Agreement shall be converted using: (a) with respect to Roubles to be converted from another currency, the official established exchange rate established by the Central Bank of the Russian Federation as of the relevant date, and (b) with respect to any other currencies, the close spot mid-trade composite London rate for a transaction between the two (2) currencies in question as quoted on Bloomberg as of the relevant date.
- 1.2.9 Any payment to be made under or in connection with this Agreement shall be made in US Dollars by wire transfer of the relevant amount in readily available funds into the relevant account on or before the date the payment is due for value on that date. Full details of such account shall be provided in writing by the recipient to the payer at least three (3) Business Days prior to the day of the payment, unless otherwise provided for herein.
- 1.2.10 The Parties acknowledge and agree that this Agreement has been jointly drafted by the Parties, and, accordingly, the contra proferentem rule (or any similar rule of interpretation) shall not be applied against any Party.

2. **SALE AND PURCHASE OF THE SALE SHARES**

- 2.1 At Completion, the Seller shall transfer to the Buyer, and the Buyer shall acquire from the Seller, the Sale Shares, with full title guarantee and free from all Encumbrances as the Contribution In Kind for the Consideration Shares, and otherwise on the terms set out in this Agreement.
- 2.2 Title to, beneficial ownership of, and any risk attaching to, the Sale Shares shall pass on Completion to the Buyer together with all rights and benefits attaching or accruing to the Sale Shares on or after Completion (including the right to receive all dividends and other distributions declared, made or paid after Completion).
- 2.3 Without prejudice to Clause 2.1, the Seller covenants with the Buyer that (a) it has now and shall have at Completion the full power and right to sell the Sale Shares; (b) at Completion it will, subject to the terms of this Agreement, at its own cost, give the Buyer clear title free of Encumbrances to the Sale Shares; and (c) at Completion the Sale Shares will be disposed of free from all Encumbrances.
- 2.4 The Seller shall procure that, prior to Completion, each person having any right of consent, pre-emption or right of first refusal over any of the Sale Shares conferred on it either by the Organisational Documents of the Company or in any other way irrevocably waives any such rights.
- 2.5 The Buyer shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

3. **CONSIDERATION**

- 3.1 The consideration for the Sale Shares shall be equal to (i) [\*\*\*] (the “**Cash Component**”); and (ii) the Consideration Shares (together, the “**Purchase Price**”), as may be reduced pursuant to Clauses 5.1 and 5.5, and otherwise adjusted pursuant to other provisions of Clause 5 and Clause 6.
- 3.2 The Purchase Price shall be satisfied by the Buyer:

3.2.1 on the Completion Date:

- (a) by:
- (i) paying to the Seller the Completion Consideration Cash in cash and otherwise in accordance with Clause 1.2.9; and
  - (ii) allotting and issuing to the Seller, credited as fully paid, such number of the Consideration Shares as represent in the aggregate the Completion Consideration Shares,
- (together, the “**Completion Consideration Payment**”), as may be adjusted pursuant to Clause 5; and
- (b) by allotting and issuing to the Seller, credited as fully paid, such number of the Consideration Shares as represent in the aggregate the Application Integration Shares, as may be adjusted pursuant to **Error! Reference source not found.** (*Post-Completion Integration*) (together with the Completion Consideration Payment, the “**Completion Consideration**”); and

- 3.2.2 within [\*\*\*] after the Integration Settlement Date, by:
- (a) paying to the Seller the Deferred Cash in cash and otherwise in accordance with Clause 1.2.9;
  - (b) paying to the Seller the Integration Consideration Cash in cash and otherwise in accordance with Clause 1.2.9; and
  - (c) allotting and issuing to the Seller, at the expense of the existing share premium reserve pertaining to the Completion Consideration Shares and the Application Integration Shares and therefore as fully paid, such number of the Consideration Shares as represent in the aggregate the Integration Consideration Shares,
- as (b) and (c) each may be adjusted pursuant to Clauses 5 and 6, and, together with the Application Integration Shares, the “**Integration Consideration**”.
- 3.3 Payment of the Completion Consideration Cash, the Deferred Cash, and the Integration Consideration Cash into the Seller Account shall constitute a good discharge by the Buyer in respect of the relevant part of its obligations hereunder, and the Buyer shall have no obligation as to the distribution or onward payment of any such amount out of such account by the Seller.
- 3.4 Any amount paid (or otherwise satisfied) by the Seller to or in favour of the Buyer by way of:
- 3.4.1 any downward adjustment to the Completion Consideration or Integration Consideration;
  - 3.4.2 any Warranty Claim, Tax Claim or an Indemnity Claim; or
  - 3.4.3 otherwise pursuant to this Agreement,
- shall be and shall be deemed (as far as legally permitted) to be *pro tanto* a reduction in the Purchase Price. If any payment is made in respect of any Indemnity Claim to any Indemnified Person (other than the Buyer) the Purchase Price shall similarly be deemed to have been reduced by amount of such payment thereunder.
4. **CONSIDERATION SHARES**
- 4.1 The Consideration Shares shall be credited as fully paid, issued to the Seller free from all Encumbrances and rank *pari passu* in all respects with the existing Class A ordinary shares of US\$0.10 each in the capital of the Buyer, including the right to receive all dividends declared, made or paid after the Completion Date (save that they shall not rank for any dividend or other distribution of the Buyer declared made, or paid by reference to a record date before the Completion Date).
- 4.2 For the purposes of this Agreement, the aggregate number of the Consideration Shares, as well as the number comprising each of the Completion Consideration Shares, the Application Integration Shares and the Integration Consideration Shares shall be calculated by the Buyer at Completion, based on the calculation of [\*\*\*], provided that, with respect to the Integration Consideration Shares, such number shall be adjusted after Completion for any stock split, combination, recapitalization or similar event that occurs after Completion but before the Integration Consideration Shares are allotted and issued to the Seller. Following such calculation, and in any event not later than [\*\*\*], the Buyer shall notify the Seller in writing of the number of Consideration Shares, as well as the number comprising each of the Completion Consideration Shares, the Application Integration Shares and the Integration Consideration

Shares prior to any adjustments that may be made to such number of Consideration Shares in accordance with this Agreement, and provide supporting documentation in respect of such calculation. The Seller shall be entitled to request the Buyer to provide such additional information and documents as may reasonably be required to confirm the calculation made by the Buyer.

- 4.3 The Buyer shall not be under any obligation to issue a fraction of a Consideration Share and accordingly the number of the Consideration Shares to be issued to the Seller shall be rounded down to the nearest whole number in order to give effect to this Clause 4.3.
- 4.4 The Seller undertakes to the Buyer that notwithstanding any release of the Seller from its lock-up obligations in respect of the Consideration Shares set out in the SHA Supplemental Deed:
- 4.4.1 it shall not, until [\*\*\*] (the “**Initial Lock-in Period**”), Transfer [\*\*\*] of the Consideration Shares (or any interest in them) to, or enter into any agreement to do so with, any Third Party;
- 4.4.2 following the Initial Lock-in Period, it shall not, until [\*\*\*] (the “**Second Lock-in Period**”), Transfer [\*\*\*] of the Consideration Shares (or any interest in them) to, or enter into any agreement to do so with, any Third Party; and
- 4.4.3 following the Second Lock-in Period, it shall not, until [\*\*\*] (the “**Third Lock-in Period**” and, together with the Initial Lock-in Period and the Second Lock-in Period, the “**Lock-in Periods**”), Transfer [\*\*\*] of the Consideration Shares (or any interest in them) to, or enter into any agreement to do so with, any Third Party,
- in each case, except in accordance with Clause 4.5.
- 4.5 Nothing in Clause 4.4 shall prevent the Seller from Transferring all or a portion of the Consideration Shares (or any interest in them) which are subject to the undertaking not to Transfer pursuant to Clause 4.4 during the relevant Lock-in Period:
- 4.5.1 in acceptance of a general offer made by any Third Party for all of the voting shares comprising the share capital of the Buyer (other than any ordinary share capital owned by the offeror or any concert party of the offeror) which is recommended by a majority of the Supervisory Board of the Buyer;
- 4.5.2 pursuant to an irrevocable commitment to accept any offer made for all of the voting shares comprising the share capital of the Buyer (other than any share capital owned by the offeror or any concert party of the offeror) which is recommended by a majority of the Supervisory Board of the Buyer;
- 4.5.3 where such disposal is made pursuant to an offer by the Buyer to purchase its own shares which is made on identical terms to all holders of voting shares in the Buyer and otherwise complies with Applicable Law;
- 4.5.4 pursuant to any scheme of reconstruction in relation to the Buyer in connection with its insolvency;
- 4.5.5 pursuant to any compromise or arrangement which is agreed by the requisite majority of the members of the Buyer and sanctioned by the court;
- 4.5.6 in the event of an intervening final and non-appealable court order or otherwise as required by Applicable Law;

- 4.5.7 to satisfy a Claim under this Agreement in accordance with Clause 7.4;
- 4.5.8 in connection with [\*\*\*]; or
- 4.5.9 with the prior written consent of the Buyer.
- 4.6 For the purposes of Clause 4.4, the Consideration Shares shall include:
- 4.6.1 any shares held by the Seller arising out of the consolidation, conversion or subdivision of any of the Consideration Shares; and
- 4.6.2 any shares acquired by reference to the Consideration Shares, whether by way of a bonus or rights issue, pre-emption right or otherwise, or in exchange or substitution for any of the Consideration Shares.
- 4.7 [\*\*\*].
- 4.8 [\*\*\*]:
- 4.9 [\*\*\*].
5. **COMPLETION CONSIDERATION; ADJUSTMENT**
- 5.1 Purchase Price Reduction
- 5.1.1 In the event that during the period from [\*\*\*] to [\*\*\*] (the “**Extended Operating Metrics Measurement Period**”) or, [\*\*\*] (the “**Operating Metrics Measurement Period**”) the average of: (i) [\*\*\*] and (ii) [\*\*\*] (the “[\*\*\*]”) is [\*\*\*] as determined pursuant to the procedure set out in Clause 5.1.2 based on the calculations provided by the Seller to the Buyer pursuant to Clause 5.1.2, where [\*\*\*];
- then [\*\*\*], the Adjustable Purchase Price payable to the Seller hereunder shall be reduced by [\*\*\*] (with any such reduction applying proportionately to the Completion Consideration Cash [\*\*\*]), the Completion Consideration Shares, the Application Integration Shares, the Deferred Cash, the Integration Consideration Cash and the Integration Consideration Shares). The calculation of any such Adjustable Purchase Price reduction (the “**Operating Metrics Reduction**”) shall be made by the Buyer and furnished to the Seller at least [\*\*\*] prior to the date on which [\*\*\*].
- 5.1.2 For purposes of calculating the Operating Metrics Reduction (if any):
- (a) [\*\*\*];
- (b) during the Operating Metrics Measurement Period or the Extended Operating Metrics Measurement Period (as applicable), [\*\*\*], the Seller shall provide to the Clean Team the calculation of (i) [\*\*\*] and (ii) [\*\*\*] (“**Weekly Metrics**”). At any time during the Operating Metrics Measurement Period or the Extended Operating Metrics Measurement Period (as applicable), at the Buyer’s request, the Seller shall grant access to the Group Companies and the Former Group Companies books, records, premises and IT systems to members of the Clean Team for purposes of verification of the data underlying the Weekly Metrics (“**Operating Metrics DD**”), provided that such Operating Metrics DD shall be conducted by the Clean Team in a manner that does not cause a material

interruption of the business of the relevant Group Companies or the Former Group Companies;

- (c) if the Clean Team disagrees with any Weekly Metrics or any item thereof, it shall give notice of such disagreement to the Seller within [\*\*\*] of presentation to the Clean Team of the calculation of such Weekly Metrics by the Seller or within [\*\*\*] of the completion of the Operating Metrics DD, and such notice shall state the reasons for the disagreement in reasonable detail and specify the adjustments which, in the Clean Team's opinion, should be made to the Weekly Metrics (the "**Metrics Disagreement Notice**"). In any event, the Metrics Disagreement Notice shall be provided by the Clean Team to the Seller no later than [\*\*\*];
  - (d) if the Clean Team does not provide the Metrics Disagreement Notice by the time specified in Clause 5.1.2(c), then the Operating Metrics Reduction (if any) shall be calculated on the basis of the Weekly Metrics provided by the Seller;
  - (e) if during the Operating Metrics Measurement Period or the Extended Operating Metrics Measurement Period (as applicable) the Clean Team gives a Metrics Disagreement Notice to the Seller as contemplated by Clause 5.1.2(c), the Seller and the Buyer shall attempt in good faith to reach agreement in respect of the relevant Weekly Metrics as soon as reasonably practicable and the Weekly Metrics as revised by such agreement shall be utilised for purposes of calculation of the Operating Metrics Reduction, if any; and
  - (f) if the Parties are unable to resolve, or procure the resolution of, such disagreement or difference of opinion in respect of the relevant Weekly Metrics [\*\*\*], then the Clean Team's calculation of Weekly Metrics specified in its Metrics Disagreement Notice shall be used for purposes of calculation of the Operating Metrics Reduction (if any).
- 5.2 On a date when all of the Conditions set out in Clause 8.1 (other than those Conditions that, by their nature, are to be satisfied at the Completion Date) shall have been satisfied in full or waived by the relevant Parties, the Buyer shall be entitled to reasonably request the Seller to grant (and the Seller shall grant) access to the Group Companies and the Former Group Companies books, records, premises and IT systems to the Representatives of the Buyer for purposes of continuing the Operating Metrics DD in respect of the Extended Operating Metrics Measurement Period, provided that (i) such Operating Metrics DD shall be conducted by the Buyer and its Representatives during the period of [\*\*\*] and in a manner that does not cause a material interruption of the business of the relevant Group Companies or the Former Group Companies and (ii) the Seller shall continue to provide the Weekly Metrics as contemplated by Clause 5.1.2(b) and the procedure established in Clauses 5.1.2(b) to 5.1.2(f) shall continue to apply to the Extended Operating Metrics Measurement Period.
- 5.3 Following Completion, each of the Seller and the Buyer shall be entitled to further examine the data underlying the calculation of the Weekly Metrics provided by the Seller within the entire Extended Operating Metrics Measurement Period and re-calculate [\*\*\*] based on the same principles as set out in Clause 5.1.1 as follows:
- 5.3.1 the Seller shall procure that upon the Buyer's reasonable request, the Former Group Companies promptly provide the Buyer and its Representatives access during normal business hours and upon reasonable advance notice to the work papers, books and records and IT systems of the Former Group Companies containing data

- relating to the calculation of each of the Weekly Metrics for purposes of such examination;
- 5.3.2 the Buyer shall procure that upon the Seller's reasonable request, the Group Companies promptly provide the Seller and its Representatives access during normal business hours and upon reasonable advance notice to the work papers, books and records and IT systems of the Group Companies containing data relating to the calculation of each of the Weekly Metrics for purposes of such examination;
- 5.3.3 each of the Seller and the Buyer shall have the right to deliver a written notice to the other Party stating its disagreement (as well as the reasons for such disagreement in reasonable detail) and specifying the adjustments which, in the opinion of the Party giving notice, should be made to the calculation of each of the Weekly Metrics provided by the Seller during the entire Extended Operating Metrics Measurement Period and the resulting Operating Metrics Reduction (if any) determined in accordance with Clauses 5.1.2(d) to 5.1.2(f) and Clause 5.2 on the basis of such Weekly Metrics (the "**Completion Metrics Calculation**") within [\*\*\*] (the "**Objection Notice**"). If, based on such further examination of the data underlying the calculation of the [\*\*\*], in the opinion of the Buyer, either [\*\*\*] or [\*\*\*] is greater than [\*\*\*] as determined pursuant to Clause 5.1.1, then within [\*\*\*] following Completion the Buyer shall be entitled to give to the Seller an Objection Notice asserting a Material Adverse Change (the "**MAC Notice**"). If neither Party timely delivers an Objection Notice or the MAC Notice, the Completion Metrics Calculation shall be final and binding on the Parties.
- 5.4 If either Party timely delivers an Objection Notice (or in the case of the Buyer, the MAC Notice), then the Parties shall attempt in good faith to reach agreement on the disputed portions of the Completion Metrics Calculation. If, using their respective reasonable endeavours, the Buyer and the Seller are able to resolve the disagreements regarding the Completion Metrics Calculation within [\*\*\*] of the receipt of the Objection Notice or the MAC Notice, as applicable, the Parties shall be deemed to have accepted the Completion Metrics Calculation as revised by such resolution as accurate and final and binding on the Parties (the "**Revised Metrics Calculation**"). If the Parties are unable to reach agreement within fifteen (15) Business Days, they shall proceed to resolve such Dispute as set out in Clause 21.2.
- 5.5 If the Revised Metrics Calculation is agreed or all claims arising out of disagreement over the Completion Metrics Calculation are Determined:
- 5.5.1 and pursuant to such agreement or Determination of the Revised Metrics Calculation the [\*\*\*] is [\*\*\*] as determined pursuant to Clause 5.1.1, then the Adjustable Purchase Price (including for the avoidance of doubt each of the Adjustable Cash Component and the Consideration Shares) shall be increased or reduced so as to ensure that the aggregate Adjustable Purchase Price (as otherwise adjusted pursuant to other provisions of Clause 5 and Clause 6) received by the Seller at Completion and within [\*\*\*] is equal to the Adjustable Purchase Price that the Seller would have been entitled to under this Agreement if the Revised Metrics Calculation instead of the Completion Metrics Calculation were used for purposes of determining the Operating Metrics Reduction (if any) (the "**Metrics Adjustment**");
- 5.5.2 and pursuant to such agreement or Determination of the Revised Metrics Calculation:



- (a) either [\*\*\*] or the [\*\*\*] is greater than [\*\*\*] as determined pursuant to Clause 5.1.1, then the Adjustable Purchase Price payable to the Seller hereunder shall be [\*\*\*]; and
  - (b) to the extent the [\*\*\*] is above [\*\*\*], and after making a reduction to the Adjustable Purchase Price pursuant to Clause 5.1.1 and Clause 5.5.2(a), [\*\*\*], the Adjustable Purchase Price payable to the Seller hereunder shall be [\*\*\*]; and
- 5.5.3 the Adjustable Purchase Price increase calculated pursuant to this Clause 5.5 shall apply proportionately to the Deferred Cash, the Integration Consideration Cash, and the Integration Consideration Shares. In the event that, as the result of the calculations pursuant to this Clause 5.5, the Adjustable Purchase Price shall be reduced, the Buyer shall be entitled to set off the amount of the Metrics Adjustment proportionately against the Deferred Cash, the Integration Consideration Cash, and the Integration Consideration Shares. If the amount of the Metrics Adjustment exceeds the aggregate amount of the Deferred Cash, the Integration Consideration Cash, and the Completion Value of all Integration Consideration Shares, then the Seller shall pay the amount of such excess to the Buyer in cash and otherwise in accordance with Clause 1.2.9 within [\*\*\*] of such calculation, unless the Seller makes an election to satisfy such Claim by [\*\*\*].
- 5.6 Subject to Clause 5.12, the Completion Consideration Cash shall be adjusted after Completion in accordance with the remaining provisions of this Clause 5 and the process set out in **Error! Reference source not found.** (*Completion Statement Principles*).
- 5.7 The Draft Completion Statement as agreed or determined pursuant to paragraph 3 of **Error! Reference source not found.** (*Completion Statement Principles*) shall constitute the Agreed Completion Statement for the purposes of this Agreement and shall be final and binding on the Parties.
- 5.8 [\*\*\*] and [\*\*\*] shall be derived from the Agreed Completion Statement.
- 5.9 The Completion Consideration Cash shall be adjusted as follows:
  - 5.9.1 in the event that [\*\*\*], the amount of the excess shall be payable by the Buyer to the Seller in accordance with Clause 5.10;
  - 5.9.2 in the event that [\*\*\*], the amount of the deficit shall be payable by the Seller to the Buyer in accordance with Clause 5.10;
  - 5.9.3 in the event that [\*\*\*], the amount of the excess shall be payable by the Seller to the Buyer in accordance with Clause 5.10;
  - 5.9.4 in the event that the [\*\*\*], the amount of the excess shall be payable by the Buyer to the Seller in accordance with Clause 5.10; and
  - 5.9.5 in the event that the [\*\*\*], the amount of the deficit shall be payable by the Seller to the Buyer in accordance with Clause 5.10.
- 5.10 The Buyer and the Seller agree that the sums that the Buyer or the Seller, as the case may be, is respectively obliged to pay to the Seller or the Buyer pursuant to Clauses 5.9.1 to 5.9.5 (inclusive) shall be aggregated and set off against each other. The amount that the Buyer or the Seller, as the case may be, is still obliged to pay to the Seller or the Buyer respectively after such set-off shall be referred to in this Agreement as the “**Net Adjustment**”. Subject to

Clause 5.12, the Net Adjustment shall be paid in cash within [\*\*\*] of agreement or determination of the Agreed Completion Statement and otherwise in accordance with Clause 1.2.9.

5.11 A/R Adjustment

- 5.11.1 On or before the date that is [\*\*\*] following the Completion Date, the Buyer shall deliver a written statement (the “**A/R Statement**”) to the Seller setting forth the aggregate amount of the Completion Date A/R actually collected by the Company or any of its Subsidiaries as of the end of business on the date that is [\*\*\*] following the Completion Date (the “**Collected A/R**”), including a calculation of the amount, if any, by which the Completion Date A/R exceeds the Collected A/R (such amount, if any, the “**A/R Shortfall**”). Following the delivery of the A/R Statement, the Buyer shall procure that upon the Seller’s reasonable request, the Group Companies provide the Seller and its Representatives access during normal business hours and upon reasonable advance notice to the work papers and books and records relating to the preparation of the A/R Statement for the purpose of assisting the Seller and its Representatives in their review of the A/R Statement and the calculation of the A/R Shortfall (if any) contained therein. If the Seller does not timely dispute the calculation of the A/R Shortfall contained in the A/R Statement, such amount shall be final and binding.
- 5.11.2 If the Seller disagrees with the calculation of the A/R Shortfall (if any) contained in the A/R Statement, the Seller shall notify the Buyer of such disagreement in writing within [\*\*\*] after receipt by the Seller of the A/R Statement, which notice (the “**A/R Dispute Notice**”) will set forth in reasonable detail the Seller’s alternative calculation of the A/R Shortfall and the provisions of Clause 5.11.3 shall apply to resolving such dispute.
- 5.11.3 In the event any such A/R Dispute Notice is timely provided:
- (a) the Seller and the Buyer shall use commercially reasonable efforts for a period of [\*\*\*] (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculation included in the A/R Statement that were disputed in the A/R Dispute Notice. If, at the end of such period, the Seller and the Buyer remain unable to resolve the dispute in its entirety, then the unresolved items and amounts thereof in dispute shall be submitted to an internationally recognized accounting firm or expert arbitrator that is reasonably acceptable to the Seller and the Buyer, which shall not be the independent accountants of the Seller or the Buyer (the “**Dispute Auditor**”).
  - (b) The Dispute Auditor shall determine, based solely on the provisions of this Clause 5.11 and the written submissions by the Seller and the Buyer, and not by independent review, only those items and amounts that remain then in dispute as set forth in the A/R Dispute Notice. The Seller and the Buyer shall, and shall cause their respective Affiliates and Representatives to, cooperate in good faith with the Dispute Auditor, and shall give the Dispute Auditor access to all data and other information it reasonably requests for purposes of such resolution. The Dispute Auditor’s determination shall be made within [\*\*\*] after the dispute is submitted for its determination and shall be set forth in a written statement delivered to the Seller and the Buyer.
  - (c) The Dispute Auditor shall have exclusive jurisdiction over, and resorting to the Dispute Auditor as provided in this Clause 5.11.3 shall be the only

recourse and remedy of the Parties against one another with respect to, those items and amounts that remain in dispute under this Clause 5.11, and neither the Seller nor the Buyer shall be entitled to seek indemnification or recovery of any attorneys' fees or other professional fees incurred by such Party or its Affiliates in connection with any dispute governed by this Clause 5.11.3.

- (d) The Dispute Auditor shall not be permitted to propose its own calculations to resolve any disputed item, instead, the Dispute Auditor must select between the calculation of such item as proposed by the Buyer and the Seller and shall allocate its fees and expenses between the Seller and the Buyer in the same proportion to which it selects the positions of the respective Parties. Any determinations made by the Dispute Auditor pursuant to this Clause 5.11.3 shall be final, non-appealable and binding on the Parties, absent manifest error or fraud.
- 5.11.4 Within [\*\*\*] of the final determination of the A/R Shortfall (if any) in accordance with this Clause 5.11, the Seller shall pay to the Buyer or one of its designees an amount in cash equal to the A/R Shortfall and otherwise in accordance with Clause 1.2.9 in consideration of the Buyer assigning (or procuring the assignment) of any and all rights in relation to the Completion Date A/R constituting the A/R Shortfall to the Seller (or its designee) in exchange for the payment of [\*\*\*].
- 5.12 In the event the Seller is under the obligation to pay the Net Adjustment to the Buyer pursuant to Clause 5.10 and the Integration Consideration (other than the Application Integration Shares) has not become due and payable by the Buyer to the Seller pursuant to Clause 3.2.2:
  - 5.12.1 the Buyer shall be entitled (but not obliged) to withhold and set off against the Integration Consideration Cash the amount of such Net Adjustment;
  - 5.12.2 if the amount of the Integration Consideration Cash is less than the amount of the Net Adjustment payable by the Seller to the Buyer pursuant to Clause 5.9, the Buyer will have a right (but not an obligation) to withhold and set off the amount of such deficit by reducing the number of the Integration Consideration Shares which the Seller is entitled to receive in accordance with **Error! Reference source not found.** (*Post-Completion Integration*). The value of any Integration Consideration Share which is subject to this Clause 5.12.2 shall be the Completion Value; and
  - 5.12.3 if total amount of the reduction required under Clause 5.12.2 exceeds the aggregate value of the Integration Consideration Shares, the Buyer will have a right (but not an obligation) to require the Seller to [\*\*\*]. [\*\*\*].
- 6. **INTEGRATION CONSIDERATION ADJUSTMENT; INTEGRATION PERIOD**
  - 6.1 Integration Consideration; Adjustment

The Buyer shall pay the Integration Consideration to the Seller as set out in Clauses 3.2.1(b) at Completion and as set out in Clause 3.2.2 within [\*\*\*] of the Integration Settlement Date, and the Integration Consideration shall be adjusted in accordance with **Error! Reference source not found.** (*Post-Completion Integration*).
  - 6.2 Conduct of Business During the Integration Period
    - 6.2.1 The Buyer undertakes to the Seller that for the duration of the Integration Period it shall not take any action (or cause or permit anything to be done) in bad faith with the purpose of distorting the financial performance of the Company or the

Subsidiaries, or otherwise avoiding, reducing or adversely affecting the amount of the Integration Consideration.

6.2.2 The Buyer shall procure that during the Integration Period:

- (a) no Top Manager is removed from the office or stripped of its control over, or functions related to, the Integration other than for cause or with the prior written consent of the Seller; and
- (b) no Top Manager's employment or service agreement is varied other than in accordance with its terms or with the prior written consent of such Top Manager.

6.2.3 The Buyer covenants with the Seller that during the Integration Period:

- (a) the Buyer shall retain the beneficial ownership of the whole of the issued share capital of the Company and each other Group Company; and
- (b) the Buyer shall not commence a winding up or bankruptcy of any Group Company and shall procure that no Group Company changes its place of business.

**7. WITHHOLDING AND SET-OFF; CONSIDERATION SHARES**

7.1 Except as otherwise expressly provided in this Agreement, all sums payable under or pursuant to this Agreement shall be paid free of:

7.1.1 any counterclaim or set-off of any kind; and

7.1.2 any other deduction or withholding (other than any deduction or withholding of Tax required by Applicable Law),

provided that at the time when the Integration Consideration Cash would otherwise be payable to the Seller, the Buyer shall be entitled to withhold and set off against the payment of the Integration Consideration Cash:

- (a) the amount payable by the Seller to the Buyer on account of a Claim that has been Determined in favour of the Buyer; and
- (b) the amount of a Notified Claim which is not yet Determined subject to the terms of Clause 7.3.

7.2 If any deductions or withholdings are required by Applicable Law to be made from the Purchase Price, the Net Adjustment or any other adjustment to the Purchase Price payable by one Party to the other Party under or pursuant to this Agreement, the payor shall pay to the payee any sum as will, after the deduction or withholding is made, leave the payee with the same amount as it would have been entitled to receive without that deduction or withholding. The Parties hereby acknowledge that no withholding or deduction of VAT is required to be made from the Purchase Price under Applicable Law.

7.3 If prior to making the payment of the Integration Consideration Cash, the Buyer has notified the Seller of a Claim in accordance with Clause 13.1 but such Claim has not been Determined prior to the date of such payment (including that the Buyer and the Seller do not agree on either the Claim or the amount thereof):

- 7.3.1 the Buyer may withhold a reasonable estimate of the amount of the Notified Claim (including any reasonable costs and expenses associated with such Notified Claim) (the “**Withheld Amount**”) from the Integration Consideration Cash;
- 7.3.2 if the Buyer and the Seller do not agree on either the validity of the Claim or the amount of the Withheld Amount, any Party, by serving written notice on the other, may refer the Notified Claim to the Independent Counsel (and in the event of a failure by the Parties to agree on the identity of the Independent Counsel within [\*\*\*] of the notice, appointed by the Chairman of the Bar Council from time to time) to determine whether in that Independent Counsel’s opinion that Claim has a reasonable prospect of success and/or that the Withheld Amount by the Buyer is a reasonable estimate of the amount of the Claim (including reasonable costs and expenses), as appropriate;
- 7.3.3 if the Independent Counsel determines in his reasonable opinion that the Claim does not have a reasonable prospect of success then the Buyer shall pay the Withheld Amount to the Seller (the “**Released Amount**”) as part of the Integration Consideration Cash payment;
- 7.3.4 subject to Clause 7.3.8, if the Independent Counsel determines in his reasonable opinion that the Withheld Amount is not a reasonable estimate of the amount of the Claim (including costs and expenses) then the Parties shall jointly instruct the Independent Counsel to determine what he considers to be a reasonable amount. Such reasonable amount as determined by the Independent Counsel shall be deemed the “**Disputed Amount**” and the Buyer may withhold such Disputed Amount from the Integration Consideration Cash. The Buyer shall pay any excess of the Withheld Amount over the Disputed Amount so determined by the Independent Counsel to the Seller (the “**Excess**”); provided that if the Independent Counsel provides a range of values, the simple average of all values shall be used for the purposes of the calculation. The Independent Counsel shall be instructed to assess the values in a way that the top end of the range shall not be greater than the mid-point of the range by more [\*\*\*];
- 7.3.5 if the Independent Counsel determines that the Withheld Amount is a reasonable estimate of the amount of the Claim and that the Claim has a reasonable prospect of success, then the costs of the Independent Counsel shall be borne by the Seller; if the Independent Counsel determines that the Withheld Amount is not a reasonable estimate of the amount of the Claim and that the Claim does not have a reasonable prospect of success, then the costs of the Independent Counsel shall be borne by the Buyer; in all other cases, the costs of the Independent Counsel shall be borne equally by the Buyer and the Seller;
- 7.3.6 if, after the date on which the Integration Consideration Cash is to be paid by the Buyer to the Seller hereunder, a Notified Claim by the Buyer with respect to all or a portion of a Disputed Amount, if any, is Determined in favour of the Seller, then, within [\*\*\*] thereafter, the Buyer shall cause such part of the Disputed Amount (if any) as is being withheld in relation to such Notified Claim to be paid in accordance with Clause 1.2.9, to the Seller (which the Seller and the Buyer acknowledge shall be treated as a payment of a portion of the corresponding Integration Consideration Cash);
- 7.3.7 if, after the date on which the Integration Consideration Cash is to be paid by the Buyer to the Seller hereunder, a Claim by the Buyer with respect to all or a portion of a Disputed Amount, if any, is Determined in favour of the Buyer, then the Buyer shall keep such part of the Disputed Amount. If the amount of such Claim

- Determined in favour of the Buyer is greater than the Disputed Amount in respect of such Claim, the Seller shall pay the amount of the difference to the Buyer within [\*\*\*] and otherwise in accordance with Clause 1.2.9; and
- 7.3.8 for the avoidance of any doubt, nothing in Clauses 7.3.1 to 7.3.7 (inclusive) shall restrict the Buyer's or the Seller's right to (i) resolve any Disputes arising out of Claims through the procedure set out in Clause 21 (*Governing Law and Dispute Resolution*) simultaneously with Independent Counsel's procedure set out in Clause 7.3 or (ii) challenge any determination that the Independent Counsel may make in accordance with Clauses 7.3.1 to 7.3.7 (inclusive).
- 7.4 The Seller may, in its sole discretion, by sending a written notice to the Buyer elect to satisfy any Claim (or a portion of any Claim) by forfeiting the relevant number of the Completion Consideration Shares or the Application Integration Shares, as applicable; the relevant number of the Consideration Shares held by the Seller will be cancelled without any entitlement to compensation. In order to comply with clause 12.2 of the Articles of Association of the Buyer, the Seller hereby consents (in advance) to the cancellation of any Consideration Shares in accordance with this Clause 7.4. The value of any Consideration Shares which are subject to this Clause 7.4 shall be calculated as follows:
- 7.4.1 [\*\*\*];
- 7.4.2 [\*\*\*].
- 7.5 Supervisory Board Determination; Engagement of the Expert
- 7.5.1 Where the Parties fail to agree on the value of the Consideration Shares (on a per-share basis) as set out in Clause 7.4 within [\*\*\*] from the receipt of the notice of the Seller described in Clause 7.4, the Supervisory Board of the Buyer shall use all reasonable endeavours to determine value of the Consideration Shares, including by appointing an Expert to determine such value.
- 7.5.2 In the event the Supervisory Board of the Buyer elects to appoint an Expert, such Expert shall determine the value of the Consideration Shares as at the date when the relevant Claim is Determined, based on the following assumptions and principles:
- (a) valuing the Consideration Shares as on an arm's length sale between a willing seller and a willing buyer;
  - (b) if the Buyer is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - (c) assuming that the Consideration Shares are capable of being transferred without restriction; and
  - (d) valuing the Consideration Shares as a rateable proportion of the total value of all shares in the share capital of the Buyer without any premium or discount being attributable to the percentage of the share capital of the Buyer which they represent.
- 7.5.3 In determining the value of the Consideration Shares as of the relevant date the Expert may take into account any other factors which the Expert reasonably believes should be taken into account, including the assets and liabilities, financial performance, current status, business plans and projected future cash flows of the Buyer and the value of the Buyer's enterprise value as a whole, acting in accordance

with international best practice for such valuations. If any difficulty arises in applying any of these assumptions or principles, then the Expert shall resolve that difficulty in such manner as it thinks fit in its absolute discretion. The Expert shall notify the Parties of its determination as promptly as possible and in any event within [\*\*\*] from the date of its appointment.

- 7.5.4 The Expert shall act as an expert and not as an arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error). The Expert shall have access to the relevant financial and accounting records, business plans or other relevant documents of the Buyer, subject to any applicable confidentiality obligations to third parties; and the Parties shall act reasonably and co-operate to give effect to the provisions of this Clause 7.5 and shall not otherwise do anything to hinder or prevent the Expert from reaching his determination.

8. **CONDITIONS**

- 8.1 Notwithstanding anything to the contrary in this Agreement, Completion is conditional upon satisfaction or waiver (in accordance with Clause 8.6) of each of the following conditions precedent (the “**Conditions**”) by the Longstop Date:

- 8.1.1 the Buyer having received the written approval of FAS in connection with the acquisition by the Buyer of the Sale Shares without any conditions or restrictions (or subject to such conditions or restrictions which are reasonably satisfactory to the Buyer) and, if any such conditions or restrictions are imposed, or otherwise affect or relate to the Seller or any Seller Group Company, reasonably satisfactory to the Seller) (the “**FAS Approval Condition**”);
- 8.1.2 the Seller and the Buyer shall have entered into all Transaction Documents and such Transaction Documents remain in full force and effect, subject to any amendments thereto both Parties may agree to in writing;
- 8.1.3 the Restructuring shall have been completed in accordance with **Error! Reference source not found.** (Restructuring) (the “**Restructuring Condition**”);
- 8.1.4 each of the actions set out in **Error! Reference source not found.** (*DD Follow-up Actions*) shall have been fully performed by the Seller and/or any Group Company or the relevant Former Group Company, as applicable, to the reasonable satisfaction of the Buyer;
- 8.1.5 [\*\*\*];
- 8.1.6 the Seller having complied in all material respects with its covenants, obligations and undertakings under this Agreement set out in Clause 9 (*Conduct of Business before Completion; Information Rights*);
- 8.1.7 no Material Adverse Change having occurred;
- 8.1.8 none of the following shall have occurred prior to or as of the date of Completion: (a) any claim having been made by any third party asserting that such person is entitled to all or any part of or interest in the Sale Shares, and/or the Subsidiary Equity Interests, and/or the Purchase Price; (b) any claim having been made by any person (other than a Seller Related Entity or a Buyer Related Person) asserting that the Transaction Documents or the Transactions contemplated hereby are illegal or invalid or violate the rights of any person; or (c) any injunction, judgment, order, decree or ruling of any Governmental Authority shall having been issued that

prevents or restricts the consummation of any transactions or actions contemplated by the Transaction Documents, or purports to cancel, restrict or modify the rights of the Buyer as a shareholder in the Company, except for, in respect of each of clauses (a) and (b) above, any claims that have been withdrawn, dismissed or determined without success for the claimant prior to the Completion Date;

- 8.1.9 no material breach of the Seller Warranties by the Seller having occurred, provided that for purposes of this Clause 8.1.9 “**material breach**” means a breach (or series of breaches) of any Seller Warranties for which the aggregate liability of the Seller, if the Buyer were to bring a Claim(s) (assuming for these purposes that the Buyer did not have any right of termination under this Agreement and Completion was effected notwithstanding the breach(es)), could reasonably be expected to exceed [\*\*\*];
  - 8.1.10 the Seller shall have procured that Deanfirm has terminated without any covenants, payments, warranties, indemnities or any other current or future costs or liabilities for any Former Group Company or any Group Company a [\*\*\*];
  - 8.1.11 no material breach of the Buyer Warranties and no Buyer Material Adverse Change having occurred;
  - 8.1.12 the Seller shall have delivered to the Buyer the Accounts in accordance with Clause 9.7; and
  - 8.1.13 any further Conditions that the Parties may agree in writing.
- 8.2 The Buyer shall use all reasonable endeavours to procure satisfaction of the FAS Approval Condition and the Conditions set out in Clauses 8.1.2, and 8.1.11 as soon as reasonably practicable and in any event prior to the Longstop Date. The Seller shall use all reasonable endeavours to procure satisfaction of the Restructuring Condition and the Conditions set out in Clauses 8.1.2, 8.1.4 to 8.1.7 (inclusive), 8.1.9, 8.1.10 and 8.1.12 and, as soon as reasonably practicable and in any event prior to the Longstop Date. Each Party will notify the other Party promptly upon the satisfaction of each of the respective Conditions for which it is responsible under this Clause 8.2.
- 8.3 Each Party shall use all reasonable endeavours for the purpose of assisting the other Party to fulfil its obligations under Clause 8.2 and shall provide such information or assistance at the expense of the Party seeking information or assistance as may reasonably be required for that purpose.
- 8.4 Without limitation to Clause 8.2 or Clause 8.3, for the purposes of the application for the FAS approval, which is to be submitted by the Buyer after the date of this Agreement, and any questions raised or requests made by the FAS in relation thereto, the Seller shall and shall procure that the Group Companies and, if relevant, the Former Group Companies will:
- 8.4.1 promptly provide the Buyer with all such information in relation to the Seller and the Group Companies and the Former Group Companies in the possession or control of the Seller and/or the Group Companies and the Former Group Companies as the Buyer reasonably requests from time to time; and
  - 8.4.2 cooperate with the Buyer and the relevant Governmental Authorities in the process of consideration of the materials for the issuance of the FAS approval;
- provided that, to the extent any information in relation to the Seller and the Group Companies and the Former Group Companies that is necessary to the Buyer in connection with the



application for the FAS approval is subject to any confidentiality obligations owed to third parties and compliance with Applicable Law relating to competition, the Seller may designate relevant portions as "Outside Counsel Only," in which case review of those designated portions shall be limited to the review by outside counsel and consultants representing the Buyer, and the Buyer agrees to abide by such arrangement.

- 8.5 If, at any time, a Party becomes aware of a fact or circumstance that is reasonably likely to prevent any Condition from being satisfied by the Longstop Date, it shall promptly provide written notice of the same to the other Party, including reasonable details and relevant supporting documentation with respect to such matters. Upon written request from a Party, the other Party shall promptly provide an update on any progress concerning the satisfaction of the Conditions for which they are responsible pursuant to Clause 8.2.
- 8.6 The Buyer shall be entitled to waive any or all of the Conditions set forth in Clauses 8.1.3 to 8.1.7 (inclusive), 8.1.9, 8.1.10 and 8.1.12 (the "**Buyer Conditions**") by written notice to the Seller at any time prior to 5.00 p.m. on the Longstop Date. The Seller shall be entitled to waive the Condition set forth in Clause 8.1.11 (the "**Seller Condition**") by written notice to the Buyer at any time prior to 5.00 p.m. on the Longstop Date. The Parties may waive the Conditions set forth in Clauses 8.1.1, 8.1.2 and 8.1.8 (the "**Mutual Conditions**") by written agreement.

8.7

- 8.7.1 If by 5.00 p.m. on the Longstop Date: (i) any of the Buyer Conditions is not satisfied or waived, then the Buyer may terminate this Agreement by notice in writing to the Seller, (ii) the Seller Condition is not satisfied or waived, then the Seller may terminate this Agreement by notice in writing to the Buyer, or (iii) any of the Mutual Conditions is not satisfied or waived, then a Party may terminate this Agreement by notice in writing to the other Party, provided that in respect of the Conditions set forth in Clauses 8.1.1 and 8.1.2, such notice may be given only where such other Party has failed to perform its obligations in respect of such Mutual Condition.
- 8.7.2 The Parties further agree that if, and only if:
- (a) all of the Conditions in Clause 8.1 (other than the Restructuring Condition and those Conditions that, by their nature, are to be satisfied at the Completion Date) shall have been satisfied in full or waived by the relevant Parties; and
  - (b) in respect of the Restructuring Condition, the only part of the Restructuring that shall not have been completed in accordance with **Error! Reference source not found.** (*Restructuring*) is the CC Merger as described in paragraph 3 of Part A of **Error! Reference source not found.** (*Restructuring*),
- then the Buyer shall waive the Restructuring Condition and subject to those Conditions that, by their nature, are to be satisfied at the Completion Date shall have been satisfied in full or waived by the relevant Parties, the Parties may proceed with Completion.
- 8.8 If the Agreement is terminated in accordance with Clause 8.7.1 (and without limiting any Party's right to claim damages), all obligations of the Parties under this Agreement shall end (except for the Surviving Provisions) but (for the avoidance of doubt) all rights and liabilities of the Parties which have accrued before termination shall continue to exist.

9. **CONDUCT OF BUSINESS BEFORE COMPLETION; INFORMATION RIGHTS**

- 9.1 The Seller shall procure that, during the period from the date of this Agreement until the earlier of Completion and this Agreement being terminated in accordance with Clause 8.7.1 or Clause 10.5.3, the Business of the Group will be carried on in the Ordinary Course of Business, except:
- 9.1.1 with the prior written consent of the Buyer, such consent not to be unreasonably withheld or delayed and deemed given if no written response of the Buyer to a written request for consent is received by the Seller within [\*\*\*] of the date of such request;
  - 9.1.2 except as expressly permitted or required by this Agreement or other Transaction Document (including, effecting the Restructuring);
  - 9.1.3 as required under Applicable Law.
- 9.2 In particular, but without limitation, the Seller undertakes that it will not, and it shall procure that each Group Company will not, during the period from the date of this Agreement until the earlier of Completion and this Agreement being terminated in accordance with Clause 8.7.1 or Clause 10.5.3, carry out the matters listed in **Error! Reference source not found.** (*Conduct of Business before Completion*) without the prior consent in writing of the Buyer, such consent not to be unreasonably withheld or delayed and deemed given if no written response of the Buyer to a written request for consent is received by the Seller within [\*\*\*] of the date of such request.
- 9.3 The Seller shall notify the Buyer in writing promptly if it becomes aware of a fact, circumstance, or event which constitutes a breach of Clause 9.1 or Clause 9.2.
- 9.4 The Buyer designates [\*\*\*] as persons with whom the Seller shall communicate for the purposes of Clauses 9.1 and 9.2. The Seller designates [\*\*\*] as persons any of whom is entitled to request a consent for the purposes of Clauses 9.1 and 9.2. Each Party may replace any of its designated persons with another person at any time and from time to time by notice in writing to the other relevant Party. Any communication between such persons shall be valid if such communication is made in writing at the contact details set out above (as may be amended by the relevant Party's notice). For the purposes of Clauses 9.1 and 9.2, communication via e-mail shall satisfy the requirement for such notice to be in writing.
- 9.5 At any time after the date of this Agreement and prior to Completion, the Seller shall notify the members of the Clean Team in writing if a Former Group Company intends to:
- 9.5.1 make any material change to any of its methods, policies, principles or practices of Tax accounting or methods of reporting or claiming income, losses or deductions for Tax purposes;
  - 9.5.2 enter into any material agreement with any Tax Authority, or terminate or rescind any material agreement with a Tax Authority that is in effect on the date of this Agreement;
  - 9.5.3 make or amend any material claim, election or option relating to Taxation; or
  - 9.5.4 amend any Tax return in any material respect,
- 9.6 Subject to Applicable Law, prior to Completion, the Seller shall and shall procure that each Group Company and each Former Group Company shall, at the request of the Buyer:

- 9.6.1 give the Buyer and its Representatives (notified in advance to the Seller) access during normal business hours and upon reasonable advance notice to the personnel of each Group Company, and to all the books, records and documents of or relating to of each Group Company (including the right to take copies of such books, records and documents, subject to obligation to return or destroy such copies if Completion does not occur); and
- 9.6.2 respond to any reasonable request by the Buyer for documents or other information in relation to the Group available to the Seller or any Group Company or a Former Group Company, provided that such request is reasonably necessary to the Buyer to assess compliance by the Seller with Clauses 9.1 or Clause 9.2.
- 9.7 The Parties agree that as soon as practicable and in any event within [\*\*\*] of the Accounts Date, the Seller shall prepare and deliver or provide access to the Auditors all necessary materials and information for preparation of the Accounts, including all accounting records, supporting accounting documents and information. Following the completion of the audit of the Accounts by the Auditors, the Seller shall promptly deliver the so audited Accounts to the Buyer.
10. **COMPLETION**
- 10.1 The Completion Date shall occur within [\*\*\*] after all of the Conditions have been satisfied or waived, unless agreed otherwise in writing between the Parties. Completion shall take place on the Completion Date at 10 am (CET) at Notary's offices in Amsterdam, the Netherlands and at the offices of the Buyer's Cypriot Counsel in Nicosia or at such other place(s), date, and time as may be agreed between the Parties in writing.
- 10.2 At Completion:
- 10.2.1 the Seller shall do, or procure the carrying out of, each of those things listed as its obligations in **Error! Reference source not found.** (*Completion Arrangements*); and
- 10.2.2 the Buyer shall do, or procure the carrying out of, each of those things listed as its obligations in **Error! Reference source not found.** (*Completion Arrangements*).
- 10.3 Completion shall not be deemed to have occurred for any purpose until all of the actions and steps listed in Part A, Part B, Part C and Part D of **Error! Reference source not found.** (*Completion Arrangements*) shall have been completed or waivers of the relevant actions or steps are given by the Party(ies) entitled to the benefit of the performance of such actions or steps.
- 10.4 Pending Completion, any items delivered or payments made by a Party pursuant to Part A, Part B, Part C or Part D of **Error! Reference source not found.** (*Completion Arrangements*) shall be held on trust for the benefit of such Party by the recipient of the item or payment.
- 10.5 If any Party fails or is unable to comply with any of its obligations under Clause 10.2 or Part A, Part B, Part C or Part D of **Error! Reference source not found.** (*Completion Arrangements*) on the date on which Completion is specified to take place pursuant to this Agreement, the Buyer (in case of a failure to comply by the Seller) or the Seller (in case of a failure to comply by the Buyer) shall not be obligated to complete this Agreement and may, in each case without prejudice to all other rights and remedies in relation to such failure to comply (and whether or not such failure would constitute a repudiatory breach of this Agreement):
- 10.5.1 postpone Completion to another time and date; or

- 10.5.2 proceed to Completion so far as practicable; or
- 10.5.3 terminate this Agreement by notice in writing to the defaulting Party.
- 10.6 If Completion is postponed under Clause 10.5.1, this Clause 10 (*Completion*) shall apply (and the Seller and the Buyer shall be obliged to perform their respective obligations under this Clause 10 (*Completion*) (but without prejudice to the non-defaulting Party's rights in relation to the prior breach by the defaulting Party)) as if the time and date notified by the non-defaulting Party under Clause 10.5.1 was the time and date scheduled for Completion.
- 10.7 If the Agreement is terminated in accordance with Clause 10.5.3 (and without limiting the non-defaulting Party's right to claim damages), the provisions of Clause 22.12 shall apply.
11. **SELLER WARRANTIES AND INDEMNITIES**
- 11.1 Subject to Clauses 11.8 and 22.7 (*Assignment, Etc.*), the Seller warrants to the Buyer that each of the Seller Warranties is true and accurate on the date of this Agreement (save for the Seller Warranties set out in paragraphs 1.2, 1.6, 1.12.2, 6 (other than sub-paragraphs 6.3 and 6.5), 7, 8.3, 16.3 and 17.3 which are given only as of the Completion Date) and shall remain true and accurate on the Completion Date as if they had been repeated immediately before Completion by reference to the facts and circumstances then existing at Completion and on the basis that any express or implied reference in the Seller Warranties to the date of this Agreement is substituted by an express or implied reference to the Completion Date.
- 11.2 Where any statement in any Seller Warranty is qualified as being made "as far as the Seller is aware" or any similar expression, such Seller Warranty shall, unless otherwise stated, be deemed to refer to the knowledge of (i) [\*\*\*], (ii) each of the general directors of each Key Former Group Company, (iii) [\*\*\*], (iv) [\*\*\*], and (v) [\*\*\*], each of whom shall be deemed to have knowledge of such matters as they would have discovered, had they made all due and reasonable enquiries.
- 11.3 Each of the paragraphs in **Error! Reference source not found.** (*Seller Warranties*):
- 11.3.1 shall be construed as a separate and independent warranty; and
- 11.3.2 unless expressly provided in this Agreement, shall not be limited by reference to any other paragraph in **Error! Reference source not found.** (*Seller Warranties*) or by any other provision of this Agreement,
- and the Buyer shall have a separate Claim and right of action in respect of every breach of a Seller Warranty.
- 11.4 The Seller Warranties shall not be extinguished or affected by Completion.
- 11.5 The Seller hereby: (a) waives any right or claim which it may have against any Company Related Person (except, in the case of a Company Related Person who is a Director, officer or Employee, in the case of fraud) in respect of any misrepresentation or error in, or omission from, any information or opinion supplied or given by such Company Related Person in the course of providing any information or responses to any Buyer Related Person, negotiating this Agreement (or any document referred to in, or ancillary to, this Agreement) or of the preparation of the Initial Disclosure Letter or the Supplementary Disclosure Letter; (b) irrevocably and unconditionally releases any Company Related Person (except, in the case of each such Company Related Person who is a Director, officer or Employee, in the case of fraud) from any liability arising from any such misrepresentation, error or omission; and (c) agrees that any such right or claim shall not constitute a defence to any Claim by the Buyer under or

in relation to this Agreement. Each Company Related Person may enforce the terms of this Clause 11.5 in accordance with the Contracts (Rights of Third Parties) Act 1999, provided that, as a condition precedent thereto, any such Company Related Person shall:

- 11.5.1 obtain the prior written consent of the Buyer; and
- 11.5.2 not be entitled to assign its rights under this Clause 11.5.

11.6 Subject to Clause 11.8:

- 11.6.1 the Seller shall not be liable for any Warranty Claim or a Claim under any Tax Warranty to the extent that the facts, matters or circumstances giving rise to such Warranty Claim or such Claim under any Tax Warranty were within the actual knowledge of any member of the Buyer's Deal Team as at the date of this Agreement; and
- 11.6.2 subject to Clause 11.6.1, the Buyer shall be entitled to make a Warranty Claim or a Claim under any Tax Warranty whether or not the Buyer and/or any Buyer Related Person (other than the Buyer's Deal Team in respect of their actual knowledge) had knowledge (whether actual, constructive, implied or imputed) of the matter giving rise to the Claim or right before the date of this Agreement and/or Completion and the Buyer's right or ability to make any such Claim shall not be affected or limited, and the amount recoverable shall not be reduced, on the grounds that the Buyer and/or any Buyer Related Person (other than the Buyer's Deal Team in respect of their actual knowledge) may, before the date of this Agreement and/or Completion, have had actual, constructive, implied or imputed knowledge of the matter giving rise to a Warranty Claim or a Claim under any Tax Warranty.

11.7 The Buyer acknowledges and agrees that the Seller gives no warranty, representation or undertaking as to the accuracy or completeness of any information that is in the nature of forecasts, estimates, projections, statements of intent or statements of opinion provided to the Buyer or any of its advisers or agents (howsoever and whensoever provided).

11.8 The Seller shall not be liable in respect of any Warranty Claim or any Claim under a Tax Warranty to the extent that the facts and circumstances giving rise to such Claim are Disclosed in the Initial Disclosure Letter or, subject to Clause 11.10.3, the Supplementary Disclosure Letter (if any).

11.9 Notification

11.9.1 If, after the date of this Agreement:

- (a) the Seller becomes aware that any of the Seller Warranties, a Claim in respect of which would likely involve damages to the Buyer and any of the Group Companies exceeding the Minimum Claim Amount in the reasonable opinion of the Seller, was untrue or inaccurate as of the date of this Agreement; or
- (b) any event occurs or matter arises of which the Seller becomes aware which would cause any Seller Warranty, a Claim in respect of which would likely involve damages to the Buyer and any of the Group Companies exceeding the Minimum Claim Amount in the reasonable opinion of the Seller, to become untrue or inaccurate at Completion,

the Seller shall notify the Buyer in writing as soon as practicable and in any event prior to Completion setting out details of the relevant matter.

11.9.2 Any notification pursuant to Clause 11.9.1 shall not operate as a Disclosure or prejudice any Warranty Claim or a Claim under any Tax Warranty.

#### 11.10 Supplementary Disclosure

11.10.1 The Seller may deliver to the Buyer, at any time between the date of this Agreement and the day falling not less than three (3) Business Days prior to the Completion Date, one further disclosure letter together with the Disclosure Bundle (the “**Supplementary Disclosure Letter**”), substantially in the same form as the Initial Disclosure Letter, Disclosing any facts, matters or circumstances that would otherwise render any of the Seller Warranties untrue or inaccurate as at the Completion Date which facts, matters or circumstances have occurred:

- (a) in respect of the Seller Warranties set out in paragraph 16.3 of **Error! Reference source not found.** (*Seller Warranties*), both before and after the date of this Agreement; and
- (b) in respect of all other Seller Warranties, only after the date of this Agreement

(the “**Permitted Supplementary Disclosure**”). The Parties understand and agree that the first draft of the Supplementary Disclosure Letter (if any) shall be delivered to the Buyer not later than ten (10) Business Days prior to the Completion Date.

11.10.2 If any fact, matter or circumstance Disclosed in the Supplementary Disclosure Letter (if any) would, but for such Disclosure, result in a material breach of any of the Seller Warranties other than the Fundamental Warranties given by the Seller as at Completion (with “materiality” of a breach being determined in accordance with Clause 8.1.9) or a breach of any Fundamental Warranty, then the Buyer shall have the right to treat the Condition set out in Clause 8.1.9 as not being satisfied.

11.10.3 The Buyer’s right to claim for breach of any Seller Warranty shall not be prejudiced by:

- (a) any fact, matter or circumstance contained or referred to in the Supplementary Disclosure Letter to the extent that such fact, matter or circumstance does not constitute a Permitted Supplementary Disclosure; and/or
- (b) any fact, matter or circumstance contained or referred to in any purported disclosure letter submitted after the applicable deadline provided for in Clause 11.10.1.

#### 11.11 Indemnities

Notwithstanding any other provision of this Agreement, the Seller shall (so far as possible by way of adjustment to the consideration for the sale of the Sale Shares) on demand indemnify in full and hold harmless the Buyer and each other Indemnified Person against, and covenants to pay to the Buyer and each other Indemnified Person an amount equal to, all Losses suffered or incurred by the Buyer or any other Indemnified Person arising, directly or indirectly, out of or in connection with any of the following matters:

- 11.11.1 any title defect with respect to any of the Sale Shares or any shares or participation interests in any Subsidiary (including any Encumbrance over the Sale Shares or over any shares or participation interests in any of the Subsidiaries), as the result of or in connection with any event, fact, circumstance, or action taking place prior to the Completion Date, *inter alia*, as the result of or in connection with:
- (a) any failure to obtain spousal consents in connection with any acquisition of shares (participation interests) in any of the Group Companies;
  - (b) any failure to obtain necessary corporate approvals in connection with any acquisition or transfer of shares (participation interests) in any of the Group Companies;
  - (c) any failure to comply with the pre-emptive rights in connection with any acquisition or transfer of shares (participation interests) in any of the Group Companies;
  - (d) the acquisition of the Sale Shares by the Seller or any acquisitions of shares (participation interests) in Group Companies not having been validly carried out in accordance with Applicable Laws and Organisational Documents of Group Companies;
  - (e) any aspect of formation or reorganisation of a Group Company not having been validly carried out in accordance with Applicable Laws; and/or
  - (f) any aspect of the issue of Sale Shares or any shares or participation interests issues by any Group Company not having been validly carried out in accordance with the Applicable Laws,
- in each case, prior to Completion (“**Title Indemnity**”);
- 11.11.2 (i) any failure to carry out the Restructuring in accordance with the agreed plan of the Restructuring set out in **Error! Reference source not found.** (*Restructuring*), and/or (ii) any Third Party Claims in connection with the Restructuring, including where they arise out of a failure to comply with Applicable Law (“**Restructuring Indemnity**”);
- 11.11.3 any loss of the Intellectual Property Rights in Rutaxi Platform, whether in whole or in part, as the result of or in connection with any event, fact, circumstance, or action taking place prior to the Completion Date, including as the result of the Restructuring (the “**IP Indemnity**”);
- 11.11.4 any claim in respect of an unlawful use of any rights in any computer software against any Group Company as the result of or in connection with any event, fact, circumstance, or action taking place prior to the Integration Completion Date (the “**IT Licences Indemnity**”); provided, however, that if prior to Completion the Seller procures that the Group Companies acquire the Agreed Software Licences pursuant to Clause 17.10.1, such IT Licences Indemnity shall only apply to any claim in respect of an unlawful use of any rights in any computer software against any Group Company as the result of or in connection with any event, fact, circumstance, or action taking place prior to the Completion Date,
- 11.11.5 (i) any telecommunication services agreement between the relevant service provider and the relevant Group Company in respect of any Promotional Phone Number, (ii) any assignment agreement between Teleon, relevant service provider and Fasten

Rus in respect of any Fasten Phone Number, (iii) any assignment agreement between Teleon, relevant service provider and any relevant Former Group Company in respect of any Transferred Phone Number, or (iv) any assignment agreement between Teleon, relevant service provider and any relevant Former Group Company in respect of any Short Indices, as applicable (each, a “**Telephone Number Agreement**”):

- (a) is avoided, rescinded, repudiated, prematurely terminated (whether as a result of this Agreement, the sale of the Sale Shares, a breach by such Group Company, Fasten Rus, or any other relevant Former Group Company, event of default or other termination right under such Telephone Number Agreement), or
- (b) is declared to be invalid, or
- (c) the service provider imposes any additional obligation on any Group Company, Fasten Rus, or such other Former Group Company,

in case of each of (a), (b) and (c) as a result of or in connection with any event, fact, circumstance or action prior to the Completion Date;

- 11.11.6 any claim in respect of any material breach, material misappropriation, or material unauthorized disclosure, intrusion, access, use or dissemination of any Personal Data by any person against any Group Company arising as a result of or in connection with any event, fact, circumstance or action prior to the Completion Date;
- 11.11.7 any claims, actions or proceedings by or on behalf of any Third Party having business dealings with Mr. Evgeny Lvov or any entities directly or indirectly owned or Controlled by Mr. Lvov in relation to business similar to the Business, to the extent such claims, actions or proceeding are against the Sale Shares, any Subsidiary Equity Interests, or any of the Consideration Shares and arise as a result of or in connection with any event, fact, circumstance or action relating to such business dealings prior to the Completion Date; or
- 11.11.8 (i) any fines imposed by a Governmental Authority prior to Completion and outstanding as of Completion and any fines imposed by a Governmental Authority as the result of an audit initiated by such Governmental Authority within twenty-four (24) months of the Completion Date, in each case in connection with any Group Company's non-compliance with the requirements of Applicable Law relating to the employment of any Employees of such Group Company, provided that with respect to audits initiated after the 12-month anniversary of the Completion Date, the indemnity in this clause (i) shall apply only to any fines imposed as the result of or in connection with any event, fact, circumstance, or action taking place prior to the Completion Date; and (ii) any costs incurred by the Buyer or the Group Companies in taking remedial actions mandated by a formal act, notice, or requirement issued by a Governmental Authority in relation to compliance with the requirements of Applicable Law relating to the employment of any Employees of the Group Companies, where such act, notice or requirement is issued as the result of an audit by such Governmental Authority initiated within twenty-four (24) months of the Completion Date, provided that with respect to audits initiated after the 12-month anniversary of the Completion Date, the indemnity in this clause (ii) shall apply only to remedial actions in relation to non-compliance with the requirements of Applicable Law relating to the employment of any Employees of the Group Companies prior to the Completion Date (the “**Labour Indemnity**”).



- 11.12 All amounts due under Clause 11.11 shall be paid by the Seller to an Indemnified Person in full, without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax required by Applicable Law). If any deductions or withholdings are required by Applicable Law to be made from any of the sums payable under Clause 11.11, the Seller shall pay to such Indemnified Person any sum as will, after the deduction or withholding is made, leave such Indemnified Person with the same amount as it would have been entitled to receive without that deduction or withholding.
12. **BUYER WARRANTIES**
- 12.1 The Buyer warrants to the Seller that each of the Buyer Warranties is true and accurate on the date of this Agreement and shall be true and accurate on the Completion Date as if they had been repeated immediately before Completion by reference to the facts and circumstances then existing at Completion and on the basis that any express or implied reference in the Buyer Warranties to the date of this Agreement is substituted by an express or implied reference to the Completion Date.
- 12.2 Each of the paragraphs in **Error! Reference source not found.** (*Buyer Warranties*):
- 12.2.1 shall be construed as a separate and independent warranty; and
- 12.2.2 unless expressly provided in this Agreement, shall not be limited by reference to any other paragraph in **Error! Reference source not found.** (*Buyer Warranties*) or by any other provision of this Agreement.
- 12.3 The Buyer Warranties shall not be extinguished or affected by Completion.
- 12.4
- 12.4.1 The Buyer shall not be liable for any Seller Claim under a Buyer's Warranty to the extent that the facts, matters or circumstances giving rise to the breach of such Seller Claim were within the actual knowledge of the Seller's Deal Team as at the date of this Agreement; and
- 12.4.2 Subject to Clause 12.4.1, the Seller shall be entitled to make a Seller Claim under a Buyer's Warranty whether or not the Seller and/or any Seller Related Entity (other than the Seller's Deal Team in respect of their actual knowledge) had knowledge (whether actual, constructive, implied or imputed) of the matter giving rise to such Seller Claim or right before the date of this Agreement and/or Completion and the Seller's right or ability to make any such Seller Claim shall not be affected or limited, and the amount recoverable shall not be reduced, on the grounds that the Seller and/or any Seller Related Entity (other than the Seller's Deal Team in respect of their actual knowledge) may, before the date of this Agreement and/or Completion, have had actual, constructive, implied or imputed knowledge of the matter giving rise to such Seller Claim.
- 12.5 The Seller acknowledges and agrees that the Buyer gives no warranty, representation or undertaking as to the accuracy or completeness of any information that is in the nature of forecasts, estimates, projections, statements of intent or statements of opinion provided to the Seller or any of its advisers or agents (howsoever and whensoever provided).
- 12.6 Notification
- 12.6.1 If, after the date of this Agreement:

- (a) the Buyer becomes aware that any of the Buyer Warranties, a Seller Claim in respect of which would likely involve damages to the Seller exceeding the Minimum Claim Amount in the reasonable opinion of the Buyer, was untrue or inaccurate as of the signing of this Agreement; or
- (b) any event occurs or matter arises of which the Buyer becomes aware which will cause any Buyer Warranty, a Seller Claim in respect of which would likely involve damages to the Seller exceeding the Minimum Claim Amount in the reasonable opinion of the Buyer, to become untrue or inaccurate at Completion,

the Buyer shall notify the Seller in writing as soon as practicable and in any event prior to Completion setting out details of the relevant matter.

**13. LIMITATION OF THE SELLER'S LIABILITY**

**13.1 Time Limitation for Claims**

- 13.1.1 If the Buyer becomes aware of any potential Claim, the Buyer shall as soon as reasonably practicable give a notice of the Claim in writing to the Seller specifying the matters set out in Clause 14.1. Subject to Clause 13.1.2, failure to give any notice under this Clause will in no way prejudice the Buyer's ability to bring a Claim except that the Seller shall not be liable for such Claim to the extent that its liability under such Claim has arisen or increased as a result of such failure.
- 13.1.2 The Seller shall not be liable for any Claim unless a notice of the Claim is given by the Buyer to the Seller specifying the matters set out in Clause 14.1:
  - (a) in respect of any Claim for breach of any Fundamental Warranty, [\*\*\*] following the Completion Date;
  - (b) in respect of any Tax Claim, the last date of the period which is [\*\*\*] after the Completion Date provided that if upon expiry of such period a Tax Audit of any Group Company in respect of a period prior to Completion has been notified or is ongoing then such time period shall be extended to amount to [\*\*\*] after the Completion Date;
  - (c) in respect of a Claim under the Title Indemnity, [\*\*\*] following the Completion Date;
  - (d) in respect of any Indemnity Claim (other than a Claim under the Tax Indemnity or Title Indemnity), [\*\*\*] following the Completion Date;
  - (e) in respect of any other Claim, [\*\*\*] following the Completion Date.
- 13.1.3 The Seller shall not be liable for any Claim (that has not been previously satisfied or settled between the Seller and the Buyer or withdrawn by the Buyer) unless the Buyer issues and serves legal proceedings on the Seller in respect of such Claim within [\*\*\*] of the date on which the Buyer notified the Seller of the Claim in accordance with Clause 13.1.1. In respect of a Claim referred to in Clause 13.10, such legal action need not be brought until [\*\*\*] after the first of the loss becoming ascertainable or ceasing to be contingent.

**13.2 Minimum Claims**

- 13.2.1 The Seller shall not be liable for any individual Warranty Claim or a Claim under a Tax Warranty (or a series of such Claims arising from substantially identical facts or circumstances) where the liability Determined for any such Claim or series of such Claims does not exceed [\*\*\*] (the "**Minimum Claim Amount**").
- 13.2.2 Subject to the threshold set out in Clause 13.3.1, where the liability Determined in respect of any such Warranty Claim or a Claim under a Tax Warranty or series of such Claims exceeds the Minimum Claim Amount, the Seller shall be liable for the amount of such Claim or series of such Claims as Determined and not just the excess.
- 13.3 Aggregate Minimum Claims
- 13.3.1 The Seller shall not be liable for any individual Warranty Claim or a Claim under a Tax Warranty unless the aggregate amount of all Claims which satisfy the Minimum Claim Amount and for which the Seller would be liable in the absence of this Clause 13.3.1, exceeds [\*\*\*].
- 13.3.2 Where the liability Determined in respect of all Claims which satisfy the Minimum Claim Amount exceeds [\*\*\*], the Seller shall be liable for the aggregate amount of all such Claims as Determined and not just the excess.
- 13.4 Maximum Liability
- 13.4.1 The aggregate liability of the Seller for:
- (a) all Claims shall not exceed [\*\*\*];
  - (b) all Tax Claims shall not exceed [\*\*\*];
  - (c) all IP Claims shall not exceed [\*\*\*];
  - (d) all Title Claims shall not exceed [\*\*\*];
  - (e) all Indemnity Claims under the Labour Indemnity shall not exceed [\*\*\*];
  - (f) all Claims, other than: (i) Fundamental Claims, (ii) Tax Claims, (iii) IP Claims, (iv) Title Claims, (v) Indemnity Claims under the Labour Indemnity, and (vi) Claims under Clause 5 (*Completion Consideration; Adjustment*), shall not exceed [\*\*\*].
- 13.5 Matters Arising Subsequent to this Agreement
- The Seller shall not be liable for any Warranty Claim or a Claim under a Tax Warranty to the extent that such Claim has arisen or is increased as a result of:
- 13.5.1 any matter or thing done or omitted to be done pursuant to and in compliance with a Transaction Document or otherwise at the request in writing or with the approval in writing of the Buyer;
- 13.5.2 any act, omission or transaction of the Buyer or other Buyer Immediate Group Company done, committed or effected:
- (a) in the knowledge that such act, omission or transaction might give rise to, or increase the extent of, such Claim or in circumstances where such Claim

- was reasonably foreseeable as a result of such act, omission or transaction; or
- (b) otherwise than in order to comply with Applicable Law or pursuant to a legally binding commitment to which any Group Company or a Buyer Group Company is subject on or before Completion;
- 13.5.3 a breach of any Transaction Document by a Buyer Group Company that is a party to such Transaction Document;
- 13.5.4 the passing of, or any change in, after the date of this Agreement, any law, rule or regulation of any Governmental Authority not actually (or prospectively) in effect at the date of this Agreement including any law, rule or regulation passed after the date of this Agreement but taking effect retrospectively;
- 13.5.5 a change after the date of this Agreement in the interpretation or administration of any law, rule or regulation by any Governmental Authority;
- 13.5.6 any change in accounting policy, principles, methods, bases or practice of any Buyer Group Company or Group Company introduced or having effect after Completion; or
- 13.5.7 any change in financial reporting standards introduced or having effect after the date of this Agreement.
- 13.6 No Double Recovery and no Double Counting
- No Party may recover for breach of or under this Agreement or otherwise more than once in respect of the same Loss suffered or amount for which the Party is otherwise entitled to claim (or part of such Loss or amount), and no amount (or part of any amount) shall be taken into account, set off or credited more than once for breach of or under this Agreement or otherwise, with the intent that there will be no double counting for breach of or under this Agreement or otherwise.
- 13.7 Mitigation of Losses
- Nothing in this Agreement impairs any Party's common law duty of mitigation. The Buyer shall use reasonable endeavours to mitigate any Losses, costs or liabilities suffered or incurred by it, any other member of the Buyer's Group or, following Completion, any Group Company in consequence of any fact, matter, event or circumstances giving rise to a Warranty Claim.
- 13.8 Fraud
- None of the limitations contained in this Clause 13 shall apply to the extent a liability arises or is increased as a result of fraud or fraudulent misrepresentation by the Seller, the directors of the Seller or [\*\*\*].
- 13.9 Matters Capable of Remedy
- To the extent that the subject matter of a Claim is capable of remedy, the Seller will not be liable in respect of that Claim to the extent that it remedies the relevant breach without a loss, cost or liability to the Buyer or any Group Company within [\*\*\*] following notification of a Claim by the Buyer to the Seller under Clause 13.1.1.
- 13.10 Contingent or Non-quantifiable Claims

The Seller shall not be liable in respect of any Claim to the extent that such Claim is based upon a liability which is contingent only or is otherwise not capable of being quantified unless and until such liability ceases to be contingent and becomes an actual liability or becomes capable of being quantified, as the case may be, and is due and payable; provided that this Clause 13.10 shall not operate to avoid a Claim made in respect of a contingent or unquantifiable liability of which notice is given by the Buyer under Clause 13.1.1 within the applicable time limits specified in Clause 13.1.2 if the notice of such Claim has been given (together with such material details relating to that Claim of which the Buyer shall be aware when giving it) before the expiry of the relevant period (even if such liability does not become an actual or quantifiable liability, as the case may be, until after the expiry of such period).

13.11 Recovery from Third Parties

Where, following the Completion Date, the Buyer or any Group Company is entitled to recover from any Third Party an amount (the “**Recovery Amount**”) in respect of any matter or event which gives rise to a Warranty Claim or an Indemnity Claim (including under any insurance policy):

- 13.11.1 the Buyer shall not be restricted from pursuing that Warranty Claim or Indemnity Claim or any other Claim in relation to the same subject matter against the Seller;
- 13.11.2 the Buyer shall notify the Seller of such entitlement as soon as reasonably practicable, unless the disclosure of such entitlement would cause the Buyer or any Group Company to breach a confidentiality obligation;
- 13.11.3 if the Third Party in question is an insurance company, the Buyer shall, or shall cause the relevant Group Company to, take all reasonable actions to recover the Recovery Amount from such insurance company under such Group Company’s insurance policy, and keep the Seller reasonably informed of the progress of such recovery, unless the provision of such information would cause the Buyer or any Group Company to breach a confidentiality obligation;
- 13.11.4 if the Third Party in question is not an insurance company, the Buyer shall assign its claim against such Third Party to the Seller only if all of the following conditions are satisfied:
  - (a) the Seller pays and settles in full to the Buyer the amount of such Warranty Claim or such Indemnity Claim before the Buyer so assigns its claim against such Third Party to the Seller;
  - (b) the Buyer’s claim against such Third Party is capable of being assigned (including by virtue of a provision allowing such assignment in a contract or arrangement with such Third Party); and
  - (c) such assignment does not prejudice legitimate business interests of the Buyer,

provided that if the Buyer refuses to assign the claim against such Third Party to the Seller on the basis set out in Clause 13.11.4(c), it shall provide the Seller with an explanation of what legitimate interests of the Buyer may be prejudiced by such assignment.

- 13.11.5 in the event the Buyer does not assign its claim against a Third Party by operation of Clause 13.11.3 or Clause 13.11.4:

- (a) any sum recovered by the Buyer from the Third Party (the “**Recovered Amount**”) before Determination of the Warranty Claim or Indemnity Claim (less any costs and expenses incurred by the Buyer or such Group Company in recovering the Recovered Amount and any Taxation attributable to or suffered in respect of the Recovered Amount), will reduce the amount of such Claim by an equivalent amount; and
- (b) if recovery of the Recovered Amount is delayed until after such Claim has been satisfied by the Seller, the Buyer shall repay to the Seller the amount so recovered (less any costs and expenses incurred by the Buyer or such Group Company in recovering the Recovered Amount and any Taxation attributable to or suffered in respect of the Recovered Amount) up to the amount of such Claim satisfied by the Seller.

13.12 Indirect Losses

The Seller shall not be liable under or in connection with this Agreement (including pursuant to or under an Indemnity Claim) in respect of any indirect or consequential losses, any punitive or exemplary damages, in each case whether due to a breach of contract, breach of warranty, gross negligence, negligence or otherwise, whether actual or prospective.

13.13 General

13.13.1 Until Completion has taken place in accordance with the terms and conditions of this Agreement:

- (a) the Buyer may not make any Warranty Claim or Indemnity Claim; and
- (b) the Seller shall not be subject to any liability under any Warranty Claim or Indemnity Claim.

13.13.2 The Buyer confirms that, as of the date of this Agreement, it is not aware of any matter that constitutes a breach of this Agreement or which entitles it to make a Claim.

14. **CLAIMS**

14.1 Notification of Claims

Notice of any Claim for breach of or under this Agreement shall be given by the Buyer to the Seller as contemplated under Clause 13.1.1 and within the time limits specified in Clause 13.1.2 and shall specify in reasonable detail the legal and factual basis of the Claim and setting out (to the extent possible) the Buyer’s reasonable estimate of the amount of losses, costs and liabilities which is, or is to be, the subject of the Claim (including any losses which are contingent on the occurrence of any future event).

14.2 Conduct of Third Party Claims

14.2.1 If the CEO of the Buyer or, following [\*\*\*] after their appointment, the chief legal officer of the Buyer becomes aware of a claim in writing by a Third Party other than a Third Party Tax Claim (the “**Third Party Claim**”) which might be reasonably expected to result in a Warranty Claim or Indemnity Claim being made, the Buyer shall:

- (a) give the Seller written notice of such Third Party Claim as soon as reasonably practicable (and in any event within [\*\*\*] of the CEO of the Buyer or the chief legal officer of the Buyer (to the extent it occurs following [\*\*\*] after their appointment) becoming aware of such written Third Party Claim together with relevant documentation and information actually available to the Buyer in relation thereto as at the date of such notice; provided that any such notice shall not be deemed to constitute a notice under Clause 13.1.1 unless the Buyer otherwise specifies;
  - (b) consult with the Seller as to the manner in which such Third Party Claim might be avoided, resolved or compromised, giving all reasonable weight and consideration to proposals for the same made by the Seller; and
  - (c) subject to consultation and the provision of information to the Seller set out in this Clause 14.2 above, retain conduct of such Third Party Claim and act reasonably and in good faith in taking such action as it shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest Third Party Claim (including making counterclaims or other claims against third parties).
- 14.2.2 If the Buyer would be entitled to make a Warranty Claim or Indemnity Claim as a result of, or in connection with, a Third Party Claim, then the Buyer shall not, and shall procure that no other member of the Buyer's Group shall, admit liability in respect of such Third Party Claim, and shall procure that such Third Party Claim shall not be compromised, disposed of or settled without:
  - (a) the Buyer giving written notice to the Seller of the intention to admit, compromise, dispose or settle such Third Party Claim, such notice to contain reasonable details of such Third Party Claim to the extent not already provided to the Seller in accordance with Clause 14.2.1(a);
  - (b) the Buyer promptly providing such further details of the Third Party Claim as may be reasonably requested by the Seller for the purposes of developing proposals referred to in Clause 14.2.2(c); and
  - (c) the Buyer giving all reasonable weight and consideration to proposals of the Seller with respect to such Third Party Claim which may be provided by the Seller within [\*\*\*] from receipt of the notice referred to in Clause 14.2.2(a) or such shorter period as the Buyer may notify to the Seller as is required to comply with a procedural order or the rules of procedure of a court or arbitral tribunal considering such Third Party Claim.

15. **LIMITATION OF THE BUYER'S LIABILITY**

15.1 Time Limitation for Seller Claims

- 15.1.1 If the Seller becomes aware of any potential Seller Claim or a Seller Consideration Claim, the Seller shall as soon as reasonably practicable give a notice of the Seller Claim or the Seller Consideration Claim, as the case may be, in writing to the Buyer specifying in reasonable detail the legal and factual basis of the Seller Claim (or the Seller Consideration Claim, as applicable) and setting out (to the extent possible) the Seller's reasonable estimate of the amount of losses, costs and liabilities which is, or is to be, the subject of the Seller Claim or the Seller Consideration Claim, as applicable (including any losses which are contingent on the occurrence of any future event). Subject to Clause 15.1.2, failure to give any notice under this Clause

will in no way prejudice the Seller's ability to bring such Seller Claim or such Seller Consideration Claim except that the Buyer shall not be liable for such Seller Claim or such Seller Consideration Claim, as the case may be, to the extent that its liability under such Seller Claim or such Seller Consideration Claim, as applicable, has arisen or increased as a result of such failure.

15.1.2 The Buyer shall not be liable for any claim by the Seller unless a notice of such claim is given by the Seller to the Buyer specifying the matters set out in Clause 15.1.1:

- (a) in respect of any Seller Claim for breach of any Buyer Warranty set out in paragraphs 1, 2, and 3 of **Error! Reference source not found.** (Buyer Warranties), [\*\*\*] following the Completion Date;
- (b) in respect of any other Seller Claim, [\*\*\*] following the Completion Date; and
- (c) in respect of any Seller Consideration Claim, [\*\*\*] following the Integration Settlement Date.

15.1.3 The Buyer shall not be liable for any Seller Claim or any Seller Consideration Claim (that has not been previously satisfied or settled between the Buyer and the Seller or withdrawn by the Seller) unless the Seller issues and serves legal proceedings on the Buyer in respect of such Seller Claim or such Seller Consideration Claim, as the case may be, within [\*\*\*] of the date on which the Seller notified the Buyer of the Seller Claim or the Seller Consideration Claim, as applicable, in accordance with Clause 15.1.1. In respect of a Seller Claim or a Seller Consideration Claim referred to in Clause 15.9, such legal action need not be brought until [\*\*\*] after the first of the loss becoming ascertainable or ceasing to be contingent.

#### 15.2 Minimum Seller Claims

15.2.1 The Buyer shall not be liable for any individual Seller Claim under a Buyer Warranty (or a series of such Seller Claims arising from substantially identical facts or circumstances) where the liability Determined for any such Seller Claim or series of such Seller Claims does not exceed [\*\*\*].

15.2.2 Subject to the threshold set out in Clause 15.3.1, where the liability Determined in respect of any such Seller Claim under a Buyer Warranty or series of such Seller Claims exceeds [\*\*\*], the Buyer shall be liable for the amount of such Seller Claim or series of such Seller Claims as Determined and not just the excess.

#### 15.3 Aggregate Minimum Seller Claims

15.3.1 The Buyer shall not be liable for any individual Seller Claim under a Buyer Warranty unless the aggregate amount of all Seller Claims which satisfy [\*\*\*] and for which the Buyer would be liable in the absence of this Clause 15.3.1, exceeds [\*\*\*].

15.3.2 Where the liability Determined in respect of all Seller Claims which satisfy [\*\*\*] exceeds [\*\*\*], the Buyer shall be liable for the aggregate amount of all such Seller Claims as Determined and not just the excess.

#### 15.4 Maximum Liability



The aggregate liability of the Buyer in respect of:

- 15.4.1 all Seller Claims shall not exceed the aggregate amount of [\*\*\*] (the “**Buyer Liability Cap**”);
- 15.4.2 all Seller Claims, other than Seller Claims for breach of any Buyer Warranty set out in paragraphs 1, 2, and 3 of **Error! Reference source not found.** (*Buyer Warranties*) shall not exceed [\*\*\*]; and
- 15.4.3 all Seller Consideration Claims shall not exceed the aggregate amount of [\*\*\*].

15.5 Matters Arising Subsequent to this Agreement

The Buyer shall not be liable for any Seller Claim to the extent that such Seller Claim has arisen or is increased as a result of:

- 15.5.1 any matter or thing done or omitted to be done pursuant to and in compliance with a Transaction Document or otherwise at the request in writing or with the approval in writing of the Seller;
- 15.5.2 any act, omission or transaction of the Seller or other Seller Group Company done, committed or effected:
  - (a) in the knowledge that such act, omission or transaction might give rise to, or increase the extent of, such Seller Claim or in circumstances where such Seller Claim was reasonably foreseeable as a result of such act, omission or transaction;
  - (b) otherwise than in order to comply with Applicable Law or pursuant to a legally binding commitment to which any Group Company or the Seller Group Company is subject on or before Completion;
  - (c) a breach of any Transaction Document by a Seller Group Company that is a party to such Transaction Document;
  - (d) the passing of, or any change in, after the date of this Agreement, any law, rule or regulation of any Governmental Authority not actually (or prospectively) in effect at the date of this Agreement including any law, rule or regulation passed after the date of this Agreement but taking effect retrospectively;
  - (e) a change after the date of this Agreement in the interpretation or administration of any law, rule or regulation by any Governmental Authority;
  - (f) any change in accounting policy, principles, methods, bases or practice of any Seller Group Company introduced or having effect after Completion; or
  - (g) any change in generally accepted accounting practices or financial reporting standards introduced or having effect after the date of this Agreement.

15.6 Allowances, Provisions or Reserves

15.6.1 The Buyer shall not be liable for any Seller Claim under a Buyer Warranty to the extent that a specific and proper allowance, provision or reserve has been made in the Buyer's Accounts for the matter giving rise to such Seller Claim.

15.6.2 The Buyer shall not be liable in respect of any Seller Claim under a Buyer Warranty to the extent that any matter giving rise to the Seller Claim is specifically and properly included as a liability into the Buyer's Accounts.

#### 15.7 Fraud

None of the limitations contained in this Clause 15 shall apply to the extent a liability arises or is increased as a result of fraud or fraudulent misrepresentation by the Buyer.

#### 15.8 Matters Capable of Remedy

To the extent that the subject matter of a Seller Claim or a Seller Consideration Claim is capable of remedy, the Buyer will not be liable in respect of that Seller Claim or that Seller Consideration Claim, as the case may be, to the extent that it remedies the relevant breach without a loss, cost or liability to the Seller within [\*\*\*] following notification of a Seller Claim or a Seller Consideration Claim, as applicable, by the Seller to the Buyer under Clause 15.1.1.

#### 15.9 Contingent or Non-quantifiable Claims

The Buyer shall not be liable in respect of any Seller Claim or a Seller Consideration Claim to the extent that such Seller Claim or such Seller Consideration Claim, as the case may be, is based upon a liability which is contingent only or is otherwise not capable of being quantified unless and until such liability ceases to be contingent and becomes an actual liability or becomes capable of being quantified, as the case may be, and is due and payable; provided that this Clause 15.9 shall not operate to avoid a claim made by the Seller in respect of a contingent or unquantifiable liability of which notice is given by the Buyer under Clause 15.1.1 within the applicable time limits specified in Clause 15.1.2 if the notice of such Seller Claim or such Seller Consideration Claim, as applicable, has been given (together with such material details relating to that Seller Claim or that Seller Consideration Claim, as applicable, of which the Seller shall be aware when giving it) before the expiry of the relevant period (even if such liability does not become an actual or quantifiable liability, as the case may be, until after the expiry of such period).

#### 15.10 Recovery from Third Parties

Where, following the Completion Date, the Seller or any Seller Group Company is entitled to recover from any Third Party an amount (the "**Seller Recovery Amount**") in respect of any matter or event which gives rise to a Seller Claim under a Buyer Warranty (including under any insurance policy):

15.10.1 the Seller shall not be restricted from pursuing that Seller Claim or any other Seller Claim in relation to the same subject matter against the Buyer;

15.10.2 the Seller shall notify the Buyer of such entitlement as soon as reasonably practicable, unless the disclosure of such entitlement would cause the Seller or any Seller Group Company to breach a confidentiality obligation;

15.10.3 if the Third Party in question is an insurance company, the Seller shall (or shall cause the relevant Seller Group Company to take all reasonable actions to recover the Seller Recovery Amount from such insurance company under a relevant insurance policy, and keep the Buyer reasonably informed of the progress of such

recovery, unless the provision of such information would cause the Seller or any Seller Group Company to breach a confidentiality obligation;

15.10.4 if the Third Party in question is not an insurance company, the Seller shall assign its claim against such Third Party to the Buyer only if all of the following conditions are satisfied:

- (a) the Buyer pays and settles in full to the Seller the amount of such Seller Claim under a Buyer Warranty before the Seller so assigns its claim against such Third Party to the Buyer;
- (b) the Seller's claim against such Third Party is capable of being assigned (including by virtue of a provision allowing such assignment in a contract or arrangement with such Third Party); and
- (c) such assignment does not prejudice legitimate business interests of the Seller,

provided that if the Seller refuses to assign the claim against such Third Party to the Buyer on the basis set out in Clause 15.10.4(c), it shall provide the Seller with an explanation of what legitimate interests of the Buyer may be prejudiced by such assignment.

15.10.5 in the event the Seller does not assign its claim against a Third Party by operation of Clause 15.10.3 or Clause 15.10.4:

- (a) any sum recovered by the Seller from the Third Party (the "**Seller Recovered Amount**") before Determination of the Seller Claim under a Buyer Warranty (less any costs and expenses incurred by the Seller or such Seller Group Company in recovering the Seller Recovered Amount and any Taxation attributable to or suffered in respect of the Seller Recovered Amount), will reduce the amount of such Seller Claim by an equivalent amount; and
- (b) If recovery of the Seller Recovered Amount is delayed until after such Seller Claim has been satisfied by the Buyer, the Seller shall repay to the Buyer the amount so recovered (less any costs and expenses incurred by the Seller or such Seller Group Company in recovering the Seller Recovered Amount and any Taxation attributable to or suffered in respect of the Seller Recovered Amount) up to the amount of such Seller Claim satisfied by the Buyer.

#### 15.11 Indirect Losses

15.11.1 The Buyer shall not be liable under or in connection with this Agreement in respect of any indirect or consequential losses, any punitive or exemplary damages, in each case whether due to a breach of contract, breach of warranty, negligence or otherwise, whether actual or prospective.

#### 15.12 General

15.12.1 Until Completion has taken place in accordance with the terms and conditions of this Agreement:

- (a) the Seller may not make any Seller Claim under a Buyer Warranty; and

- (b) the Buyer shall not be subject to any liability under any Seller Claim under a Buyer Warranty.
- 15.12.2 The Seller confirms that, as of the date of this Agreement, it is not aware of any matter that constitutes a breach of this Agreement or which entitles it to make a Seller Claim under a Buyer Warranty.
- 15.13 Conduct of Third Party Claims
  - 15.13.1 If the CEO or chief legal officer of the Seller becomes aware of a written Third Party Claim which might be reasonably expected to result in a Seller Claim under a Buyer Warranty being made, the Seller shall:
    - (a) give the Buyer written notice of such Third Party Claim as soon as reasonably practicable (and in any event within [\*\*\*] of the CEO or chief legal officer of the Seller becoming aware of such written Third Party Claim together with relevant documentation and information actually available to the Seller in relation thereto as at the date of such notice; provided that any such notice shall not be deemed to constitute a notice under Clause 15.1.1 unless the Seller otherwise specifies;
    - (b) consult with the Buyer as to the manner in which such Third Party Claim might be avoided, resolved or compromised, giving all reasonable weight and consideration to proposals for the same made by the Buyer; and
    - (c) subject to consultation and the provision of information to the Buyer set out in this Clause 15.13.1 above, retain conduct of such Third Party Claim and act reasonably and in good faith in taking such action as it shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest Third Party Claim (including making counterclaims or other claims against third parties).
  - 15.13.2 If the Seller would be entitled to make a Seller Claim under a Buyer Warranty as a result of, or in connection with, a Third Party Claim, then the Seller shall not, and shall procure that no other member of the Seller's Group shall, admit liability in respect of such Third Party Claim, and shall procure that such Third Party Claim shall not be compromised, disposed of or settled without:
    - (a) the Seller giving written notice to the Buyer of the intention to admit, compromise, dispose or settle such Third Party Claim, such notice to contain reasonable details of such Third Party Claim to the extent not already provided to the Seller in accordance with Clause 15.13.1(a);
    - (b) the Seller promptly providing such further details of the Third Party Claim as may be reasonably requested by the Buyer for the purposes of developing proposals referred to in Clause 15.13.1(c); and
    - (c) the Seller giving all reasonable weight and consideration to proposals of the Buyer with respect to such Third Party Claim which may be provided by the Buyer within [\*\*\*] from receipt of the notice referred to in Clause 15.13.2(a) or such shorter period as the Seller may notify to the Buyer as is required to comply with a procedural order or the rules of procedure of a court or arbitral tribunal considering such Third Party Claim.

16. **RESTRICTIVE COVENANTS**

16.1 The Seller covenants with the Buyer and each Group Company that it shall not (and shall procure that no Seller Related Entity shall):

16.1.1 at any time during the period of [\*\*\*] commencing on the Completion Date (the “**Restricted Period**”), directly or indirectly [\*\*\*] (except as in accordance with Clause 16.3);

16.1.2 at any time during the Restricted Period:

- (a) directly or indirectly [\*\*\*] (except as in accordance with Clause 16.3); or
- (b) consult with, advise or provide any other services for compensation to, [\*\*\*], except as in accordance with Clause 16.3;

16.1.3 at any time during the Restricted Period, have any business dealings with, or solicit, entice or attempt to entice away, [\*\*\*];

16.1.4 at any time during the Restricted Period:

- (a) [\*\*\*]; or
- (b) [\*\*\*];

provided that the provisions of this Clause 16.1.4 shall not prevent any Seller Related Entity from placing a general advertisement for the recruitment of personnel or the engagement of any consultant and engaging any person as an Employee or consultant who responds to it.

16.1.5 at any time after Completion, engage in any trade or business or be associated with any person firm or company engaged in any trade or business, using:

- (a) the name “Vezet”, “Vezem”, “Rutaxi”, “Leader”, “Mini”, “Taxi Saturn”, “Red Taxi”, “Fasten”, “Безѐт”, “Везем”, “Рутакси”, “Лидер”, “Мини”, “Такси Сатурн”, “Ред Такси”, “Фастен”, “Грандкортеж” or any name incorporating the words “Vezet”, “Vezem”, “Rutaxi”, “Leader”, “Mini”, “Taxi Saturn”, “Red Taxi”, “Fasten”, “Безѐт”, “Везем” “Рутакси”, “Лидер”, “Мини”, “Такси Сатурн”, “Ред Такси”, “Фастен”, “Грандкортеж”;
- (b) any trade or service mark, business or domain name, design or logo which, at Completion, was or had been used by any Group Company in connection with the Business; or
- (c) anything which is, in the reasonable opinion of the Buyer, capable of confusion with the words, mark, name, design or logo referred to in Clauses 16.1.5(a) or 16.1.5 (b);

16.1.6 at any time after Completion, present itself or permit itself to be presented as:

- (a) connected in any capacity with any Group Company; or
- (b) interested or concerned in any way in the Sale Shares (or any of them); or

- 16.1.7 at any time after Completion, do or say, write or publish or broadcast anything which may be harmful to the reputation of any Group Company.
- 16.2 The covenants in Clause 16.1 are intended for the benefit of, and shall be enforceable by, each of the Buyer and each Group Company and shall apply to actions carried out by the Seller (or any Seller Related Entity) in any capacity (including as shareholder, partner, director, principal, consultant, officer, agent, adviser or otherwise) and whether directly or indirectly, on its own behalf or on behalf of, or jointly with, any other person.
- 16.3 The restrictions set out in Clause 16.1 shall not prevent the Seller (or any Seller Related Entity) from operating, carrying on or engaging in the Vezet Dobro Business or GoLama Business as conducted as of the date of this Agreement in the territory of the Russian Federation only (the "**Current Excluded Businesses**"); provided that:
- 16.3.1 the Seller and each relevant Seller Related Entity may use the following designations and trademark:
- (a) "Vezet Dobro", "Везет Добро" and/or "Везёт Добро" designations; and
  - (b) "Vezem Dobro", "Везем Добро", "Везём Добро" designations and/or trademark "Везём Добро" (registration No. 635992) ((a) and (b), together, the "**Vezet Dobro Marks**"),
- in each case for purposes of the Current Excluded Businesses for [\*\*\*] following Completion without registering such trademarks (or any other trademarks, words, marks, name, design or logo, which, in the reasonable opinion of the Buyer, are capable of confusion with such designations or trademarks), but otherwise the Seller and each Seller Related Entity shall comply with Clause 16.1.5 in respect of the Current Excluded Businesses. For the purposes of this Clause 16.3.1, the Buyer shall procure that, at the request of the Seller, a written consent to the use of the designations and/or trademark specifically mentioned in this Clause 16.3.1 is granted to the Seller or a Seller Related Entity as the case may be and that neither the Buyer nor any Buyer Group Company uses any of the Vezet Dobro Marks during [\*\*\*] period following Completion; and
- 16.3.2 neither the Seller, nor any Seller Related Entity may allow any [\*\*\*] to directly or indirectly [\*\*\*].
- 16.4 Nothing in Clause 16.1 shall prevent the Seller (or any Seller Related Entity) from:
- 16.4.1 holding for investment purposes only:
- (a) units of any authorised unit trust; or
  - (b) not more than [\*\*\*] of any class of shares or securities of any privately held company other than [\*\*\*]; or
  - (c) not more than [\*\*\*] of any class of shares or securities of any company traded on a recognised investment exchange (within the meaning of the Financial Services and Markets Act 2000).
- 16.4.2 continuing
- (a) to operate the Business operated by the Seller and the Former Group Companies at the date of this Agreement during (i) the period between the

date of this Agreement and Completion, (ii) the Integration Period and (iii) the shorter period of [\*\*\*] following the Integration Period and the time necessary to wind down such Business after the Integration Period; or

- (b) to hold an equity interest in any Former Group Companies other than the Group Companies following Completion; or
- (c) complying with Applicable Law.

- 16.5 The provisions of Clause 16.1.4 shall lapse and cease to apply to any Restricted Person whose employment or engagement with the Company or any Group Company (or any other member of the Buyer's Group) is terminated by, at the request or with the consent of the Company, the relevant Group Company or such other member of the Buyer's Group, as applicable.
- 16.6 Each of the covenants in Clause 16.1 is a separate undertaking by the Seller and shall be enforceable by the Buyer and each Group Company separately and independently of their right to enforce any one or more of the other covenants contained in that Clause.
- 16.7 The Parties acknowledge that the Seller has confidential information relating to the Business and that the Buyer is entitled to protect the goodwill of the Business as a result of buying the Sale Shares. Accordingly, each of the covenants in Clause 16.1 is considered fair and reasonable by the Parties.
- 16.8 The Seller acknowledges that it has had the opportunity to take independent advice on the provisions of this Clause 16 (*Restrictive Covenants*). While those provisions are considered by the Parties to be reasonable in all the circumstances, it is agreed that if any of those restrictions, by themselves or taken together, are adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Buyer but would be adjudged reasonable if part or parts of their wording were deleted or amended or qualified or the periods referred to were reduced or the range of products and/or services or area dealt with were reduced in scope, then the relevant restriction or restrictions shall apply with such modification or modifications as may be necessary to make it or them valid and effective.
- 16.9 The consideration for the covenants in Clause 16.1 is included in the Purchase Price.
- 16.10 Each Group Company may enforce the terms of this Clause 16 (*Restrictive Covenants*) in accordance with the Contracts (Rights of Third Parties) Act 1999, provided always that, as a condition thereto, any such Group Company shall:
- 16.10.1 obtain the prior written consent of the Buyer; and
  - 16.10.2 not be entitled to assign its rights under this Clause 16 (*Restrictive Covenants*).
- 16.11 At any time after Completion, the Buyer shall not, and shall procure that none of the Buyer Group Companies shall, make an adverse statement or remark about the Seller or its shareholders to a third party.
17. **COVENANTS AND UNDERTAKINGS**
- 17.1 Prior to Completion, the Seller shall:
- 17.1.1 procure the repayment in full of all amounts owing (even if not due for repayment) to any Group Company by the Seller or any Seller Related Entity (other than any other Group Company), except for any amounts owing under the Surviving Agreements;

- 17.1.2 procure that all Guarantees or indemnities given by or binding on any Group Company in respect of or arising out of any liabilities (actual or contingent) of the Seller or any Seller Related Entity (other than any other Group Company) are fully and effectively released without cost to any Group Company or any member of the Buyer's Group (and the Seller shall indemnify and keep indemnified the Buyer and each Group Company against all actions, proceedings, losses, costs, claims, damages, liabilities and expenses which the Buyer or any Group Company may suffer or incur in respect of any claim made under any such Guarantee or indemnity after Completion);
- 17.1.3 procure that all actions set out in **Error! Reference source not found.** (*DD Follow-Up Actions*) are fully performed by the Seller and/or any Group Company or the relevant Former Group Company, as applicable; and
- 17.1.4 use all reasonable efforts to perform or procure the performance of, all actions constituting the Restructuring.
- 17.2 Subject to Completion occurring, the Seller:
- 17.2.1 confirms, warrants and undertakes that at Completion:
- (a) neither it nor any Seller Related Entity will have any claim on any account whatsoever outstanding against any of the Directors, officers, Employees of any Group Company and that no agreement or arrangement will be outstanding under which any such person has any obligation of any kind to any Seller Related Entity; and
  - (b) neither it nor any Seller Related Entity will have any claim on any account whatsoever outstanding against any Group Company; and
  - (c) no agreement or arrangement will be outstanding under which any Group Company will have an obligation of any kind to any Seller Related Entity, other than claims and obligations under (i) the Local Services Agreements, (ii) trademark licences from the Group Companies to the Former Group Companies as listed in the principal terms of the Local Services Agreements set out in **Error! Reference source not found.** (*Principal Terms of the Local Services Agreements*), and (iii) the Related Party Agreements (agreements listed in sub-clauses (i) through (iii) above, collectively, the "**Surviving Agreements**"); and
- 17.2.2 except for the claims or obligations existing under the Surviving Agreements, to the extent that any such claim or obligation exists, irrevocably and unconditionally waives such claim or obligation and releases each Group Company and any such person (except, in the case of such Director, officer or Employee, in the case of fraud) from any liability whatsoever in respect of such claim or obligation.
- 17.3 The Seller shall, and shall procure that each Seller Related Entity shall, following Completion:
- 17.3.1 send to the Buyer all papers, books, accounts and other records relating wholly or predominantly to any Group Company in the possession or control of the Seller or Seller Related Entities and which are not kept at any of the Properties; provided that:
- (a) the Seller and the relevant Seller Related Entities may keep in their possession or control such papers, books, accounts and other records



relating wholly or predominantly to any Group Company that are reasonably necessary to the Seller and the Former Group Companies to perform their respective obligations under **Error! Reference source not found.** (*Post-Completion Integration*) (the “**Integration Records**”) for the duration of [\*\*\*], provided that the Seller shall, and shall procure that the Seller Related Entities shall, upon request, promptly provide to the Buyer copies of the relevant Integration Records; and

- (b) following [\*\*\*], the Seller and the relevant Seller Related Entities shall send to the Buyer all Integration Records (except for those Integration Records which the Seller Related Entities are required to keep in accordance with Applicable Law, in respect of which the Seller shall send to the Buyer a copy thereof);
- 17.3.2 at all reasonable times during normal business hours and on reasonable advance notice, provide the Buyer and each Group Company, together with their Representatives, with access to, and copies of, any other papers, books, accounts or other records (in whatever form) which relate to any Group Company and which the Seller and/or other relevant Seller Related Entity are obliged to keep under the Applicable Law (the “**Retained Records**”) other than those referred to in Clause 17.3.1; provided that neither the Seller, nor any Seller Related Entity shall be obliged to provide the Buyer with, or allow access to any Retained Records that constitute:
- (a) information that would violate any Applicable Law;
  - (b) information the disclosure of which would jeopardise any attorney-client privilege available to the Seller or any other Seller Group Company relating to such information;
  - (c) information the disclosure of which would cause the Seller or any Seller Group Company to breach a confidentiality obligation, unless the Buyer undertakes to keep any such information confidential (except as required by Applicable Law) and in such case the Seller or any Seller Related Entity shall be obliged to provide the Buyer with, or allow access to, such information; and
  - (d) any auditors’ and accountants’ work papers except in accordance with their normal disclosure procedures and then only after entering into their customary agreement relating to access; and
- 17.3.3 retain safely and securely all Retained Records that are in the possession or control of the Seller or any Seller Related Entity, and not dispose of or destroy any Retained Records, until at least [\*\*\*] of Completion (or such longer period as may be required under the Applicable Law), and thereafter not dispose of or destroy any of the Retained Records, without first giving the Buyer at least [\*\*\*] notice of the intention to do so and giving the Buyer the opportunity to review and to take possession of or copy any of such Retained Records.
- 17.4 Each Group Company, and (in the case of Clause 17.2 only) each Director, Employee and professional adviser of a Group Company, may enforce the terms of Clauses 11.2, 17.2, and 17.3 in accordance with the Contracts (Rights of Third Parties) Act 1999, provided always that, as a condition thereto, any such person shall:
- 17.4.1 obtain the prior written consent of the Buyer; and

- 17.4.2 not be entitled to assign its rights under such Clauses.
- 17.5 The Seller shall procure that:
- 17.5.1 a person, which is for the time being (whether on or after the date of this Agreement) is a direct or indirect holder of an equity interest in the Seller (each, a “**Seller’s Stakeholder**”), may not directly or indirectly Transfer any of its shares in the Seller or any interest in such shares to any person other than any other Seller’s Stakeholder without the prior consent of the Buyer, provided that the restrictions on Transfer set out in this Clause 17.5.1 shall cease to apply, and the Seller shall have no further obligations under this Clause 17.5.1, after:
- (a) with respect to Transfers to third parties other than Restricted Parties, [\*\*\*]; and
  - (b) with respect to Transfers to Restricted Parties, the earlier of: (i) [\*\*\*] and (ii) [\*\*\*] but in any event [\*\*\*].
- 17.5.2 all direct or indirect Transfers from one Seller’s Stakeholder to another Seller’s Stakeholder [\*\*\*] are subject to, and are effected only if do not result in, the following:
- (a) as the result of a proposed direct or indirect Transfer of the shares in the Seller or any interest in such shares between or among the Seller’s Stakeholders, any of the Seller’s Stakeholders other than [\*\*\*] would indirectly own more than [\*\*\*] in the share capital of the Buyer;
  - (b) as the result of a proposed direct or indirect Transfer of the shares in the Seller the stake in the share capital of the Buyer indirectly held by [\*\*\*] is greater (as a percentage) than the stake held by [\*\*\*].
- each of (a) and (b), (a “Look Through Transfer”),**
- such Look Through Transfer may not proceed without a prior written consent of the Buyer.**
- 17.6 Employee Matters
- In respect of the relevant Employees of the Group Companies and the relevant Former Group Companies, following Completion, the Buyer and the Seller shall perform certain actions and make agreed payments as set out in **Error! Reference source not found.** (*Employee Matters*).
- 17.7 Completion of the Restructuring
- In the event the Parties proceed to Completion in accordance with Clause 8.7.2 and the CC Merger is not completed as described in paragraph 3 of Part A of **Error! Reference source not found.** (*Restructuring*) as of the Completion Date, the Parties agree that following Completion:
- 17.7.1 the Buyer shall perform all such actions as are necessary or required to complete the CC Merger as described in paragraph 3 of Part A of **Error! Reference source not found.** (*Restructuring*); and
- 17.7.2 following completion of the CC Merger as described in Clause 17.7.1, the Seller shall pay to the Buyer the amount of reasonable and properly documented costs and expenses arising in connection with the Buyer’s completion of the CC Merger.

17.8 Post-Completion Management Accounts; Completion Financial Position

If Completion occurs on or before the 25<sup>th</sup> day in a calendar month, then the Seller shall deliver to the Buyer a complete and accurate copy of the Post-Completion Management Accounts within [\*\*\*] of Completion. If Completion occurs after the 25<sup>th</sup> day in a calendar month, then within [\*\*\*] of Completion the Seller shall deliver to the Buyer an electronic file in MS Excel containing statement of financial position of each Group Company as of Completion Date.

17.9 [\*\*\*]

17.10 Agreed Software

17.10.1 If prior to the Completion Date the Seller procures that the Group Companies acquire valid licences to the Agreed Software sufficient to cover all users of such Agreed Software within the Group Companies ("**Agreed Software Licences**"), the remaining provisions of this Clause 17.10 shall cease to apply.

17.10.2 If the Seller fails to procure that the Group Companies acquire the Agreed Software Licences on or before the Completion Date, the Buyer may procure that the Group Companies acquire the Agreed Software Licences prior to the Integration Completion Date. To the extent the Buyer procures the acquisition of the Agreed Software Licences, the Buyer undertakes to act reasonably and in good faith to acquire the Agreed Software Licences at a reasonable commercially available costs (the "**Agreed Software Costs**").

17.10.3 If the Buyer procures that the Group Companies acquire the Agreed Software Licences as contemplated under Clause 17.10.2, the Buyer shall as soon as reasonably practicable following such acquisition notify the Seller in writing of the Agreed Software Costs and, upon request, shall provide to the Seller such additional information as the Seller may reasonably request in respect of the Agreed Software Costs. The Seller shall compensate the Agreed Software Costs to the Buyer, and the Buyer shall be entitled to withhold the amount of the Agreed Software Costs from the Integration Consideration Cash.

17.11 The Seller shall procure that no covenants, warranties, indemnities, liabilities or obligations of any Group Company exist under or in connection with a certain agreement [\*\*\*] at any time at or after Completion.

17.12 Within [\*\*\*] of the date of this Agreement, the Seller shall deliver to the Buyer information on the average remuneration and any bonus arrangement of all Employees of the Former Group Companies for the period from [\*\*\*] in the form reasonably acceptable to the Buyer.

18. ANNOUNCEMENTS

18.1 Subject to Clause 18.2, neither Party shall make, or permit any person to make, any Announcement concerning the existence, content or subject matter of this Agreement (or any document entered into pursuant to this Agreement) without the prior written consent of the other Party (such consent not to be unreasonably conditioned, withheld or delayed).

18.2 Clause 18.1 shall not apply to the extent an Announcement is required:

18.2.1 by Applicable Law or regulation;

18.2.2 by any Governmental Authority or any regulatory or supervisory authority or any relevant securities exchange, or by any court, arbitral body or other authority of competent jurisdiction,

in each case to which any relevant Party is subject, whether or not the same has the force of law. In such circumstances, the Party required to make an Announcement shall promptly notify the other Party and shall, to the extent reasonably practicable, consult with, and make all reasonable attempts to agree with, the such other Party on the timing, contents and manner of the release of any such Announcement before making it.

- 18.3 Without prejudice to Clauses 18.1 and 18.2, between the date of this Agreement and the Integration Completion Date the Parties shall (subject to the requirements of Applicable Law) agree the terms and manner of, and the timetable for, any Announcement or circular or other communication to employees, customers, suppliers, distributors, sub-contractors and other interested parties of the Parties and/or the Group Companies and to any applicable Governmental Authorities or other bodies and to the media or otherwise regarding this Agreement and all such Announcements or circulars or other communications shall be made in accordance with such agreement.

19. **CONFIDENTIALITY**

- 19.1 The Seller undertakes to each of the Buyer, each member of the Buyer's Group and each Group Company that it shall, and shall procure that each members of the Seller's Group shall, in each case except as expressly permitted by this Clause 19 (*Confidentiality*):

19.1.1 Keep confidential:

- (a) the existence and the provisions of this Agreement and of any agreement entered into pursuant to this Agreement;
- (b) the negotiations relating to this Agreement (and any such other agreements);
- (c) all Confidential Information relating to any Group Company, the Business, the Integration or any member of the Buyer's Group; and
- (d) [\*\*\*],

(together, the "**Buyer Protected Information**");

19.1.2 not disclose any of the Buyer Protected Information in whole or in part to any person; and

19.1.3 not make any use of any of the Buyer Protected Information.

- 19.2 The Buyer undertakes to each of the Seller and each member of the Seller's Group (including, in respect of the period prior to Completion, to each Group Company) that it shall, and shall procure that the members of the Buyer's Group shall, in each case except as expressly permitted by this Clause 19 (*Confidentiality*):

19.2.1 Keep confidential:

- (a) the existence and the provisions of this Agreement and of any agreement entered into pursuant to this Agreement;

- (b) the negotiations relating to this Agreement (and any such other agreements); and
  - (c) all Confidential Information relating to the Seller or any other member of the Seller's Group (including, in respect of the period prior to Completion, to each Group Company),
- (together, the "**Seller Protected Information**");
- 19.2.2 not disclose any of the Seller Protected Information in whole or in part to any person; and
- 19.2.3 not make any use of any of the Seller Protected Information.
- 19.3 The obligations set out in Clauses 19.1 and 19.2 shall not apply, or shall cease to apply, to:
  - 19.3.1 any Protected Information disclosed with the prior written consent of the Party whose Protected Information would be disclosed;
  - 19.3.2 except for all Confidential Information relating to the Seller or any other member of the Seller's Group (other than the Group Companies), any Protected Information which the Buyer proposes to provide (or does provide) after Completion to any person:
    - (a) to whom the Buyer is considering selling some or all of the Sale Shares (or to whom it is proposed that any Group Company (or all or a material part of the business or assets of any Group Company) be sold), or to whom it proposes to assign all or any of its rights under and in accordance with this Agreement, for the purpose of enabling the proposed transferee or assignee to evaluate the proposed transfer or assignment;
    - (b) who is a potential funder, financier or investor (together with their respective Representatives) of the Buyer or any member of the Buyer's Group, or to whom the Buyer or any member of the Buyer's Group is proposing to grant any security; or
    - (c) who is an adviser for the purpose of advising the Buyer in connection with the transactions contemplated by the Transaction Documents or by Clause 19.3.2(a);

provided that such disclosure is essential for these purposes and, in respect of each of Clauses 19.3.2(a) to 19.3.2(c) (inclusive), that the Buyer shall procure that such person treat that Protected Information as confidential;
  - 19.3.3 except for all Confidential Information relating to the Buyer or any other member of the Buyer's Group (including the Group Companies), any Protected Information which the Seller proposes to provide (or does provide) after Completion to any person:
    - (a) to whom the Seller is considering selling some or all of the Consideration Shares for the purpose of enabling the proposed transferee to evaluate the proposed transfer or assignment, but only to the extent such sale of the Consideration Shares is explicitly permitted hereunder or under the SHA Supplemental Deed at the time of such consideration;

- (b) who is an adviser for the purpose of advising the Seller in connection with the transactions contemplated by the Transaction Documents or by Clause 19.3.3(a);  
provided that such disclosure is essential for these purposes and, in respect of each of Clauses 19.3.3(a) to 19.3.3(b) (inclusive), that the Seller shall procure that such person treat that Protected Information as confidential;
- 19.3.4 any Protected Information which prior to its disclosure was already lawfully known by such person (or which was subsequently disclosed or becomes available to such person):
- (a) without any obligation on such person to maintain its confidentiality or otherwise restricting its use or disclosure; and
- (b) if such Protected Information was obtained by such person from another person, such other person was not bound by any obligation to keep such Protected Information confidential;
- 19.3.5 any Protected Information which, at the time of its disclosure or subsequently, was or has become a part of the public domain otherwise than as a consequence of a breach of this Agreement or any other duty or obligation of confidentiality by any person; or
- 19.3.6 any Protected Information which the relevant Party is required to disclose by any Applicable Law, the rules or regulations of any applicable Governmental Authority or any relevant securities exchange, or by any court, arbitral body or other authority of competent jurisdiction, or any Tax Authority, in each case to which such person is subject, whether or not the same has the force of law.
- 19.4 The burden of proof lies with the Party seeking to rely on Clause 19.3.6 to demonstrate that any of the circumstances set out in Clause 19.3.6 applies to any Protected Information.
- 19.5 If the Party seeking to rely on Clause 19.3.6 is required to disclose any Protected Information for the purpose set out in Clause 19.3.6, prior to such disclosure such Party will (unless prohibited to do so by law) give to the other Party prompt written notice of the information which the first Party proposes to disclose (being the minimum amount of information consistent with satisfying its obligations) and will take into account any reasonable comments which the other Party may have in relation to the content, timing and manner of despatch of the disclosure and take such steps as the other Party may reasonably require to enable the other Party to mitigate the extent of or avoid the requirement of any such disclosure.
20. **FURTHER ASSURANCE**
- 20.1 The Seller shall, and shall procure that any Seller Related Entity shall (and shall use reasonable endeavours to procure that any relevant third party shall), at its own expense, promptly execute and deliver such documents and perform such acts as the Buyer may reasonably require from time to time for the purpose of transferring the Sale Shares and giving full effect to this Agreement and any documents entered into pursuant to this Agreement and otherwise to confer on the Buyer the full benefit of the rights, powers and remedies purported to be conferred upon the Buyer under this Agreement and any such documents.
- 20.2 The Buyer shall, and shall procure that any Buyer Related Person shall (and shall use reasonable endeavours to procure that any relevant third party shall), at its own expense, promptly execute and deliver such documents and perform such acts as the Seller may reasonably require from

time to time for the purpose of transferring the Consideration Shares and giving full effect to this Agreement and any documents entered into pursuant to this Agreement and otherwise to confer on the Seller the full benefit of the rights, powers and remedies purported to be conferred upon the Buyer under this Agreement and any such documents.

21. **GOVERNING LAW AND DISPUTE RESOLUTION**

- 21.1 This Agreement and any Dispute shall be governed by and construed in accordance with the laws of England.
- 21.2 Any Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (“**LCIA**”) then in force (the “**Rules**”), which are deemed to be incorporated by reference into this Clause 21 (*Governing Law and Dispute resolution*), and capitalised terms used in this Clause 21 (*Governing Law and Dispute resolution*) which are not otherwise defined in this Agreement have the meaning given to them in the Rules.
- 21.3 There shall be three (3) arbitrators, one of which shall be nominated by the claimant(s) and one of which shall be nominated by the respondent(s) in accordance with the Rules and the third, who shall be the Chairman of the tribunal, shall be nominated by the two party nominated arbitrators within fourteen (14) days of the last of their appointments. In the event of any failure to nominate an arbitrator within the designated time period, the LCIA shall, at the written request of any party, make the remaining appointments forthwith. Notwithstanding any provision to the contrary in the Rules, the parties and arbitrators may nominate and the LCIA may appoint arbitrators (including the Chairman of the tribunal) from among the nationals of any country, whether or not a party is a national of that country.
- 21.4 The seat, or legal place, of arbitration shall be London, England, at a location to be determined by the tribunal. The language to be used in the arbitral proceedings shall be English. Where testimony or a document is provided in a language other than English, a translation of such testimony or document shall be provided in the English language, and shall be certified as a true, complete and accurate translation by a recognised translator.
- 21.5 Any such award shall be final and binding on the Parties and judgment upon the award may be entered in any court having jurisdiction and any right of appeal under the Arbitration Act 1996 or otherwise or reference of points of law to the courts is hereby waived, to the extent that such waiver can be validly made.
- 21.6 Each Party retains the right to seek interim, provisional or conservatory measures and to confirm and enforce any arbitral award, and any such request shall not be deemed incompatible with the agreement or a waiver of the right to arbitrate. The courts of England, Cyprus, the Netherlands or the Russian Federation shall have non-exclusive jurisdiction in respect of any such interim, provisional or conservatory measure. A Party may seek confirmation or enforcement of an arbitral award in any court having jurisdiction.
- 21.7 Each Party hereby consents generally in respect of any arbitration proceedings arising out of, or in connection with, this Agreement or a Dispute hereunder to the giving of any relief or the issue of any process in connection with such proceedings including the making, enforcement or execution against any property (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.
- 21.8 Each Party agrees that the arbitration agreement set out in this Clause 21 (*Governing Law and Dispute resolution*) and the arbitration agreement contained in each other Transaction Document (other than the SHA Supplemental Deed and the Local Services Agreements and all

documents entered into pursuant to the Local Services Agreements) shall together be deemed to be a single arbitration agreement.

- 21.9 Each Party consents to being joined to any arbitration commenced under any Transaction Document on the application of any other Party if the Arbitral Tribunal so allows, and subject to and in accordance with the Rules. Before the constitution of the Arbitral Tribunal, any party to an arbitration commenced pursuant to this Clause 21 (*Governing Law and Dispute resolution*) may effect joinder by serving notice on any party to any Transaction Document whom it seeks to join to the arbitration proceedings, provided that such notice is also sent to all other parties to the Dispute and the LCIA Court within twenty-eight (28) days of service of the Request for Arbitration. The joined party will become a claimant or respondent party (as appropriate) to the arbitration proceedings and participate in the arbitrator appointment process set out in Clause 21.3.
- 21.10 An Arbitral Tribunal constituted under this Agreement may consolidate an arbitration hereunder with an arbitration under any other Transaction Document if the arbitration proceedings raise common questions of law or fact, and subject to and in accordance with the Rules. For the avoidance of doubt, this Clause 21.10 is an agreement in writing by all parties to any arbitrations to be consolidated for the purposes of Article 22.1(ix) of the Rules. If an Arbitral Tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Clause 21.10, the Arbitral Tribunal which shall have the power to order consolidation shall be the Arbitral Tribunal appointed in the arbitration with the earlier Commencement Date under Article 1.4 of the Rules (i.e., the first-filed arbitration). Notice of the consolidation order must be given to any arbitrators already appointed in relation to any of the arbitration(s) which are to be consolidated under the consolidation order, all parties to those arbitration(s) and the LCIA Registrar. Any appointment of an arbitrator in the other arbitrations before the date of the consolidation order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision. If this clause operates to exclude a Party's right to choose its own arbitrator, each Party irrevocably and unconditionally waives any right to do so.
- 21.11 To the extent permitted by Applicable Law, each Party waives any objection, on the basis that a Dispute has been resolved in a manner contemplated by Clauses 21.9 to 21.10, to the validity and/or enforcement of any arbitral award.
- 21.12 Each Party agrees that any arbitration under this Clause 21 (*Governing Law and Dispute resolution*) shall be confidential to the Parties and the arbitrators, and that each Party shall therefore keep confidential, without limitation, the fact that the arbitration has taken place or is taking place, all non-public documents produced by any other Party for the purposes of the arbitration, all awards in the arbitration and all other non-public information provided to it in relation to the arbitral proceedings, including hearings, save to the extent that disclosure may be requested by a regulatory authority, or required of it by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.
- 21.13 The law of this arbitration agreement, including its validity and scope, shall be English law.
- 21.14 This arbitration agreement shall be binding upon any person who acquires rights under this Agreement by operation of law or otherwise. Any such person who intends to commence legal proceedings in relation to a Dispute arising out of or in connection with this Agreement shall, as a precondition of commencing such proceedings, give prior written notice to all the Parties



to this Agreement that it agrees to be bound by this Clause 21 (*Governing Law and Dispute resolution*).

22. MISCELLANEOUS

22.1 Entire agreement

22.1.1 This Agreement and other Transaction Documents constitute the whole Agreement between the Parties relating to the subject matter of this Agreement to the exclusion of any terms implied by law (to the extent that the same may be excluded by contract) and supersede any previous discussion, arrangement, understanding or agreement between the Parties (whether written or oral) in relation to such subject matter. In particular (but without limitation), this Agreement and such documents supersede [\*\*\*].

22.1.2 Each Party acknowledges that, in entering into this Agreement and the other Transaction Documents, it is not relying on any statement, representation, assurance or warranty of any person (whether a Party to this Agreement or not) (a "**Statement**") other than any Statement (an "**Agreed Statement**") as expressly set out in this Agreement or such other Transaction Documents.

22.1.3 Each Party agrees and undertakes to the other Party that:

- (a) it shall have no rights, claims or remedies (and hereby irrevocably waives any such rights, claims or remedies) in relation to any Statement (including for any Statement made, repeated or deemed made, whether negligent or innocent) other than an Agreed Statement; and
- (b) the only rights and remedies available to it arising out of or in connection with any Agreed Statement shall be solely for breach of contract, in accordance with the provisions of this Agreement (and each Party hereby irrevocably waives any other rights and remedies in relation to any Agreed Statement (including those in tort or arising under the Misrepresentation Act 1967 or any other statute).

22.1.4 Nothing in this Clause 22.1 shall limit or exclude any liability for fraud.

22.2 Effect of Completion

Any provision of this Agreement and any other documents referred to in it which is capable of being performed after but which has not been performed at or before Completion, and all warranties and covenants and other undertakings contained in or entered into pursuant to this Agreement, shall remain in full force and effect notwithstanding Completion.

22.3 Variation and Waiver

22.3.1 No purported variation of this Agreement shall be effective unless it is in writing, expressly refers to this Agreement, and is duly executed and signed by or on behalf of each of the Parties to this Agreement.

22.3.2 A waiver of any right or remedy under this Agreement or by law shall only be effective if given in writing and signed by the person waiving such right or remedy. Any such waiver shall apply only to the circumstances for which it is given and shall not be deemed a waiver of any subsequent breach or default.

- 22.3.3 Failure by any Party to exercise, or any delay by any Party in exercising, any right or remedy granted to such Party under this Agreement or by law shall not constitute a waiver by that Party of that or any other right or remedy, nor shall such failure or delay prevent or restrict any further exercise by that Party of that or any other right or remedy.
- 22.3.4 The single or partial exercise by any Party of any right or remedy granted to such Party under this Agreement or by law shall not prevent or restrict the further exercise by that Party of that or any other right or remedy.
- 22.3.5 A Party which:
- (a) waives a right or remedy granted to such Party, or releases any other Party from any liability, under this Agreement or by law; or
  - (b) takes or fails to take any action against another Party;
- does not, and shall not be deemed to, affect its rights in relation to any other Party.
- 22.4 Counterparts and Creation of Agreement
- This Agreement may be executed in any number of counterparts, each of which when duly executed shall constitute an original of this Agreement, but all the counterparts shall together constitute the same agreement. No counterpart shall be effective until each Party has executed at least one counterpart.
- 22.5 Successors in Title
- This Agreement shall be binding on and shall enure for the benefit of the successors in title of each Party.
- 22.6 Third Party Rights
- 22.6.1 Save as specified in Clause 22.6.2, a person who is not a Party to this Agreement shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999. This Clause 22.6.1 shall not operate to prevent any person to whom the benefit of any rights under or arising out of this Agreement have been validly assigned in accordance with Clause 22.7 from enforcing or enjoying the benefit of those rights.
- 22.6.2 Subject to Clause 22.6.3, where any provision of this Agreement specifically states that any person who is not a Party to this Agreement shall have the right, by virtue of the Contracts (Rights of Third Parties) Act 1999, to enforce any rights under or in connection with a provision of this Agreement, the persons so specified in such provision shall be entitled, subject to the other provisions of this Agreement, to enforce the rights specified to be granted to such persons under the relevant provision.
- 22.6.3 The ability of the Parties to this Agreement to terminate, amend, vary or waive any of the provisions of this Agreement, to the extent otherwise permitted or provided for in this Agreement or by law, including any provision referred to in Clause 22.6.2, shall not require the consent of any of the persons specified in Clause 22.6.2 or any other person who is not a Party to this Agreement.
- 22.6.4 The rights specified in Clause 22.6.2 shall not be assignable.

22.7 Assignment, Etc.

- 22.7.1 Save as specified in Clause 22.7.2, this Agreement is personal to the Parties and no Party shall, without the prior written consent of each other Party:
- (a) assign, transfer, mortgage, charge, declare or establish a trust of or deal in any other manner with this Agreement or any of its rights (or any claims or causes of action arising out of them) and obligations under or arising out of this Agreement (or any document referred to in it), or purport to do any of the same; or
  - (b) sub-contract or delegate in any manner any or all of its obligations under this Agreement to any third Party or agent.
- 22.7.2 Following the period of [\*\*\*] after the Integration Settlement Date, the Buyer may assign (absolutely or by way of security and in whole or in part), transfer, mortgage, or charge (for the purposes of this Clause 22.7.2, to “**assign**”) the benefit of any or all of the Seller’s obligations or any benefit arising under or out of this Agreement and/or any other Transaction Documents (for the purposes of this Clause 22.7.2, the “**benefit**”) to any Buyer Group Company at any time after serving a written notice on the Seller of its intention to exercise its rights under this Clause 22.7.2, such notice to contain the identity of the prospective assignee, transferee, mortgagee or chargee, as the case may be, (for the purposes of this Clause 22.7.2, the “**assignee**”) and the Buyer’s warranty that such assignee is a Buyer Group Company. The Buyer shall procure that (i) any subsequent assignment of any benefit is undertaken by the assignee in compliance with this Clause 22.7.2 and (ii) prior to any assignee ceasing to be a Buyer Group Company for any reason, such assignee shall assign all benefit enjoyed by it pursuant to this Clause 22.7.2 to another Buyer Group Company. The liability of the Seller to an assignee shall be limited to the liability it would have had to the Buyer had the assignment not occurred.

22.8 Remedies

- 22.8.1 Save as specified in Clause 22.8.3, the rights and remedies provided under this Agreement are in addition to, and not exclusive of, any rights or remedies provided by law.
- 22.8.2 Without prejudice to any other rights or remedies that any Party may have, each Party acknowledges and agrees that damages alone would not be an adequate remedy for any breach of the terms of this Agreement by such Party. Accordingly, each Party agrees and undertakes that each other Party shall be entitled, without proof of special damages, to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the terms of this Agreement.
- 22.8.3
- (a) Each Party agrees and undertakes to the other Party that the only rights and remedies available to it arising out of or in connection with this Agreement or its subject matter or any other Transaction Document shall be solely for breach for contract.
  - (b) Neither Party shall be entitled to rescind or (except as otherwise expressly provided in this Agreement) terminate this Agreement, for breach of contract, for negligent or innocent misrepresentation or otherwise.

## 22.9 Severance

- 22.9.1 If any provision of this Agreement (or any part of any provision) is found by any court or other body of competent jurisdiction to be invalid, illegal or unenforceable to any extent, that provision or part-provision shall:
- (a) be deemed to be modified to the minimum extent necessary so as to render such provision or part-provision valid, legal and enforceable (and, without prejudice to the preceding wording, the Parties agree to negotiate in good faith to amend such provision or part-provision so that, as amended, it is legal, valid and enforceable and, as far as possible, achieves the intended commercial result of the original provision); or
  - (b) if it is not possible to modify (and/or the Parties fail to agree an appropriate amendment to) such provision or part-provision as envisaged by Clause 22.9.1, to the relevant extent, be deemed not to form part of this Agreement.
- 22.9.2 In the circumstances referred to in Clause 22.9, the legality, validity and enforceability of the other provisions of this Agreement (including, in relation to any part-provision, the remaining parts of the relevant provision), and, where relevant, the legality, validity and enforceability of such provision or part-provision under the law of any other jurisdiction, shall not be affected or impaired.

## 22.10 Notices

- 22.10.1 A notice or other communication (a “**Notice**”) given to a Party under or in connection with this Agreement shall be:
- (a) in writing and in English (or accompanied by a properly prepared translation into English);
  - (b) sent to such Party at such Party’s Notified Address; and
  - (c) sent by a Permitted Method.
- 22.10.2 “**Permitted Method**” means any of the methods set out in the first column in the table below. The second column in the table below sets out the date and time on which a Notice given by the relevant Permitted Method shall be deemed to be given (provided the relevant Notice is properly addressed and sent to the Notified Address). For the purposes of this Clause 22.10, “**Business Day**” shall mean a day on which banks are open for normal banking business at the place of receipt of the relevant notice.

Permitted Method	Date on which Notice deemed given
Personal delivery	When left at the Notified Address
Pre-paid signed for post or special delivery (or airmail, if the destination is outside of the country of origin).	9:00 a.m. on the fifth (5th) Business Day after posting
Commercial courier	Time and date of signature of the courier’s receipt at the Notified Address

E-mail	Subject to subsequent satisfaction of the requirements of Clause 22.10.9, on receipt of an automated delivery receipt or confirmation of receipt from the relevant server
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22.10.3 In the event that, under the provisions of Clause 22.10.2, a Notice would be deemed to have been received at a time other than during normal business hours in the place of receipt (normal business hours being deemed for these purposes to be between 9:00 a.m. and 5:00 p.m. (local time) on a Business Day in the place of receipt), such Notice shall instead be deemed to have been received when business hours next start in the place of receipt.

22.10.4 A Notice shall be deemed to have been sent to the “**Notified Address**” of a Party if it is sent for the attention of the person, and to the address or email address, specified in Clause 22.10.5 (subject to any subsequent changes notified and effected in accordance with Clause 22.10.6).

22.10.5 The initial Notified Address of each of the Parties is as set out below:

Name of Party	Address	Email	Telephone number	Marked for the attention of:
FASTEN CY LIMITED	4 Afentrikas, Afentrika Court, Office 2, 6018, Larnaca, Cyprus	***	***	***
MLU B.V	Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands  Copy to: ***	***	***	***

22.10.6 If any Party wishes to make any change to its Notified Address, such Party shall inform each other Party of its new Notified Address by notice delivered in accordance with this Clause 22.10. For the purposes of this Agreement, the Notified Address of the notifying Party shall be deemed, in relation to any other Party, to have changed in accordance with such notice at the end of the fifth Business Day following the day of receipt by such Party of such notice (or, if later, such date as shall be specified in the notice).

22.10.7 To prove service of any Notice, it shall be sufficient to prove that:

- (a) if sent by pre-paid signed for post, special delivery, airmail or commercial courier, a receipt was obtained for delivery at the Notified Address; or
- (b) if sent by e-mail, the e-mail containing the Notice was properly addressed to the relevant party’s Notified Address and sent.

22.10.8 The provisions of this Clause 22.10 shall not apply to the service of any proceedings or other documents in any legal action.

22.10.9 In the event that the Permitted Method of delivery of a Notice is by way of e-mail to the Notified Address, the party giving such Notice shall, no later than the next Business Day after dispatch of the relevant e-mail, dispatch a copy of such Notice to the Notice recipient to which such Notice is addressed by either personal delivery or commercial courier, or, if being sent to a Notified Address, by pre-paid signed for post, special delivery or airmail.

22.11 Costs and Expenses

Save as otherwise set out in this Agreement or any document referred to in it, each Party shall pay its own costs and expenses arising in connection with the negotiation, preparation, execution, registration and performance of this Agreement (and any documents referred to in it).

22.12 Consequences of Termination

22.12.1 Except as provided in this Clause 22.12, no Party shall have any further obligation to any other Party or other person under this Agreement following its termination.

22.12.2 The following provisions shall survive termination of this Agreement and continue in full force and effect:

(a) Clauses 1 (*Definitions and Interpretations*), 18 (*Announcements*), 19 (*Confidentiality*), 21 (*Governing Law and Dispute resolution*) and 22 (*Miscellaneous*) (the “**Surviving Provisions**”).

22.12.3 Termination of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued or become due prior to termination, including as a result of any breach of the Agreement which occurred or existed prior to termination.

IN WITNESS of which this Agreement has been executed on the date written at the start of this Agreement.

EXECUTED by  
for and on behalf of **FASTEN CY LIMITED**  
by Anna Andreou  
Managing Director

)  
)  
)  
)  
/s/ [\*\*\*]

[Seal]

by Georgios Georgiou  
Managing Director

)  
)  
)  
)  
/s/ [\*\*\*]

EXECUTED by  
for and on behalf of MLU B.V.  
by Alfred Alexander de Cuba,  
Managing Director B

)  
)  
)  
/s/ Alfred Alexander de Cuba,

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Dated 3 March 2020

**YANDEX N.V.**  
and  
**BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**

**TRUST DEED**

constituting  
U.S.\$1,250,000,000 0.75 per cent.  
Convertible Notes due 2025

Ref: L-296288

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**This Trust Deed** is made on 3 March 2020 **between:**

- (1) **YANDEX N.V.**, a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat (*statulaire zetel*) in Schiphol, The Netherlands, its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, The Netherlands, and registered with the Dutch trade register under number 27265167 (the "**Issuer**"); and
- (2) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED** whose registered office is at One Canada Square, London E14 5AL, United Kingdom (the "**Trustee**", which expression shall, where the context so admits, include all persons for the time being the trustee or trustees of this Trust Deed).

**Whereas:**

- (A) The Issuer, incorporated with limited liability in the Netherlands, has authorised (i) the issue of U.S.\$1,250,000,000 in principal amount of Notes to be known as its 0.75 per cent. Convertible Notes due 2025 to be constituted by this Trust Deed and (ii) the issue of Class A Shares and/or payment of the Cash Conversion Amount and/or the Alternative Settlement Cash Amount that may be issued on conversion of the Notes.
- (B) The Trustee has agreed to act as trustee of this Trust Deed on the following terms and conditions.

**This Deed witnesses and it is declared** as follows:

## **1 Interpretation**

**1.1 Definitions:** The following expressions shall have the following meanings:

"**Agency Agreement**" means, in relation to the Original Notes, the Paying, Transfer and Conversion Agency Agreement dated on or about the date hereof, as altered from time to time, between the Issuer, the Trustee, the Principal Paying, Transfer and Conversion Agent and the Registrar whereby the initial Principal Paying, Transfer and Conversion Agent and the Registrar were appointed in relation to the Original Notes and includes any other agreements approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed) appointing Successor Agents or amending or modifying any of such agreements;

"**Agents**" means, in relation to the Original Notes, the Principal Paying, Transfer and Conversion Agent and the Registrar and any other agent appointed pursuant to the Agency Agreement (and "**Agent**" means any one of them) and, in relation to any Further Notes, means any agent or registrar appointed in relation to them;

"**Alternative Settlement Cash Amount**" has the meaning specified in Condition 3;

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**"Applicable Law"** means any law or regulation including, but not limited to: (a) any domestic or foreign statute or regulation; (b) any rule or practice of any Authority with which the Agents are bound or accustomed to comply; and (c) any agreement entered into by the Trustee and any Authority or between any two or more Authorities applicable to the Trustee in the context of this Deed;

**"Appointee"** has the meaning specified in Clause 12.21;

**"Authority"** means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction;

**"Business Day"** means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in the relevant place;

**"Cash Conversion Amount"** has the meaning specified in Condition 6(a);

**"Certification Date"** has the meaning specified in Clause 10.5;

**"Clearstream, Luxembourg"** means Clearstream Banking S.A.;

**"Code"** means the U.S. Internal Revenue Code of 1986, as amended;

**"Conditions"** means, in relation to the Original Notes, the terms and conditions set out in Schedule 1 and, with respect to any Further Notes, the terms and conditions set out in a schedule to the supplemental trust deed constituting such Further Notes as any of the same may from time to time be modified in accordance with the provisions thereof and/or of this Trust Deed and with respect to any Notes represented by a Global Note, as modified by the provisions of such Global Note, and references in this Trust Deed to a particular numbered Condition shall, in relation to the Original Notes, be construed accordingly and shall, in relation to any Further Notes, be construed as a reference to the provision (if any) in the Conditions thereof which corresponds to the particular Condition of the Original Notes;

**"Contractual Currency"** has the meaning specified in Clause 18.1;

**"Conversion Date"** has the meaning specified in Condition 6(g);

**"Conversion Price"** has the meaning specified in Condition 6(a)(ii);

**"Conversion Right"** has the meaning specified in Condition 6(a)(ii);

**"Definitive Registered Notes"** means the Original Definitive Registered Notes and/or as the context may require any other definitive registered notes representing Further Notes or any of them;

**"Euroclear"** means Euroclear Bank SA/NV;

**"Event of Default"** means any of the events listed in Condition 10 certified by the Trustee as materially prejudicial to the interests of the Noteholders, as applicable;

**"Extraordinary Resolution"** has the meaning set out in Schedule 4;

**"FATCA Withholding"** means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements

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thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto;

**"Further Notes"** means any further Notes issued in accordance with the provisions of Clause 5 and the Conditions and constituted by a deed supplemental to this Trust Deed;

**"FSMA"** means the Financial Services and Markets Act 2000;

**"Global Note"** means the Original Global Note and/or as the context may require any other global Note representing Further Notes or any of them except that in Schedule 3 Global Note means the Original Global Note;

a **"holding company"** of a company or a corporation means any company or corporation of which the first mentioned company or corporation is a subsidiary;

**"Material Subsidiary"** has the meaning specified in Condition 3;

**"Noteholder"** and **"holder"** mean, in relation to a Note, the person in whose name the Note is registered in the Register;

**"Notes"** means the Original Notes and/or, as the context may require, any Further Notes except that in Schedules 2 and 3 **"Notes"** means the Original Notes;

**"Class A Shares"** means the fully-paid Class A ordinary shares in the capital of the Issuer currently with, on the Closing Date, a nominal value of €0.01 each;

**"Original Notes"** means the Notes in or substantially in the form set out in Schedule 2 comprising the U.S.\$1,250,000,000 0.75 per cent. Convertible Notes due 2025 constituted by this Trust Deed and for the time being outstanding or, as the context may require, a specific number of them and includes any replacement Notes issued pursuant to the Conditions and (except for the purposes of Clauses 3.1 and 3.2) the Global Note;

**"Original Noteholders"** means, in relation to an Original Note, the person in whose name the Original Note is registered in the Register;

**"Original Definitive Registered Notes"** means those Original Notes for the time being represented by definitive certificates in the form or substantially in the form set out in Schedule 2 and in accordance with Condition 1(a);

**"Original Global Note"** means the global Note in registered form which will evidence the Original Notes, substantially in the form set out in Schedule 3, and evidencing the registration of the person named therein in the Register;

**"outstanding"** means, in relation to the Notes, all the Notes issued except (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which Conversion Rights have been exercised and all the obligations of the Issuer to deliver Class A Shares and/or cash have been performed in relation thereto, (c) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid to the relevant Noteholder or on its behalf or to the Trustee or to the Principal Paying, Transfer and Conversion Agent as provided in Clause 2 and

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remain available for payment against surrender of Notes (if so required), as the case may be, (d) those which have become void or those in respect of which claims have become prescribed, (e) those mutilated or defaced Notes which have been surrendered in exchange for replacement Notes (if so required), (f) those which have been purchased and cancelled as provided in the Conditions and (g) the Global Note to the extent that it shall have been exchanged for interests in another Global Note and any Global Note to the extent that it shall have been exchanged for Definitive Registered Notes pursuant to its provisions; provided that for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Noteholders or to participate in any Written Resolution or Electronic Consent, (ii) the determination of how many Notes are outstanding for the purposes of Conditions 10, 11, 14 and 15 and Schedule 4, and (iii) the exercise of any discretion, power or authority contained in this Trust Deed or provided by law, which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders, those Notes (if any) which are beneficially held by or on behalf of the Issuer or any of its Subsidiaries and not cancelled shall be deemed not to remain outstanding;

**"Potential Event of Default"** means an event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or the fulfilment of any other requirement provided for in Condition 10, become an Event of Default;

**"Principal Paying, Transfer and Conversion Agent"** means, in relation to the Original Notes, The Bank of New York Mellon, London Branch at its specified office, in its capacity as Principal Paying, Transfer and Conversion Agent (in respect of the Original Notes) and, in relation to any Further Notes, the Principal Paying, Transfer and Conversion Agent appointed in respect of such Further Notes and, in each case, any Successor Principal Paying, Transfer and Conversion Agent;

**"Proceedings"** has the meaning specified in Clause 21.2;

**"Register"** has the meaning specified in Condition 4(a);

**"Registrar"** means The Bank of New York Mellon SA/NV, Luxembourg Branch at its specified office, in its capacity as Registrar and any Successor Registrar;

**"Securities"** means any securities including, without limitation, Class A Shares and any other shares in the capital of the Issuer and options, warrants or other rights to subscribe for or purchase or acquire Class A Shares or any other shares in the capital of the Issuer;

**"specified office"** means, in relation to any Agent, either the office identified with its name at the end of the Conditions or any other office approved by the Trustee and notified to the Noteholders pursuant to Clause 10.10;

**"Subsidiary"** has the meaning specified in Condition 3;

**"Successor"** means, in relation to the Agents, such other or further person as may from time to time be appointed by the Issuer as an Agent with the prior written approval of, and on terms approved in writing by, the Trustee (such approval not to be unreasonably withheld or delayed) and notice of whose appointment is given to Noteholders pursuant to Clause 10.10;

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"**Tax**" means all present or future taxes, levies, imposts, charges, assessments, deductions, withholdings and related liabilities of whatever nature imposed, levied, collated, withheld or assessed by or on behalf of any Authority having power to tax;

"**this Trust Deed**" means this Trust Deed, the Schedules (as from time to time amended, modified and/or supplemented in accordance with this Trust Deed) and any other document executed in accordance with this Trust Deed (as from time to time so altered) and expressed to be supplemental to this Trust Deed;

"**Transaction Documents**" means the Agency Agreement and this Trust Deed;

"**trust corporation**" means a trust corporation (as defined in the Law of Property Act 1925) or a corporation entitled to act as a Trustee pursuant to applicable foreign legislation relating to trustees; and

"**Trustee Acts**" means the Trustee Act 1925 and the Trustee Act 2000.

## **1.2 Construction of Certain References:**

References to:

- 1.2.1 Liabilities, costs, charges, remuneration or expenses shall include any applicable value added tax, turnover tax or similar tax ("**VAT**") charged in respect thereof;
  - 1.2.2 "**US dollars**" and "**U.S.\$**" shall be construed as references to the lawful currency for the time being of the United States of America;
  - 1.2.3 any action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than England and Wales, references to such action, remedy or method of judicial proceedings for the enforcement of rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate thereto;
  - 1.2.4 any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment;
  - 1.2.5 "**such approval not to be unreasonably withheld or delayed**" or like references shall mean, when used in this Trust Deed, the Agency Agreement or the Conditions, in relation to the Trustee that, in determining whether to give consent or approval, the Trustee shall have due regard to the interests of Noteholders and any determination as to whether or not its consent or approval is unreasonably withheld or delayed shall be made on that basis; and
  - 1.2.6 references in this Trust Deed to "**reasonable**" or "**reasonably**" and similar expressions relating to the Trustee and any exercise of power, opinion, determination or other similar matter shall be construed as meaning reasonable or reasonably (as the case may be) having due regard to, and taking into account the interests of, the Noteholders.
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- 1.3 **Conditions:** Words and expressions defined in the Conditions and not defined in the main body of this Trust Deed shall when used in this Trust Deed (including the recitals) have the same meanings as are given to them in the Conditions.
- 1.4 **Headings:** Headings shall be ignored in construing this Trust Deed.
- 1.5 **Schedules:** The Schedules are part of this Trust Deed and shall have effect accordingly.
- 1.6 **Modification etc. of Statutes:** References to a statutory provision include that provision as from time to time modified or re-enacted whether before or after the date of this Trust Deed.

**2 Amount of the Original Notes and Covenant to pay**

- 2.1 **Amount of the Original Notes:** The aggregate principal amount of the Original Notes is limited to U.S.\$1,250,000,000.
- 2.2 **Covenant to pay:** The Issuer will, on any date when any Original Notes become due to be redeemed, in accordance with this Trust Deed or the Conditions, unconditionally pay (or procure to be paid) to or to the order of the Trustee in US dollars in same day funds the principal amount of the Original Notes becoming due for redemption on that date and will (subject to the Conditions) until such payment (both before and after judgment) unconditionally so pay or procure to be paid to or to the order of the Trustee interest on the principal amount of the Original Notes outstanding as set out in the Conditions provided that (1) subject to the provisions of Clause 2.4, payment of any sum due in respect of the Original Notes made to or to the account of the Principal Paying, Transfer and Conversion Agent as provided in the Agency Agreement shall, to that extent, satisfy such obligation except to the extent that there is failure in its subsequent payment to the relevant Original Noteholders under the Conditions and (2) a payment made after the due date or pursuant to Condition 10 will be deemed to have been made when the full amount due has been received by the Trustee or the Principal Paying, Transfer and Conversion Agent and notice to that effect has been given to the Original Noteholders (if required under Clause 10.8) except to the extent that there is a failure in the subsequent payment to the relevant holders under the Conditions. The Trustee will hold the benefit of this covenant on trust for the Original Noteholders.
- 2.3 **Discharge:** Subject to Clause 2.4, any payment to be made in respect of the Notes by the Issuer or the Trustee may be made as provided in the Conditions and any payment so made will (subject to Clause 2.4) to such extent be a good discharge to the Issuer or the Trustee, as the case may be.
- 2.4 **Payment after a Default:** At any time after an Event of Default or a Potential Event of Default has occurred and is continuing the Trustee may:
- 2.4.1 by notice in writing to the Issuer and the Agents, require the Agents (or any of them), until notified by the Trustee to the contrary, so far as permitted by any applicable law:
- (i) to act thereafter as Agents of the Trustee under this Trust Deed and the Notes on the terms of the Agency Agreement (with consequential
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amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and all other out-of-pocket expenses of the Agents will be limited to the amounts for the time being held by the Trustee in respect of the Notes on the terms of this Trust Deed) and thereafter to hold all Notes and/or Class A Shares received on conversion or settlement of the Notes or the Cash Conversion Amount or the Alternative Settlement Cash Amount, as the case may be, and all moneys, documents and records held by them in respect of Notes and/or Class A Shares to the order of the Trustee; or

- (ii) to deliver all Notes and/or Class A Shares received on conversion or settlement of the Notes or the Cash Conversion Amount or the Alternative Settlement Cash Amount, as the case may be, and all moneys, documents and records held by them in respect of the Notes and/or Class A Shares to the Trustee or as the Trustee directs in such notice provided that such notice shall be deemed not to apply to any documents or records which the relevant Agent is obliged not to release by any law or regulation; and
- 2.4.2 by notice in writing to the Issuer require the Issuer to make all subsequent payments in respect of the Notes to, or to the order of, the Trustee and not to the Principal Paying, Transfer and Conversion Agent with effect from the issue of any such notice to the Issuer; and from then until such notice is withdrawn, proviso (1) to Clause 2.2 shall cease to have effect.

### **3 Form of the Original Notes**

- 3.1 **The Original Global Note:** The Original Notes will be represented by the Original Global Note initially in the principal amount of U.S.\$1,250,000,000 and the Issuer shall procure that appropriate entries be made in the Register of Noteholders by the Registrar to reflect the issue of such Original Notes. The Original Global Note will be delivered to and registered in the nominee name of a common depositary for Euroclear and Clearstream, Luxembourg. The Original Global Note will be exchangeable for Original Definitive Registered Notes as set out in the Original Global Note.
- 3.2 **The Original Definitive Registered Notes:** The Original Definitive Registered Notes may be printed or typed and need not be security printed unless otherwise required by applicable stock exchange requirements. The Original Definitive Registered Notes and Original Global Note will be in or substantially in the respective forms set out in Schedules 2 and 3. Original Definitive Registered Notes will be endorsed with the Conditions.
- 3.3 **Signature:** The Original Global Note and any Original Definitive Registered Note (if issued) will be signed manually or in facsimile by a director of the Issuer and will be authenticated by or on behalf of the Registrar. The Issuer may use the manual or facsimile signature of any person who is at the date of this Trust Deed a director of the Issuer even if at the time of issue of any Original Notes he no longer holds such office. Original Notes (including the Original Global Note) so executed and authenticated will be valid and binding obligations of the Issuer.
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#### **4 Stamp Duties and Taxes**

##### **4.1 Stamp Duties:**

4.1.1 The Issuer will pay any capital, stamp, issue, registration and transfer taxes and duties (excluding, for the avoidance of doubt, capital gains tax or similar taxes on gains or profits) payable (i) in Belgium, Luxembourg, the Netherlands, the United States or the United Kingdom on or in respect of the creation, issue and initial offering of the Notes and the execution or delivery of this Trust Deed and (ii) in the Netherlands, the United States upon the issue or transfer and delivery of the Class A Shares on conversion of the Notes, other than those taxes or duties expressed to be payable by Noteholders directly to the relevant authorities pursuant to Condition 6(g).

4.1.2 The Issuer will also indemnify the Trustee and the Noteholders from and against all capital, stamp, issue, documentary registration and transfer taxes and duties (excluding, for the avoidance of doubt, capital gains tax or similar taxes on gains or profits) paid by any of them in any jurisdiction in relation to which the liability to pay arises directly as a result of any action taken by or on behalf of the Trustee or, as the case may be and where entitled under Condition 15 to do so, the Noteholders to enforce the obligations of the Issuer under this Trust Deed or the Notes.

4.2 **Change of Taxing Jurisdiction:** If the Issuer becomes subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax other than or in addition to the Netherlands or the United States then the Issuer will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to the terms of Condition 9 with the substitution for, or (as the case may require) the addition to, the references in that Condition to the Netherlands and the United States of references to that other territory or authority or additional territory or authority to whose taxing jurisdiction the Issuer has become so subject (provided that such undertaking shall be subject to such exceptions as reflect exceptions under the law of the relevant taxing jurisdiction and as are similar in scope and effect to those exceptions set out in Condition 9) and in such event this Trust Deed and the Notes will be read accordingly.

##### **5 Further Issues**

5.1 **Liberty to Create:** The Issuer may, from time to time without the consent of the Noteholders, create and issue Further Notes, either having the same terms and conditions in all respects (or in all respects except for the amount and due date for the first payment of interest thereon and the first date on which conversion rights may be exercised) as the Original Notes so that the same shall be consolidated and form a single series with the Original Notes, or (in any case) upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may at the time of issue thereof determine.

5.2 **Means of Constitution:** Any Further Notes created and issued pursuant to the provisions of Clause 5.1 so as to form a single series with the Original Notes and/or

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the Further Notes of any series shall be constituted by a deed supplemental to this Trust Deed and any other Further Notes of any series created and issued pursuant to the provisions of Clause 5.1 may be so constituted. The Issuer shall, prior to the issue of any Further Notes to be so constituted, execute and deliver to the Trustee a deed supplemental to this Trust Deed and containing a covenant by the Issuer in the form *mutatis mutandis* of Clause 2 of this Trust Deed in relation to such Further Notes and such other provisions (corresponding to any of the provisions contained in this Trust Deed) as the Trustee shall require.

- 5.3 Noting of Supplemental Deeds:** A memorandum of every such supplemental deed shall be endorsed by the Trustee on this Trust Deed and by the Issuer on the duplicate(s) of this Trust Deed.
- 5.4 Notice of Further Issues:** Whenever it is proposed to create and issue any Further Notes, the Issuer shall give to the Trustee not less than 14 days' notice in writing of its intention to do so, stating the principal amount of Further Notes proposed to be created or issued.

**6 Application of Moneys received by the Trustee**

- 6.1 Declaration of Trust:** All moneys received by the Trustee in respect of the Original Notes and any Further Notes forming a single series with the Original Notes or amounts payable under this Trust Deed will, regardless of any appropriation of all or part of them by the Issuer, be held by the Trustee upon trust to apply them (subject to Clause 6.2):

- 6.1.1** first, in payment of all fees, costs, charges, expenses and liabilities properly incurred by, or payable to, the Trustee (including remuneration and any indemnity amounts payable to it) and/or any Appointee in carrying out its or their functions under this Trust Deed;
- 6.1.2** secondly, in payment of any and all liabilities and charges and the properly incurred fees, costs and expenses incurred by or payable to the Agents and the Calculation Agent (including remuneration and other amounts payable to them) in carrying out their functions under the Agency Agreement and the Calculation Agency Agreement, respectively;
- 6.1.3** thirdly, in payment of any amounts owing in respect of the Original Notes and any Further Notes forming a single series with the Original Notes *pari passu* and rateably; and
- 6.1.4** fourthly, in payment of the balance (if any) to the Issuer for itself.

If the Trustee holds any moneys in respect of Original Notes and any Further Notes forming a single series with the Original Notes which have become void or in respect of which claims have become prescribed under the Conditions, the Trustee will hold them upon these trusts.

- 6.2 Accumulation:** If the amount of the moneys at any time available for payment in respect of the Notes under Clause 6.1 is less than 10 per cent. of the principal amount of the Notes then outstanding, the Trustee may, at its discretion, invest such moneys. The Trustee may retain such investments and accumulate the resulting
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income until the investments and the accumulations, together with any other funds for the time being under the control of the Trustee and available for such payment, amount to at least 10 per cent. of the principal amount of the Notes then outstanding whereupon such investments, accumulations and funds (after deduction of, or provision for, any applicable taxes) will be applied as specified in Clause 6.1.

- 6.3 Investment:** Moneys held by the Trustee may be invested in the name, or under the control, of the Trustee in any investments or other assets anywhere, for the time being authorised by English law for the investment by trustees of trust monies, whether or not they produce income, or placed on deposit in the name or under the control of the Trustee at such bank or other financial institution and in such currency as the Trustee may, in its absolute discretion, think fit. If that bank or institution is the Trustee or a subsidiary, holding company or associated company of the Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on such a deposit to an independent customer. The Trustee may at any time vary or transpose any such investments or assets for or into other such investments or assets or convert any moneys so deposited into any other currency, and will not be responsible to any person whatsoever for any loss occasioned thereby, whether by depreciation in value, fluctuation in exchange rates or otherwise.

**7 Covenant to Comply**

The Issuer hereby covenants with the Trustee that it will comply with and perform and observe all the provisions of this Trust Deed which are expressed to be binding on it. The Conditions shall be binding on each of the Issuer and the Noteholders. The Trustee shall be entitled to enforce the obligations of the Issuer under the Notes and the Conditions as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Notes. The provisions contained in Schedule 1 shall have effect in the same manner as if herein set forth. The Trustee shall hold the benefit of this covenant upon trust for itself and the Noteholders according to its and their respective interests.

**8 Conversion**

- 8.1 Conversion Rights:** The holder of each Note will have the right to convert such Note into Net Shares and the relevant Cash Conversion Amount at any time during the conversion period, as provided in Condition 6(a), subject to the right of the Issuer to make an Alternative Settlement Election and otherwise as provided in the Conditions.
- 8.2 Discharge of Conversion obligations:** The issue or transfer and delivery of Net Shares and the payment of the Cash Conversion Amount (or, where an Alternative Settlement Election is made, the issue or transfer and delivery and/or payment of Class A Shares and the relevant Alternative Settlement Cash Amount as provided in the Conditions) following an exercise of Conversion Rights with respect to a Note and the performance by the Issuer of its obligations in respect of such exercise (including payment of any other amounts as provided in the Conditions) shall satisfy and constitute a discharge of the Issuer's obligations in respect of such Note.
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**9 Covenants relating to Conversion**

- 9.1 Covenants of the Issuer:** The Issuer hereby undertakes to and covenants with the Trustee that so long as any Conversion Right remains exercisable, it will, save with the approval of an Extraordinary Resolution or with the approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the Noteholders to give such approval, observe and perform all its obligations under the Conditions and this Trust Deed with respect to Conversion Rights and in addition it will:
- 9.1.1 Notice:** As soon as practicable after the announcement of the terms of any event giving rise to an adjustment of the Conversion Price, give notice to the Noteholders in accordance with Condition 17 advising them of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising their Conversion Rights pending such date; and
- 9.1.2 Executive Director's Certificate:** Upon the happening of an event as a result of which the Conversion Price will be adjusted, as soon as reasonably practicable deliver to the Trustee a certificate signed by an executive director of the Issuer on behalf of the Issuer (which the Trustee shall be entitled to accept and rely on without further enquiry or liability to any person in respect thereof as sufficient evidence of the correctness of the matters referred to therein) setting forth brief particulars of the event, and the adjusted Conversion Price and the date on which such adjustment takes effect and in any case setting forth such other particulars and information as the Trustee may reasonably require.

**10 Covenants**

So long as any Note is outstanding, the Issuer covenants with the Trustee that it will:

- 10.1 Books of Account:** keep, and procure that each Material Subsidiary keeps, proper books of account and, so far as permitted by applicable law, allow, and procure that each Material Subsidiary will allow, the Trustee and anyone appointed by the Trustee to whom the Issuer and/or the relevant Material Subsidiary has no reasonable objection, access to the books of account of the Issuer and/or the relevant Material Subsidiary, respectively, at all reasonable times during normal business hours subject to Clause 12.11;
- 10.2 Notice of Events of Default, etc.:** notify the Trustee in writing; (a) immediately upon becoming aware of the occurrence of any Event of Default or Potential Event of Default or (b) in accordance with Condition 6(l), Fundamental Change Event, or, in accordance with Condition 6(m), Delisting Event, or in accordance with Condition 6(n), consolidation, amalgamation or merger, in each case, without waiting for the Trustee to take any further action;
- 10.3 Information:** so far as permitted by applicable law, give or procure to be given to the Trustee such information and evidence as is necessary for the performance of its functions;
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**10.4 Financial Statements, etc.:** send to the Trustee:

- 10.4.1** as soon as they become available, and in any event within such period as the annual financial statements are required to be provided to shareholders under the laws of the Netherlands, one copy of every balance sheet and profit and loss account;
- 10.4.2** within 15 days after the same are required to be filed with the Commission, copies of any documents or reports that the Issuer is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act); and
- 10.4.3** as soon as reasonably practicable after the issue thereof, any report or other notice, statement or circular issued, or that legally or contractually should be issued, to the members (or creditors holding listed securities (or any class of them)) of the Issuer in their capacity as such;

**10.5 Certificate of an Executive Director:** send to the Trustee within 120 days after the end of each financial year of the Issuer (beginning with the financial year ending on December 31, 2020) and also within 14 days after any request by the Trustee a certificate of the Issuer in the form or substantially in the form set out in Schedule 5 signed by an executive director of the Issuer to the effect that, having made all reasonable enquiries, to the best of the knowledge, information and belief of such executive director as at a date (the "**Certification Date**") being not more than seven days before the date of the certificate, no Event of Default or Potential Event of Default, breach of this Trust Deed, Fundamental Change Event, Delisting Event or consolidation, amalgamation or merger had occurred since the date of this Trust Deed or the Certification Date of the last such certificate (if any) or, if such an event had occurred, giving details of it;

**10.6 Notices to Noteholders:** send to the Trustee, at least four New York Business Days before the date of publication, a copy of the form of each notice to Noteholders (save for any notice given pursuant to Condition 6(f)) and, upon publication, one copy of each notice so published, such notice to be in a form approved, such approval not to be unreasonably withheld or delayed, in writing by the Trustee, (such approval, unless so expressed, not to constitute approval for the purpose of Section 21 of FSMA of any such notice which is a communication within the meaning of Section 21 of the FSMA). For the avoidance of doubt, a copy of any notice given pursuant to Condition 6(f) shall be provided to the Trustee in accordance with the Conditions;

**10.7 Further Acts:** so far as permitted by applicable law, do all such further things as may be necessary in the opinion of the Trustee to give effect to this Trust Deed;

**10.8 Notice of late payment:** forthwith upon request by the Trustee, give notice to the Noteholders of any unconditional payment to the Principal Paying, Transfer and Conversion Agent or the Trustee of any sum due in respect of the Notes made after the due date for such payment;

**10.9 Listing and Trading:** use its best endeavours to obtain the admission of the Original Notes to trading on an internationally recognised, regularly operating, regulated or

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non-regulated stock exchange within 90 days following the Closing Date. Thereafter, and in respect of any Further Notes, the Issuer will use all reasonable endeavours to maintain such listing and admission to trading. If, however, the Issuer determines in good faith that it can no longer comply with its requirements for such listing, having used such endeavours, or if the maintenance of such listing or admission to trading is unduly onerous, the Issuer will instead use all reasonable endeavours to obtain and maintain a listing on such other stock exchange or admission to trading on such other securities market of the Notes as the Issuer may with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed) decide, and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets as aforesaid, comply with the requirements of any such stock exchange or securities market;

- 10.10 Change in Agents:** give not less than 30 days' prior notice to the Trustee and the Noteholders in accordance with Condition 17 of any future appointment or any resignation or removal of any Agent or of any change by any Agent of its specified office or, if later, notice as soon as reasonably practicable after becoming aware thereof and not make any such appointment or removal without the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed);
- 10.11 Notes held by Issuer, etc.:** send to the Trustee, as soon as reasonably practicable after being so requested by the Trustee, a certificate of the Issuer signed by an executive director of the Issuer setting out the total number of Notes which, at the date of such certificate, were held by or on behalf of the Issuer or its Subsidiaries and which had not been cancelled;
- 10.12 Early Redemption:** give prior notice to the Trustee and the Noteholders of any proposed redemption pursuant to Condition 7(b) or 7(c) in accordance therewith;
- 10.13 Material Subsidiaries:** give to the Trustee the following:
- 10.13.1** at the same time as sending the certificate referred to in Clause 10.5 above and, in any event, not later than 120 days after the end of the relevant financial year a certificate signed by an executive director of the Issuer as to which subsidiary undertakings of the Issuer were as at the last day of the last financial year Material Subsidiaries;
  - 10.13.2** within 14 days of a request by the Trustee a certificate signed by an executive director of the Issuer as to which subsidiaries of the Issuer were as at the date specified in such request Material Subsidiaries; and
  - 10.13.3** give to the Trustee, as soon as reasonably practicable, after the acquisition or disposal of any company which thereby becomes or ceases to be a Material Subsidiary or after any transfer is made to any Subsidiary which thereby becomes a Material Subsidiary, a certificate to such effect signed by an executive director of the Issuer,

and any certificate delivered to the Trustee under clauses 10.13.1 to 10.13.3 above shall, in the absence of manifest error be conclusive and binding on the Issuer, the Trustee and the Noteholders and the Trustee shall be entitled to act and rely on such certificate, without further enquiry and without liability to any person;

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- 10.14 Authorised Signatories:** upon the execution of this Trust Deed and thereafter promptly upon request by the Trustee, deliver to the Trustee (with a copy to the Principal Paying, Transfer and Conversion Agent) a list of the authorised signatories of the Issuer, together with specimen signatures of the same; and
- 10.15 Register:** deliver or procure the delivery to the Trustee of an up-to-date copy of the Register in respect of the Notes, certified as being a true, accurate and complete copy, as soon as practicable following the date hereof and at such other times as the Trustee may reasonably require.
- 11 Remuneration and Indemnification of the Trustee**
- 11.1 Normal Remuneration:** So long as any Note is outstanding, the Issuer will pay to the Trustee by way of remuneration for its services as Trustee such sum as may from time to time be agreed between them. Such remuneration will accrue from day to day from the date of this Trust Deed and shall be payable in advance, annually as may be agreed between the Issuer and the Trustee. However, if any payment to a Noteholder of the moneys due in respect of any Note is improperly withheld or refused upon due surrender (if so required) of such Note, such remuneration will again accrue as from the date of such surrender (if so required) until payment to such Noteholder is duly made.
- 11.2 Extra Remuneration:** At any time after the occurrence of an Event of Default or Potential Event of Default, the Issuer hereby agrees that the Trustee shall be entitled to be paid additional remuneration calculated at its normal hourly rates in force from time to time. In any other case, if the Trustee (a) finds it expedient or necessary in the interests of Noteholders or (b) is requested by the Issuer to undertake duties which the Trustee agrees to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Trust Deed, then the Issuer will pay such additional remuneration to the Trustee as may be agreed between them (and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time). For the avoidance of doubt any duties in connection with the granting of consents or waivers, concurring in modifications, substitution of the Issuer or enforcement, prior to or during the period post enforcement shall be deemed to be of an exceptional nature.
- 11.3 Remuneration in absence of agreement:** Failing agreement as to any of the matters in Clause 11.2 (or as to such sums referred to in Clause 11.1), a financial institution or any other person (acting as an expert) selected by the Trustee and approved by the Issuer or, failing such approval, nominated by the President for the time being of The Law Society of England and Wales, shall determine the matters in Clause 11.2 (or such sums referred to in Clause 11.1) (as applicable), the expenses involved in such selection and approval and the fee of the relevant financial institution or other person (acting as an expert) being borne by the Issuer. The determination of the relevant financial institution or other person (acting as an expert) will, be conclusive and binding on the Issuer, the Trustee and the Noteholders.
- 11.4 Expenses:** The Issuer will also on demand by the Trustee pay or discharge all Liabilities (defined below) properly incurred by the Trustee and, if applicable, any
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Appointee in relation to the preparation and execution of this Trust Deed and the carrying out and/or performance of its functions under this Trust Deed including, but not limited to, properly incurred and documented legal and travelling expenses paid or payable by the Trustee in connection with any action reasonably taken or contemplated by or on behalf of the Trustee or any Appointee for enforcing any obligation under this Trust Deed or the Notes or any other Transaction Document or resolving any doubt concerning, or for any other purpose in relation to, any of the Transaction Documents. "**Liabilities**" means any loss, liability, damage, charge, cost, fee, claim, action, demand, expense, judgment, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any irrecoverable value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

- 11.5 Payment of Expenses:** All such Liabilities properly incurred and payments made by the Trustee will be payable or reimbursable by the Issuer on demand by the Trustee and:

**11.5.1** in the case of payments made by the Trustee prior to such demand, will carry interest from the date on which the demand is made at the rate equal to the Trustee's cost of funds on the date on which such payments were made by the Trustee; and

**11.5.2** in all other cases, will carry interest at such rate from the date specified as the payment date in such demand.

- 11.6 Indemnity:** Without prejudice to the right of indemnity by law given to trustees, the Issuer will on demand indemnify the Trustee and every Appointee and keep it or him indemnified against all Liabilities properly incurred by the Trustee and every Appointee in relation to the preparation and execution or purported execution of any of its or his trusts, powers, authorities and discretions and the performance of its or his duties under, and in any other manner in relation to, this Trust Deed or the Notes or any other Transaction Documents (including but not limited to all Liabilities incurred in disputing or defending any of the foregoing). The Contracts (Rights of Third Parties) Act 1999 applies to this Clause 11.6.

- 11.7 Provisions Continuing:** The provisions of Clauses 11.4, 11.5 and 11.6 will continue in full force and effect in relation to the Trustee even if it may have ceased to be Trustee and notwithstanding any termination or discharge of this Trust Deed.

- 11.8 Monies Payable:** All monies paid to the Trustee by the Issuer under Clauses 4.1.2, 11 and 18.3 of this Trust Deed shall be made without set-off, counterclaim, deduction or withholding for or on account of Tax except as required by law. If the Issuer is required by law to make a deduction or withholding for or on account of Tax on a payment under Clauses 4.1.2, 11 and 18.3, the amount of the relevant payment shall be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the sum which would have been received if no such deduction or withholding had been required to be made.
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**12 Provisions Supplemental to The Trustee Act 1925 and the Trustee Act 2000**

- 12.1 Advice:** The Trustee may act and/or rely on the opinion, report or advice of, or information obtained from, any lawyer, accountant, banker, financial adviser, financial institute, an Independent Adviser or other relevant expert and will not be responsible to anyone for any loss or liability occasioned by so acting and/or relying whether such advice is obtained by or addressed to the Issuer, the Trustee or any other person or contains a monetary or other limit on liability. Any such opinion, advice, report or information may be sent or obtained by letter, email or facsimile transmission and the Trustee will not be liable to anyone for acting in good faith on any opinion, advice, report or information purporting to be conveyed by such means even if it contains some error or is not authentic.
- 12.2 Trustee to Assume Due Performance:** The Trustee need not notify anyone of the execution of this Trust Deed or any other Transaction Documents and shall be under no obligation to monitor the performance of the Issuer or any other party of their obligations under this Trust Deed or any other Transaction Documents, or do anything to ascertain whether any Event of Default, Potential Event of Default, Fundamental Change Event, Delisting Event or consolidation, amalgamation or merger has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure by it to do so. Until it has received written notice to the contrary, the Trustee may assume that no such event has occurred and that the Issuer and each other party are performing all their obligations under the Transaction Documents and the Notes.
- 12.3 Resolutions of Noteholders:** The Trustee will not be responsible and shall have no liability whatsoever to any person for having acted in good faith upon a resolution purporting to have been passed at a meeting of Noteholders in respect of which minutes have been made and signed or upon any direction or request, including a written resolution or electronic consent made in accordance with Paragraph 20 of Schedule 4 even though it may later be found that there was a defect in the constitution of such meeting or the passing of such resolution or that such resolution was not valid or binding upon the Noteholders.
- 12.4 Reports:** The Trustee is entitled to accept and rely without liability to any person for so relying on any report, confirmation or certificate where the Issuer procures delivery of the same pursuant to its obligation to do so under the Conditions or a provision hereof and such report, confirmation or certificate shall be conclusive and binding on the Issuer, the Trustee and the Noteholders in the absence of manifest error.
- 12.5 Certificate Signed by Director:** The Trustee may call for and may accept as sufficient evidence of any fact or matter or of the expediency of any act a certificate of the Issuer signed by an executive director of the Issuer on behalf of the Issuer as to any fact or matter upon which the Trustee may, in the exercise of any of its functions, require to be satisfied or to have information to the effect that, in the opinion of the person or persons so certifying, any particular act is expedient and the Trustee need not call for further evidence and will not be responsible or liable to any person for any loss that may be occasioned by acting on any such certificate.
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- 12.6 **Deposit of Documents:** The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by it to be of good repute and may deposit this Trust Deed and any other documents with such custodian and pay all sums due in respect thereof. The Trustee is not obliged to appoint a custodian of securities payable to bearer.
- 12.7 **Discretion of Trustee:** The Trustee will have absolute and uncontrolled discretion as to the exercise of its functions and will not be responsible for any loss, liability, cost, claim, action, demand, expenses or inconvenience which may result from their exercise or non-exercise.
- 12.8 **Agents:** Whenever it considers it expedient in the interests of the Noteholders, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money).
- 12.9 **Delegation:** Whenever it considers it expedient in the interests of the Noteholders, the Trustee may delegate to any person and on any terms (including power to sub-delegate) all or any of its functions. Such delegation may be made on such terms (including power to sub-delegate) and subject to such conditions and regulations as the Trustee may in the interests of the Noteholders think fit.
- 12.10 **Forged Notes:** The Trustee will not be liable to the Issuer or any Noteholder by reason of having accepted as valid or not having rejected any entry in the Register or any Note purporting to be such and later found to be forged or not authentic nor shall it be liable for any action taken or omitted to be taken in reliance on any document, certificate or communication believed by it to be genuine and to have been presented or signed by the proper parties.
- 12.11 **Confidentiality:** Unless ordered to do so by a court of competent jurisdiction, the Trustee shall not be required to disclose to any Noteholder or any third party any confidential financial or other information made available to the Trustee by the Issuer and no Noteholder shall be entitled to take any action to obtain from the Trustee any such information.
- 12.12 **Determinations Conclusive:** As between itself and the Noteholders, the Trustee may determine all questions and doubts arising in relation to any of the provisions of this Trust Deed. Every such determination, whether made upon such a question actually raised or implied in the acts or proceedings of the Trustee, will be conclusive in the absence of manifest error and shall bind the Trustee and the Noteholders.
- 12.13 **Currency Conversion:** Where it is necessary or desirable in relation to this Trust Deed or the Conditions to convert any sum from one currency to another, it will (unless otherwise provided hereby or required by law) be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified will be binding on the Issuer and the Noteholders.
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- 12.14 Events of Default:** The Trustee may determine whether or not an Event of Default or Potential Event of Default is in its opinion capable of remedy and/or whether or not any event is in its opinion materially prejudicial to the interests of the Noteholders. Any such determination will be conclusive and binding upon the Issuer and the Noteholders.
- 12.15 Payment for and Delivery of Notes:** The Trustee will not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the exchange of the Original Global Note for Original Definitive Registered Notes or the delivery of the Original Global Note or any Original Definitive Registered Note to the person(s) entitled to it or them.
- 12.16 Notes held by the Issuer, etc.:** In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer under Clause 10.11) that no Notes are for the time being held by or on behalf of the Issuer or its Subsidiaries.
- 12.17 Interests of Noteholders:** In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any proposed modification, waiver or authorisation of any breach or proposed breach of any of the Conditions or any of the provisions of this Trust Deed or any proposed substitution in accordance with Clause 16.2 or any determination to be made by it under this Trust Deed), the Trustee shall have regard to the general interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders nor to circumstances particular to individual Noteholders (whatever their number) and, in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of any such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee, any indemnification or payment of any Tax arising in consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 9 and/or in any undertakings given in addition thereto or in substitution therefor pursuant to this Trust Deed. For the avoidance of doubt, the Trustee shall not at any time have regard to the interests of the holders of Class A Shares.
- 12.18 No Responsibility for Share Value:** The Trustee shall not at any time be under any duty or responsibility to or have any liability to any Noteholder or to any other person to (i) monitor or take any steps to ascertain whether a Conversion Right is exercisable or whether any facts exist or may exist, which may require an adjustment to the Conversion Price or (ii) review either the nature or extent of any such adjustment when made or the method employed in making any such adjustment pursuant to the provisions of this Trust Deed or (iii) make or verify any calculations or determination made as to the number of Class A Shares or the methodology used therefor and will not be responsible or liable to any person for any loss occasioned thereby. The Trustee shall not at any time be under any duty or responsibility or liability in respect of the validity or value (or the kind or amount)
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of any Class A Shares or other shares or any other Securities or property, which may at any time be made available or delivered in the exercise of any Conversion Right and it makes no representation with respect thereto. The Trustee shall not be responsible or liable to any person for any failure of the Issuer to deliver any Class A Shares or other shares or share certificates or other securities or any other amounts (including but without limitation any Cash Conversion Amount and/or Alternative Settlement Cash Amount) in respect of any Note or of the Issuer to comply with any of the covenants contained in this Trust Deed.

- 12.19 Nominees:** In relation to any asset held by it under this Trust Deed, the Trustee may appoint any person to act as its nominee on any terms.
- 12.20 Breach of Undertakings:** The Trustee assumes no responsibility for ascertaining whether or not (i) a breach of any of the undertakings in Condition 11 shall have occurred or (ii) any such breach shall have been rectified or (iii) any adjustment falls to be made to the Conversion Price as a result thereof and shall have no liability to any person for not so doing. Unless and until the Trustee has written notice of any of the above events it shall be entitled to assume that no such event has occurred. The Trustee shall not be liable for any loss arising from any determination or calculation made pursuant to the Conditions or from any failure or delay in making any such determination or calculation.
- 12.21 Responsibility for agents, etc.:** If the Trustee exercises reasonable care in selecting any custodian, agent, delegate or nominee appointed under this Trust Deed (an "Appointee"), it will not have any obligation to supervise the Appointee or to be responsible for any loss, liability, cost, claim, action, demand or expense incurred by anyone whatsoever by reason of the Appointee's misconduct or default or the misconduct or default of any substitute appointed by the Appointee.
- 12.22 Clearing Systems:** The Trustee may call for any certificate or other document to be issued by Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation to any matter. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the holder of a particular principal amount of Notes is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.
- 12.23 Legal Opinions:** The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Notes or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever incurred thereby. The Trustee shall be entitled to call for and rely upon (without liability to any person), and the Issuer shall
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be obliged to procure the delivery of, legal opinions addressed to the Trustee dated the date of such delivery and in a form and content acceptable to the Trustee.

- 12.24 Illegality, etc:** Notwithstanding anything else contained in this Trust Deed or any other Transaction Document, the Trustee shall refrain from doing anything which may, in the opinion of the Trustee, (i) be illegal or contrary to applicable law, directive or regulation of any agency of any state which would or might otherwise render it liable to any person and may do anything which in its opinion, is necessary to comply with any such law, directive or regulation; or (ii) cause it to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or in the exercise of any right, authority, power or discretion under the Transaction Documents, or suffer any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever, if it shall have reasonable grounds for believing that repayment and/or prepayment of such funds or adequate indemnity and/or security and/or prefunding against such risk or loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever is not assured to it.
- 12.25 Investigation:** The Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, or any other agreement or document relating to the transactions contemplated in these presents or under such other agreement or document.
- 12.26 Not Bound to Act:** Notwithstanding anything else contained in this Trust Deed, the Trustee shall not be bound to take any action or step or proceeding or exercise any right, power, authority or discretion vested in it under this Trust Deed or any other agreement relating to the transactions herein contemplated including, but not limited to forming an opinion or employing a financial adviser until it has been indemnified and/or secured and/or prefunded to its satisfaction and may demand prior to taking any such steps, action or proceedings that there be paid to it in advance such sums as it reasonably considers (without prejudice to any further demand) shall be sufficient so as to indemnify and/or secure and/or prefund it and on such demand being made on the Issuer, the Issuer shall be obliged to make payment of all such sums in full. The Trustee shall not be liable to any person whatsoever for any loss occasioned by it not acting unless and until it shall have been so indemnified and/or secured and/or prefunded to its satisfaction.
- 12.27 Refrain from action:** In relation to any discretion to be exercised or action, step or proceeding to be taken by the Trustee under this Trust Deed, the Notes or the Agency Agreement, the Trustee may, at its discretion and without further notice, or shall, if it has been so directed by an Extraordinary Resolution of Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of Notes then outstanding (where relevant), exercise such discretion or take such action, step or proceeding, provided that, in either case, the Trustee shall not be obliged to exercise such discretion or take such action, step or proceeding unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction and provided that the Trustee shall not be held liable for the consequences of exercising or not exercising its discretion or taking or not taking any such action, step or
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proceeding and may do so without having regard to the effect of such action, step or proceeding on individual Noteholders.

- 12.28 Experts and Auditors:** Any confirmation, certificate or report of accountants, financial advisers, investment bank, Independent Advisers or other experts called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of this Trust Deed may be relied upon by the Trustee (without liability to any person) as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee or any other person in connection therewith contains a monetary or other limit on the liability of such expert or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.
- 12.29 Independent Adviser:** If the Issuer fails to select an Independent Adviser when required to do so pursuant to the Conditions and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion), the Trustee may following notification thereof to the Issuer do so but shall not be obliged to do so unless it is indemnified and/or secured and/or prefunded to its satisfaction against all losses, liabilities, costs, fees and expenses incurred in doing so, including those of the Independent Adviser itself. The Trustee has no responsibility for the accuracy or otherwise of any determination made by an Independent Adviser pursuant to the Conditions.
- 12.30 Execution and Enforceability:** The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Deed or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Deed or any other document relating or expressed to be supplemental thereto.
- 12.31 Error of Judgement:** The Trustee shall not be in any way responsible for any liability incurred by reason of any error of judgment made in good faith by any of its employees or agents.
- 12.32 FSMA:** Notwithstanding anything in this Trust Deed or any other Transaction Document to the contrary, the Trustee shall not do, or be authorised or required to do, anything which might constitute a regulated activity for the purposes of the FSMA unless it is authorised under FSMA to do so. The Trustee shall have discretion at any time: (i) to delegate any of the functions which fall to be performed by an authorised person under FSMA to any other agent or person which also has the necessary authorisations and licenses; and (ii) to apply for authorisation under FSMA and perform any or all such functions itself if, in its absolute discretion, it considers it necessary, desirable or appropriate to do so. Nothing in this Trust Deed shall require the Trustee to assume an obligation of the Issuer arising under any
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provisions of the listing, prospectus, disclosure or transparency rules (or equivalent rules of any other competent authority besides the Financial Conduct Authority).

- 12.33 Personal Data:** Notwithstanding the other provisions of the Transaction Documents, the Trustee may collect, use and disclose personal data about the parties (if any are an individual) or individuals associated with the Issuer and/or other parties, so that the Trustee can carry out its obligations to the Issuer and/or the other parties and for other related purposes, including auditing, monitoring and analysis of its business, fraud and crime prevention, money laundering, legal and regulatory compliance by the Trustee or members of the Trustee's corporate group of other services. The Trustee may also transfer the personal data to any country (including countries outside the European Economic Area where there may be less stringent data protection laws) to process information on the Trustee's behalf.
- 12.34 No Duty to Monitor:** The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Conversion Price and will not be responsible or liable to any person for any loss arising from any failure or delay by it to do so, nor shall the Trustee be responsible or liable to any person for any determination of whether or not an adjustment to the Conversion Price is required or should be made nor as to the determination or calculation of any such adjustment.
- The Trustee shall not be required to take any steps to monitor or ascertain whether a Fundamental Change Event, a Delisting Event, consolidation, amalgamation or merger or any event or circumstance which could lead to a Fundamental Change Event, a Delisting Event or a consolidation, amalgamation or merger has occurred or may occur and will not be responsible or liable to Noteholders or any other person for any loss arising from any failure or delay by it to do so.
- 12.35 No Responsibility for Rating:** The Trustee will have no responsibility for the obtaining or maintenance of any rating of the Notes by a rating agency or any other person.
- 12.36 Rating Agency Affirmation:** The Trustee shall be entitled to assume, without further investigation or inquiry, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to this Trust Deed or any other related document (including, without limitation, any consent, approval, modification, waiver, authorisation or determination), that such exercise will not be materially prejudicial to the interests of the Noteholders, if any rating agency then rating the outstanding Notes has confirmed in writing (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Trustee and irrespective of the method by which such confirmation is conveyed) that the then current rating by it of the outstanding Notes would not be adversely affected or withdrawn in connection therewith.
- 12.37 Rating Agency Reports:** The Trustee shall be entitled to request any information or report provided by any rating agency whether addressed to the Trustee or any other person, subject to any confidentiality restrictions placed on such reports by any rating agency.
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- 12.38 Withholding Tax by the Trustee:** Notwithstanding anything contained herein, to the extent required by any applicable law, if the Trustee is required to make any deduction or withholding for or on account of Tax from any distribution or payment made by it under this Trust Deed or if the Trustee is otherwise charged to, or may become liable to, Tax as a consequence of performing its duties under this Trust Deed and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whensoever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed or any Notes from time to time representing the same, including any income or gains arising therefrom, or any action of the Trustee in or about the administration of the trusts hereunder or otherwise, in any case other than any Tax generally payable by the Trustee on its income, then the Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it in respect of this Trust Deed an amount sufficient to discharge any liability to Tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to Tax from the funds held by the Trustee on the trusts hereunder and, in respect of any such deduction or withholding, the Trustee shall account to the relevant authorities for the amount so withheld or deducted and shall provide the Issuer with appropriate evidence or documentation showing that such amount has been duly paid to the relevant authorities.
- 12.39 Notice of Possible Withholding Under FATCA:** The Issuer shall notify the Trustee if it determines that any payment to be made by the Trustee under any Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this Clause 12.39 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, any Notes or both.
- 12.40 Issuer Right to Redirect:** If that the Issuer determines in its sole discretion that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Agents on any Notes, then the Issuer will be entitled to redirect or reorganise any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that, any such redirected or reorganised payment is made through a recognised institution of international standing and otherwise made in accordance with the Agency Agreement and this Trust Deed. The Issuer will promptly notify the Agents and the Trustee of any such redirection or reorganisation. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Clause 12.40.
- 12.41 Material Subsidiaries:** A certificate delivered to the Trustee under Clause 10.13 in relation to any Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders and the Trustee shall be entitled to act and rely on such certificate, without further enquiry and without liability to any person.
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**12.42 Determinations by Trustee:** When determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security or prefunding given to it by the Noteholders or any of them or any other person be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the indemnity, security and/or prefunding.

### **13 Trustee Liability**

**13.1 Trustee Liability:** Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by this Trust Deed, subject to Sections 750 and 751 of the Companies Act 2006 (if applicable) provided that if the Trustee fails to show the degree of care and diligence required of it as trustee, nothing in this Trust Deed shall relieve or indemnify it from or against any liability which would otherwise attach to it in respect of any fraud, gross negligence or wilful misconduct of which it may be guilty. Where there are any inconsistencies between the Trustee Acts and the provisions of this Trust Deed, the provisions of this Trust Deed shall prevail to the extent allowed by law. In the case of an inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall take effect as a restriction or exclusion for the purposes of that act.

**13.2 Consequential loss:** Any liability of the Trustee arising under the Transaction Documents shall be limited to the amount of actual loss suffered (such loss shall be determined as at the date of default of the Trustee or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Trustee at the time of entering into the Transaction Documents, or at the time of accepting any relevant instructions, which increase the amount of the loss. In no event shall the Trustee be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for indirect, special, punitive or consequential damages, whether or not the Trustee has been advised or was aware of the possibility of such loss or damages and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

### **14 Enforcement, Waiver and Proof of Default**

**14.1 Waiver:** The Trustee may, without the consent of the Noteholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Noteholders will not be materially prejudiced thereby, waive or authorise, on such terms and conditions as seem expedient to it, any breach or proposed breach by the Issuer of the Conditions or any of the provisions of this Trust Deed, any trust deed supplemental to this Trust Deed, the Agency Agreement and any agreement supplemental to the Agency Agreement or the Notes or determine without any such consent as aforesaid that any Event of Default or Potential Event of Default will not be treated as such provided that the Trustee will not do so in contravention of any express direction

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given by an Extraordinary Resolution or a request made pursuant to Condition 10 but no such direction or request will affect any previous waiver, authorisation or determination. Any such waiver, authorisation or determination will be binding on the Noteholders and will be notified by the Issuer to the Noteholders as soon as practicable.

**14.2 Proof of Default:** If it is proved that as regards any specified Note the Issuer has made default in paying any sum due to the relevant Noteholder, such proof will (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Notes which are then payable.

**14.3 Enforcement:** The Trustee may, at any time at its discretion and without further notice, take such steps, actions or proceedings against the Issuer as it may think fit to recover any amounts due in respect of the Notes and to enforce the provisions of this Trust Deed or the Conditions, but it will not be bound to take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction and provided that the Trustee shall not be held liable for the consequence of taking or refraining from taking any such action, step or proceedings and may take such action, step or proceedings without having regard to the effect of such action on individual Noteholders. Only the Trustee may enforce the provisions of the Notes or this Trust Deed and no Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

**15 Trustee not precluded from entering into Contracts**

The Trustee, associated companies and any other person, whether or not acting for itself may acquire, hold or dispose of, any Note or any Class A Shares or other Securities (or any interest therein) of the Issuer or any other person with the same rights as it would have had if the Trustee were not Trustee and may enter into or be interested in any contracts or transactions with the Issuer or any such person and may act as depositary, trustee or agent or in any other capacity for, or on any committee or body of holders of, any Securities issued or guaranteed by, or related to the Issuer or any such person and will not be liable to account for any profit.

**16 Modification and Substitution**

**16.1 Modification:** The Trustee may agree without the consent of the Noteholders to (i) any modification to the Conditions or the provisions of this Trust Deed, any trust deed supplemental to this Trust Deed, the Agency Agreement and any agreement supplemental to the Agency Agreement or the Notes which in its opinion is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law and (ii) any other modification to the Conditions or the provisions of this Trust Deed, any trust deed supplemental to this Trust Deed, the Agency Agreement and any agreement supplemental to the Agency Agreement or the Notes (but such power does not extend to any such modification)

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as is mentioned in the proviso to paragraph 17.8 of Schedule 4) which is in its opinion not materially prejudicial to the interests of the Noteholders. Any such modification shall be binding on the Noteholders and such modification shall be notified by the Issuer to the Noteholders promptly in accordance with Condition 17.

**16.2 Substitution:**

Subject to Clause 16.5 below:

**16.2.1** In the event of a Newco Scheme (as defined in Condition 3), the Issuer shall take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) immediately after completion of the Scheme of Arrangement (as defined in Condition 3):

- (i) at the Issuer's option, either (a) Newco (as defined in Condition 3) is substituted under this Trust Deed and the Notes as principal obligor in place of the Issuer (with the Issuer providing an unconditional and irrevocable guarantee to the satisfaction of the Trustee in respect of the obligation of Newco under the Notes and the Trust Deed) subject to and as provided below or (b) Newco provides an unconditional and irrevocable guarantee to the satisfaction of the Trustee in respect of the obligations of the Issuer under this Trust Deed and the Notes; and
- (ii) such amendments are made to this Trust Deed, the Conditions and the Notes as are necessary, in the opinion of the Trustee, to ensure that the Notes may be converted into or exchanged for cash and/or ordinary shares, or units or the equivalent, in Newco (or depositary or other receipts or certificates representing ordinary shares or units or the equivalent in Newco) *mutatis mutandis* in accordance with and subject to this Trust Deed, the Conditions and the Notes (and the Trustee shall (at the expense of the Issuer) be obliged to concur in effecting such substitution or grant of such guarantee and in either case making any such amendments, provided that the Trustee shall not be obliged so to concur if, in the opinion of the Trustee, doing so would impose more onerous obligations, responsibilities or duties upon it or expose it to further liabilities or reduce its protections), and this Trust Deed and the Conditions provide at least the same powers, protections, rights and benefits to the Trustee and the Noteholders following the implementation of such Scheme of Arrangement as they provided to the Trustee and the Noteholders prior to implementation of the Scheme of Arrangement *mutatis mutandis*; and
- (iii) the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or the equivalent in Newco) are (a) admitted to the NYSE, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or (b) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market,

and subject to the foregoing the Trustee shall, without the consent of the Noteholders, agree to such substitution of Newco.

**16.2.2** Any substitution made pursuant to this Clause shall be binding on the Noteholders and must be notified promptly to the Noteholders in accordance with Condition 17.

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- 16.3 Release of Substituted Issuer:** Any such agreement by the Trustee pursuant to Clause 16.2 will, if so expressed, operate to release the Issuer (or any such previous substitute) from any or all of its obligations under this Trust Deed and the Notes. Not later than 14 days after the execution of any such documents and after compliance with such requirements, notice of the substitution will be given to the Noteholders by Newco.
- 16.4 Completion of Substitution:** Upon the execution of such documents and compliance with such requirements Newco will be deemed to be named in this Trust Deed and on the Notes as the principal debtor in place of the Issuer (or of any previous substitute under Clause 16.2) or as a guarantor, as the case may be, and this Trust Deed and the Notes will be deemed to be modified in such manner as shall be necessary to give effect to the substitution.
- 16.5 No Obligations to Act**  
The Trustee shall not be obliged to agree to any such substitution and/or any related or consequential amendments or any other amendment referred to in the foregoing provisions of this Clause 16 which, in the sole opinion of the Trustee, would have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Trustee in the Transaction Documents and/or the Conditions.
- 17 Appointment, Retirement and Removal of the Trustee**
- 17.1 Appointment:** Subject as provided in Clause 17.2 below, and subject to obtaining any consents or approvals as may be required by the laws or regulations of the Netherlands, the Issuer has the power of appointing a new trustee or trustees but no person will be so appointed unless previously approved by an Extraordinary Resolution. A trust corporation will at all times be a Trustee and may be the sole Trustee. Any appointment of a new Trustee will be notified by the Issuer to the Noteholders and the Principal Paying, Transfer and Conversion Agent as soon as reasonably practicable.
- 17.2 Retirement and Removal:** Any Trustee may retire at any time on giving not less than three months' notice in writing to the Issuer without giving any reason and without being responsible for any costs (which costs shall be borne by the Issuer) occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee provided that the retirement or removal of any sole trustee or sole trust corporation will not become effective until a trust corporation is appointed as successor Trustee. If a sole trustee or sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal under this Clause, the Issuer will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee but if it fails to do so before the expiry of such three month notice period, the Trustee shall have the power to appoint a new Trustee with all the costs of such appointment being borne by the Issuer.
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- 17.3 Co-Trustees:** The Trustee may, notwithstanding Clause 17.1, by prior notice in writing to the Issuer appoint anyone to act as an additional Trustee jointly with the Trustee:
- 17.3.1** if the Trustee considers such appointment to be in the interests of the Noteholders; or
  - 17.3.2** for the purpose of conforming with any legal requirement, restriction or condition in any jurisdiction in which any particular act is to be performed; or
  - 17.3.3** for the purpose of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction against the Issuer of either a judgment already obtained or any of the provisions of this Trust Deed.
- Subject to the provisions of this Trust Deed, the Trustee may confer on any person so appointed such functions as it thinks fit. The Trustee may, by notice in writing to the Issuer and such person, remove any person so appointed. At the request of the Trustee, the Issuer will do all things as may be required to perfect such appointment or removal and each of them irrevocably appoints the Trustee to be its attorney in its name and on its behalf to do so.
- 17.4 Competence of a Majority of Trustees:** If there are more than two Trustees the majority of such Trustees will (provided such majority includes a trust corporation) be competent to carry out all or any of the Trustee's functions.
- 17.5 Merger:** Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause 17, without the execution or filing of any paper or any further act on the part of any of the parties hereto.
- 18 Currency Indemnity**
- 18.1 Currency of Account and Payment:** US dollars (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer under or in connection with this Trust Deed and the Notes, including damages.
- 18.2 Extent of Discharge:** An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, bankruptcy, winding-up or dissolution of the Issuer or otherwise) by the Trustee or any Noteholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).
- 18.3 Indemnity:** If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Trust Deed or the Notes, the Issuer will indemnify the recipient against any loss sustained by it as a
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result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.

- 18.4 Indemnity separate:** The indemnities in this Clause 18 and in Clause 11.6 constitute separate and independent obligations from the other obligations in this Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Noteholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Trust Deed, the Notes or any other judgment or order.

**19 Communications**

- 19.1 Modes of Communication:** Any communication shall be by letter, email or facsimile transmission:

in the case of the Issuer, to the Issuer at:

Address: Yandex N.V.  
Schiphol Boulevard 165  
1118 BG Schiphol  
The Netherlands

Email: abovsky@yandex-team.ru  
Attention: Chief Executive Officer

with a copy to:

Address: Timothy Corbett, Esq.  
Morgan, Lewis & Bockius UK LLP  
Condor House  
5-10 St Paul's Churchyard  
London EC4M 8AL  
United Kingdom

Fax no.: +44 20 3201 5001  
Email: Timothy.corbett@morganlewis.com  
Attention: Timothy Corbett, Esq.

and in the case of the Trustee, to it at:

Address: BNY Mellon Corporate Trustee Services Limited  
One Canada Square  
London E14 5AL  
United Kingdom

Fax No.: +44 (0) 207 964 2536  
Email: corpsov2@bnymellon.com  
Attention: Trustee Administration Manager

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or to such other address, email, facsimile number or attention details as shall have been notified (in accordance with this Clause) to the other parties hereto.

Communications will take effect, in the case of a letter, when delivered, in the case of email, when the relevant receipt of such email communication being read is given, or where no read receipt is requested by the sender, at the time of sending provided that no delivery failure notification is received by the sender within 24 hours of sending such email communication, and in the case of a fax, when the relevant delivery receipt is received by the sender; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) after 5:00pm on a business day or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Trust Deed which is to be sent by fax or email will be written legal evidence.

#### 19.2 Communications:

In no event shall the Trustee or any other entity of The Bank of New York Mellon Group be liable for any Losses arising to the Trustee or any other entity of The Bank of New York Mellon Group receiving or transmitting any data from the Issuer, any Authorised Person or any party to the transaction via any non-secure method of transmission or communication, such as, but without limitation, by facsimile or email.

The parties hereto accept that some methods of communication are not secure and the Trustee or any other entity of The Bank of New York Mellon Group shall incur no liability for receiving Instructions via any such non-secure method. The Trustee or any other entity of The Bank of New York Mellon Group is authorised to comply with and rely upon any such notice, Instructions or other communications believed by it to have been sent or given by an Authorised Person or an appropriate party to the transaction (or authorised representative therefore). The Issuer or any authorised officer of the Issuer shall use all reasonable endeavours to ensure that Instructions transmitted to the Trustee or any other entity of The Bank of New York Mellon Group pursuant to this Trust Deed are complete and correct. Any Instructions shall be conclusively deemed to be valid Instructions from the Issuer or any authorised officer of the Issuer to the Trustee or any other entity of The Bank of New York Mellon Group for the purposes of this Trust Deed.

In this Clause, the following terms shall have the following meanings:

**"Authorised Person"** means any person who is designated in writing by the Issuer from time to time to give instructions to the Trustee under the terms of this Trust Deed;

**"Instructions"** means any written notices, directions or instructions received by the Trustee from an Authorised Person or from a person reasonably believed by the Trustee to be an Authorised Person;

**"Losses"** means any and all claims, losses, liabilities, damages, costs, expenses and judgements (including legal fees and expenses) sustained by either party; and

**"The Bank of New York Mellon Group"** means The Bank of New York Mellon and any company or other entity of which The Bank of New York Mellon is directly or

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indirectly a shareholder or owner. For the purposes of this Trust Deed, each branch of The Bank of New York Mellon shall be a separate member of The Bank of New York Mellon Group.

**20 Purchase or Redemption by the Issuer of Class A Shares**

- 20.1** The Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem Class A Shares without the consent of the Noteholders.

**21 Governing Law and Arbitration**

- 21.1 Governing Law:** This Trust Deed, the Notes, the Conditions and any non-contractual obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with, English law.

**21.2 Arbitration:**

- 21.2.1** Any dispute, claim or difference of whatever nature arising out of or in connection with this Trust Deed, the Notes and/or the Conditions (including a dispute regarding the existence, validity or termination of this Trust Deed, the Notes and/or the Conditions or the consequences of their nullity and/or this Clause 21.2, or a dispute relating to non-contractual obligations arising out of or in connection with this Trust Deed, the Notes and/or the Conditions) (a "**Dispute**") shall be referred to and finally resolved by arbitration administered by the London Court of International Arbitration ("**LCIA**") under the rules of the LCIA (the "**Rules**"), which Rules are deemed incorporated by reference into this Trust Deed, as amended herein. This arbitration agreement shall be governed by, and shall be construed in accordance with, English law.
- 21.2.2** The arbitral tribunal shall consist of three arbitrators. The claimant(s), irrespective of number, shall nominate jointly one arbitrator in the request for arbitration. The respondent(s), irrespective of number, shall nominate jointly the second arbitrator within 30 days of receipt of the request for arbitration (or, in the case of multiple respondents, within 30 days of receipt of the request for arbitration by the first respondent). The third arbitrator, who shall serve as Chairman, shall be nominated by agreement of the two party-nominated arbitrators (in consultation with their appointing parties). Failing such agreement within 15 days of the confirmation of the appointment of the second arbitrator, the third arbitrator shall be appointed by the LCIA as soon as possible at the written request of any party. For the avoidance of doubt, the parties to this Trust Deed irrevocably agree, for the purpose of Article 8.1 of the Rules, that the claimant(s), irrespective of number, and the respondent(s), irrespective of number, shall constitute two separate sides for the formation of the arbitral tribunal.
- 21.2.3** In the event that the claimant(s) or the respondent(s) fail to nominate an arbitrator in accordance with the Rules within the time period stipulated, such arbitrator shall be nominated by the LCIA within 15 days of a written request from any party.
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- 21.2.4 The seat of arbitration shall be London, England and the language of the arbitration shall be English.
- 21.2.5 If more than one arbitration is commenced under this Trust Deed, the Notes and/or the Conditions, and any party to any such arbitration contends that two or more such arbitrations are so closely connected that it is expedient for them to be resolved in one set of proceedings, the arbitral tribunal appointed in the first filed of such proceedings (the "**First Tribunal**") shall have the power to determine, provided no date for the hearing on the merits of the Dispute in any such arbitrations has been fixed, that the proceedings shall be consolidated. Each party to this Trust Deed hereby irrevocably agrees and consents to being joined in such consolidated proceedings with any other party to this Trust Deed, and/or with any party to the Notes and/or the Conditions irrespective of whether they are also a party to this Trust Deed.
- 21.2.6 The tribunal in such consolidated proceedings shall be selected as follows:
- (i) the parties to the consolidated proceedings shall agree on the composition of the tribunal; or
  - (i) failing such agreement within 30 days of consolidation being ordered by the First Tribunal, the LCIA shall appoint all members of the tribunal within 30 days of a written request by any of the parties to the consolidated proceedings.
- 1.2.1 The parties hereby exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996.
- 1.3 To the extent that the Issuer may now or hereafter be entitled, in any jurisdiction in which any legal action or proceeding may at any time be commenced pursuant to or in accordance with this Trust Deed, to claim for itself or any of its undertaking, properties, assets or revenues present or future any immunity (sovereign or otherwise) from suit, jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of a judgment, execution of a judgment or award or from set-off, banker's lien, counterclaim or any other legal process or remedy with respect to its obligations under this Trust Deed and/or to the extent that in any such jurisdiction there may be attributed to the Issuer any such immunity (whether or not claimed), the Issuer hereby irrevocably agrees not to claim, and hereby waives, any such immunity.
- 1.4 The Issuer irrevocably and generally consents in respect of any proceedings anywhere to the giving of any relief or the issue and service on it of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those proceedings.]

## **22 Counterparts**

This Trust Deed and any trust deed supplemental hereto may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the

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same instrument. Delivery of a counterpart of this Trust Deed or any trust deed supplemental hereto by email attachment or telecopy shall be an effective mode of delivery.

**23 Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed except and to the extent (if any) that this Trust Deed expressly provides for such Act to apply to any of its terms. Subject to the provisions of this Trust Deed, the parties to this Trust Deed shall have the right to amend, vary or rescind any provision of this Trust Deed without the consent of any such third party.

**24 Power of Attorney**

If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Trust Deed, the Global Notes, the Definitive Registered Notes or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of a particular jurisdiction, it is hereby expressly acknowledged and accepted by the other parties to this Trust Deed that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof.

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**SCHEDULE 1**  
**Terms and Conditions of the Notes**

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**SCHEDULE 2**  
**Form of Original Definitive Registered Note**

On the front:

ISIN: XS2126193379

**YANDEX N.V.**

*(incorporated with limited liability in the Netherlands with registered number 27265167)*

**U.S.\$1,250,000,000 0.75 per cent. Convertible Notes due 2025**

This Note is a Definitive Registered Note and forms part of a series designated as specified in the title (the “**Notes**”) of Yandex N.V. (the “**Issuer**”), with its corporate seat in Schiphol, the Netherlands, and constituted by the Trust Deed referred to on the reverse hereof. The Notes are subject to, and have the benefit of, that Trust Deed and the terms and conditions (the “**Conditions**”) set out on the reverse hereof.

The Issuer hereby certifies that [●] is/are, at the date hereof, entered in the Register as the holder(s) of Notes in the principal amount of U.S.\$[●].

The Notes represented by this Definitive Registered Note are convertible into Class A Shares in the Issuer and/or the relevant Cash Conversion Amount and/or the relevant Alternative Settlement Cash Amount, as specified in and subject to and in accordance with the Conditions and the Trust Deed.

This Definitive Registered Note is evidence of entitlement only. Title to Notes passes only on due registration on the Register and only the duly registered holder is entitled to payments in respect of this Definitive Registered Note.

The statements set forth in the legend above are an integral part of the Notes in respect of which this Definitive Registered Note is issued and by acceptance thereof each holder or beneficial owner agrees to be subject to and bound by the terms and provisions set forth in such legend.

This Definitive Registered Note and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

Capitalised terms not defined herein shall have the meaning ascribed thereto in the Trust Deed and the Conditions.

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In **Witness** whereof the Issuer has caused this Note to be signed in facsimile on its behalf.

Dated [•]

.....  
Authorised Signatory

.....  
Authorised Signatory

For and on behalf of

**YANDEX N.V.**

This Definitive Registered Note is authenticated without recourse, warranty or liability by  
or on behalf of the Registrar

**THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH**

By:

.....

Authorised Signatory

For use by the Principal Paying, Transfer and Conversion Agent:

Following the exercise by the Issuer on [•] of its tax redemption option pursuant to Condition 7(c), a Noteholder's Tax Exercise Notice was received by the Principal Paying, Transfer and Conversion Agent on [•]  
in respect of the Notes represented by this Definitive Registered Note. Accordingly, the provisions of Condition 9 shall not apply in respect of any payment in respect of principal or interest to be made on  
such Notes which falls due after the Tax Redemption Date specified in the Tax Redemption Notice.

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On the back:

**Terms and Conditions of the Notes**

*[THE TERMS AND CONDITIONS THAT ARE SET OUT IN SCHEDULE 1 TO THE TRUST DEED WILL BE SET OUT HERE]*

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**Principal Paying, Transfer and Conversion Agent**  
THE BANK OF NEW YORK MELLON, LONDON BRANCH  
One Canada Square  
London, E14 5AL  
Fax: +44 (0) 207 964 2536  
Email: corpsov2@bnymellon.com  
Attention: Corporate Trust Administration

**Registrar**  
THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH  
Vertigo Building – Polaris  
2-4 Eugene Ruppert  
L-2453 Luxembourg  
Fax: +352 24 52 4204  
Attention: Structured Products Services

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# Form of Transfer

FOR VALUE RECEIVED the undersigned hereby transfers to

.....  
.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

(not more than four names may appear as joint holders)

U.S.\$[•] in principal amount of this Note, and all rights in respect thereof, and irrevocably requests the Registrar to transfer such principal amount of this Note on the books kept for registration thereof.

Dated .....

Signed .....

## Notes:

- (i) The signature to this transfer must correspond with the name as it appears on the face of this Note.
  - (ii) A representative of the Noteholder should state the capacity in which he signs e.g. executor.
  - (iii) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.
  - (iv) Any transfer of Notes shall be in the minimum amount of U.S.\$200,000.
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**SCHEDULE 3**  
**Form of Original Global Note**

ISIN: XS2126193379

**YANDEX N.V.**

*(Incorporated with limited liability in the Netherlands with registered number 27265167)*

**U.S.\$1,250,000,000 0.75 per cent. Convertible Notes due 2025**

**Global Note**

The Notes in respect of which this Global Note is issued form part of the series designated as specified in the title (the "**Notes**") of Yandex N.V. (the "**Issuer**"), with its corporate seat in Schiphol, the Netherlands.

The Issuer hereby certifies that The Bank of New York Depository (Nominees) Limited is, at the date hereof, entered in the register of Noteholders as the holder of Notes in the principal amount of

U.S.\$1,250,000,000

(ONE THOUSAND TWO HUNDRED AND FIFTY MILLION US DOLLARS)

or such other amount as is shown on the register of Noteholders as being represented by this Global Note and is duly endorsed (for information purposes only) in the third column of Schedule A to this Global Note. For value received, the Issuer promises to pay the person who appears at the relevant time on the register of Noteholders as holder of the Notes in respect of which this Global Note is issued, such amount or amounts as shall become due and payable from time to time in respect of such Notes and otherwise to comply with the Conditions referred to below. Each payment will be made to, or to the order of, the person whose name is entered on the Register as holder at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

The Notes are constituted by a trust deed dated 3 March 2020 (the "**Trust Deed**") between the Issuer, and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**") and are subject to the Trust Deed and the terms and conditions (the "**Conditions**") set out in Schedule 1 to the Trust Deed, as modified by the provisions of this Global Note. Terms defined in the Trust Deed have the same meaning when used herein.

This Global Note is evidence of entitlement only.

Title to the Notes passes only on due registration on the register of Noteholders and only the duly registered holder is entitled to payments on Notes in respect of which this Global Note is issued.

**Exchange for Definitive Registered Notes**

This Global Note is exchangeable in whole but not in part (free of charge to the holder) for Definitive Registered Notes if this Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (each as defined under "Notices" below) and any such clearing system is closed for business for a continuous period of 14 days or more (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so by such holder giving notice to the Principal Paying, Transfer and Conversion Agent. On or after the Exchange Date the holder of this Global Note may surrender this Global Note to or to the order of the Registrar and, upon such surrender of this Global Note, the Paying, Transfer and Conversion Agent shall annotate Schedule A hereto. In exchange for this Global Note, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Registered Notes.

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**"Exchange Date"** means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar is located and in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System (each as defined under "Notices" below) are located.

Except as otherwise described herein, this Global Note is subject to the Conditions and the Trust Deed and, until it is exchanged for Definitive Registered Notes, its holder shall be entitled to the same benefits as if it were the holder of the Definitive Registered Notes for which it may be exchanged and as if such Definitive Registered Notes had been issued on the date of this Global Note.

The Conditions shall be modified with respect to Notes represented by this Global Note by the following provisions:

#### **Notices**

So long as this Global Note is held on behalf of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or such other clearing system as shall have been approved by the Trustee (the "**Alternative Clearing System**"), notices required to be given to Noteholders may be given by their being delivered to Accountholders (as defined below) through Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by notification to Noteholders as required by the Conditions in which case such notices shall be deemed to have been given to Noteholders on the date of delivery to Accountholders through Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System.

#### **Prescription**

Any claim in respect of principal, interest and other amounts payable in respect of this Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest or any other amounts) from the appropriate Relevant Date (as defined in Condition 3).

#### **Conversion**

For so long as this Global Note is held on behalf of any one or more of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System, Conversion Rights (as defined in the Conditions) may be exercised as against the Issuer at any time during the conversion period, as provided in Condition 6(a), by the delivery to or to the order of the Principal Paying, Transfer and Conversion Agent in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest representing entitlements to the Global Note (each such person, an "**Accountholder**"). Upon exercise of any Conversion Rights, the Paying, Transfer and Conversion Agent shall annotate Schedule A hereto accordingly.

#### **Trustee's Powers**

In considering the interests of Noteholders while the Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its Accountholders and may consider such interests, and treat such Accountholders, as if such Accountholders were holders of the Global Note.

#### **Redemption at the Option of Noteholders**

The option of the Noteholders provided for in Condition 7(e), may be exercised by the delivery by an Accountholder of a duly completed notice to the Principal Paying, Transfer and Conversion Agent in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System within the time limits set out in Condition 7(e), substantially in the form

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of the Put Exercise Notice, available from the Principal Paying, Transfer and Conversion Agent and stating the principal amount of the Notes in respect of which the option is exercised. Upon exercise of such option, the Paying, Transfer and Conversion Agent shall annotate Schedule A hereto accordingly.

**Redemption at the Option of the Issuer**

The options of the Issuer provided for in Condition 7(b) and Condition 7(c) shall be exercised by the Issuer giving notice to the Accountholders through Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System within the time limits set out in, and containing the information required by, Condition 7(b) or, as the case may be, Condition 7(c). Upon exercise of such option and, in the case of Condition 7(c), subject to the option of the Noteholders provided for in Condition 7(c), the Paying, Transfer and Conversion Agent shall annotate Schedule A hereto accordingly.

**Purchase and Cancellation**

Cancellation of any Note represented by this Global Note which is required by the Conditions to be cancelled will be effected by reduction in the principal amount of this Global Note on its presentation to or to the order of the Principal Paying, Transfer and Conversion Agent for notation in Schedule A hereto.

**Noteholder's Tax Option**

The option of the Noteholders provided for in Condition 7(c) shall be exercised by the delivery by an Accountholder of a duly completed Noteholder's Tax Exercise Notice in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System within the time limits set out in and containing the information required by Condition 7(c) to the Principal Paying, Transfer and Conversion Agent. Upon exercise of such option, the Principal Paying, Transfer and Conversion Agent shall annotate Schedule A hereto accordingly.

The statements set forth in the legend above are an integral part of the Notes in respect of which this Global Note is issued and by acceptance thereof each holder or beneficial owner agrees to be subject to and bound by the terms and provisions set forth in such legend.

This Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Registrar.

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.

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In **witness** whereof the Issuer has caused this Global Note to be signed on its behalf.  
Dated 3 March 2020  
**YANDEX N.V.**

.....  
Authorised Signatory

.....  
Authorised Signatory

This Global Note is authenticated without recourse, warranty or liability by or on behalf of the Registrar.  
**THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH**  
By:

Authorised Signatory

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Schedule A

Schedule of Reductions in Principal Amount of Notes in respect of which this Global Note is Issued

The following reductions in the principal amount of the Notes in respect of which this Global Note is issued have been made as a result of: (i) exercise of the Conversion Right attaching to the Notes, or (ii) redemption of the Notes, or (iii) purchase and cancellation of the Notes or (iv) issue of Definitive Registered Notes in respect of the Notes:

Date of Conversion/ Redemption/ Purchase and Cancellation/ Issue of Definitive Registered Notes (stating which)	Amount of decrease in principal amount of this Global Note (U.S.\$)	Principal Amount of this Global Note following such decrease (U.S.\$)	Notation made by or on behalf of the Principal Paying, Transfer and Conversion Agent
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# Form of Transfer

FOR VALUE RECEIVED the undersigned hereby transfers to

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(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

(not more than four names may appear as joint holders)

U.S.\$[•] in principal amount of this Note, and all rights in respect thereof, and irrevocably requests the Registrar to transfer such principal amount of this Note on the books kept for registration thereof.

Dated .....

Signed .....

## Notes:

- (i) The signature to this transfer must correspond with the name as it appears on the face of this Note.
  - (ii) A representative of the Noteholder should state the capacity in which he signs e.g. executor.
  - (iii) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.
  - (iv) Any transfer of Notes shall be in the minimum amount of U.S.\$200,000.
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**SCHEDULE 4**  
**Provisions for Meetings of Noteholders**

**Interpretation**

- 1** In this Schedule the following expressions have the following meanings:
- 1.1** **"Electronic Consent"** has the meaning set out in paragraph 20;
- 1.2** **"Extraordinary Resolution"** means a resolution passed (i) at a meeting of Noteholders duly convened and held in accordance with these provisions by or on behalf of Noteholder(s) of not less than 75 per cent. of the aggregate principal amount of the Notes outstanding, (ii) by a Written Resolution or (iii) by an Electronic Consent; and
- 1.3** **"Written Resolution"** means a resolution in writing signed by or on behalf of Noteholders representing in aggregate not less than 75 per cent. of the aggregate principal amount of the Notes outstanding.
- 1**
- 1.1** A holder of a Note may by an instrument in writing (a **"form of proxy"**) in the form available from the specified office of any Agent in English signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to any Agent not later than 48 hours before the time fixed for any meeting, appoint any person as (a **"proxy"**) to act on his or its behalf in connection with any meeting or proposed meeting of Noteholders.
- 1.2** A holder of a Note which is a corporation may by delivering to any Agent not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body in English authorise any person to act as its representative (a **"representative"**) in connection with any meeting or proposed meeting of Noteholders.
- 1.3** Any proxy appointed pursuant to paragraph 2.1 above or representative appointed pursuant to paragraph 2.2 above shall so long as such appointment remains in force be deemed, for all purposes in connection with any meeting or proposed meeting of Noteholders specified in such appointment, to be the holder of the Notes to which such appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder. The Issuer and the Trustee shall be entitled to assume that any proxy has been validly appointed and that such appointment remains in effect unless notice of revocation is given to the Issuer at its registered office not less than 24 hours prior to the time fixed for the meeting or, thereafter, to the chairman of the meeting.
- 1.4** Forms of proxy shall be valid for so long as the relevant Notes shall be duly registered in the name(s) of the registered holder(s) certified in the name of the appointor but not otherwise and notwithstanding any other provision of this Schedule 4 and during the validity thereof the proxy shall, for all purposes in connection with any meeting of holders of Notes, be deemed to be the holder of the Notes to which such form of proxy relates.
- 1** Each of the Issuer and the Trustee at any time may, and the Trustee (subject to its being indemnified and/or secured and/or pre-funded to its satisfaction) upon a request in writing of Noteholders holding not less than one-tenth in principal amount of the Notes for the time being outstanding shall, convene a meeting of Noteholders. Whenever any such party is about to convene any such meeting, it shall forthwith give notice in writing to each other party of the day, time and place of the meeting and of the nature of the business to be transacted at it. Every such meeting shall be held at such time and place as the Trustee may approve.
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- 1 At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the day, time and place of meeting shall be given to the Noteholders. A copy of the notice shall in all cases be given by the party convening the meeting to each of the other parties. Such notice shall also specify, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed.
  - 1 A meeting that has been validly convened in accordance with paragraph 4 above, may be cancelled by the person who convened such meeting by giving at least 7 days' notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) to the Noteholders (with a copy to the Trustee where such meeting was convened by the Issuer or to the Issuer where such meeting was convened by the Trustee). Any meeting cancelled in accordance with this paragraph 5 shall be deemed not to have been convened.
  - 1 A person (who may, but need not, be a Noteholder) nominated in writing by the Trustee may take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time fixed for the meeting, the Noteholders present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.
  - 1 At any such meeting any one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than one tenth in principal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding; provided that at any meeting the business of which includes any of the matters specified in the proviso to paragraph 17.8, the quorum shall be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than two-thirds of the aggregate principal amounts of the Notes outstanding.
  - 1 If within 15 minutes from the time fixed for any such meeting a quorum is not present, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned (unless the Issuer and the Trustee agree that it be dissolved) for such period, not being less than 14 days nor more than 42 days, and to such place, as may be decided by the chairman. At such adjourned meeting one or more persons present in person holding Notes or voting certificates or being proxies or representatives (whatever the principal amount of the Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting; provided that at any adjourned meeting at which is to be proposed an Extraordinary Resolution for the purpose of effecting any of the modifications specified in the proviso to paragraph 17.8, the quorum shall be one or more persons so present holding Notes or being proxies or representatives and holding or representing in the aggregate not less than one-half in principal amount of the Notes for the time being outstanding. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
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- 1 The chairman may with the consent of (and shall if directed by) any meeting adjourn such meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
  - 1 At least 10 days' notice (exclusive of the day on which the notice is given and of the day of the adjourned meeting) of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at such adjourned meeting. It shall not, however, otherwise be necessary to give any notice of an adjourned meeting.
  - 1 Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Noteholder or as a proxy or representative.
  - 1 At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer, the Trustee or by one or more persons holding one or more Notes or being proxies or representatives and holding or representing in the aggregate not less than one-fiftieth in principal amount of the Notes for the time being outstanding, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
  - 1 If at any meeting a poll is so demanded, it shall be taken in such manner and (subject as provided below) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.
  - 1 Any poll demanded at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.
  - 1 The Issuer and the Trustee (through their respective representatives) and their respective financial and legal advisers may attend and speak at any meeting of Noteholders. No one else may attend at any meeting of Noteholders or join with others in requesting the convening of such a meeting unless he is the holder of a Note or is a proxy or a representative.
  - 1 At any meeting on a show of hands every person who is present in person and who produces a Note or is a proxy or a representative shall have one vote and on a poll every person who is so present shall have one vote in respect of each U.S.\$1 (or, in the case of meetings of holders of Notes denominated in another currency, as the Trustee in its absolute discretion may decide) in principal amount of the Notes so produced or represented or in respect of which he is a proxy or a representative. Without prejudice to the obligations of proxies, any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
  - 1 A meeting of Noteholders shall, subject to the Conditions, in addition to the powers given above, but without prejudice to any powers conferred on other persons by this Trust Deed, have power exercisable by Extraordinary Resolution:
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- 1.1 to sanction any proposal by the Issuer or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property whether such rights shall arise under this Trust Deed, the Agency Agreement or otherwise;
- 1.2 to sanction any scheme or proposal for the exchange, substitution or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, Notes, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other body corporate formed or to be formed, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid;
- 1.3 to assent to any modification of this Trust Deed or the Conditions that relate to the rights appertaining to the Notes which shall be proposed by the Issuer or the Trustee;
- 1.4 to authorise anyone to concur in and do all such things as may be necessary to carry out and to give any authority, direction or sanction which under this Trust Deed or the Notes is required to be given by Extraordinary Resolution;
- 1.5 to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- 1.6 to approve a person proposed to be appointed as a new Trustee and to remove any Trustee;
- 1.7 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under this Trust Deed (for the avoidance of doubt, nothing in this paragraph shall be interpreted to mean that the consent of the Bondholders is required in relation to any substitution that the Trustee may otherwise agree to under Clause 16.2 of the Trust Deed); and
- 1.8 to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under this Trust Deed or the Notes;
- provided that the special quorum provisions contained in the proviso to paragraph 7 and, in the case of an adjourned meeting, in the proviso to paragraph 8 shall apply in relation to any Extraordinary Resolution for the purpose of paragraph 17.2 or 17.7 (unless, in the case of paragraph 17.7, such substitution is made in compliance with Clause 16 of the Trust Deed) or for the purpose of making any modification to the provisions contained in this Trust Deed, the Conditions or the Notes which would have the effect of:
- 1.8.1 changing the Final Maturity Date, the Call Date (other than deferring the Call Date), the End of Period Restricted Date (other than bringing forward the End of Period Restricted Date) or any dates for payment of interest or any other amount in respect of the Notes; or
- 1.8.2 modifying the circumstances in which the Issuer or Noteholders are entitled to redeem the Notes pursuant to Condition 7(b), 7(c) or 7(e) (other than removing the right of the Issuer to redeem the Notes pursuant to Condition 7(b) or (c)); or
- 1.8.3 reducing or cancelling the principal amount of, or interest on, the Notes or to reduce the amount payable on redemption of the Notes; or
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- 1.8.4 modifying the basis for calculating the interest or any other amount payable in respect of the Notes; or
- 1.8.5 modifying the provisions relating to, or cancelling, the Conversion Rights including the circumstances in which Conversion Rights may be exercised or the rights of Noteholders to receive Class A Shares and/or the Cash Conversion Amount and/or the Alternative Settlement Cash Amount on exercise of Conversion Rights pursuant to the Conditions (other than pursuant to or as a result of any amendments to the Conditions or the Trust Deed made pursuant to and in accordance with the provisions of Condition 6(n) in order to effect a Conversion Right Transfer or Condition 11(g) following or as part of a Newco Scheme ("Newco Scheme Modification") and other than a reduction to the Conversion Price or an increase in the number of Class A Shares and/or Cash Conversion Amount and/or Alternative Settlement Cash Amount to be issued or paid to Noteholders on exercise of Conversion Rights); or
- 1.8.6 increasing the Conversion Price (other than in accordance with the Conditions or pursuant to a Newco Scheme Modification) or to reduce the number of Class A Shares to be issued, or reduce the Cash Conversion Amount and/or the Alternative Settlement Cash Amount payable, to Noteholders on exercise of Conversion Rights; or
- 1.8.7 changing the currency or denomination of the Notes or of any payment in respect of the Notes; or
- 1.8.8 changing the governing law of the Notes, the Trust Deed, the Agency Agreement or the Calculation Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)), or
- 1.8.9 modifying the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or
- 1.8.10 amending this proviso.

No consent or approval of Noteholders shall be required in connection with any Conversion Right Transfer effected in accordance with Condition 6(n) or any Newco Scheme Modification.

- 1 An Extraordinary Resolution passed at a meeting of Noteholders duly convened and held in accordance with this Trust Deed shall be binding upon all the Noteholders, whether or not present at such meeting and whether or not they vote in favour, and each of the Noteholders shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.
  - 1 Minutes of all resolutions and proceedings at every such meeting shall be made and entered in the books to be from time to time provided for that purpose by the Issuer or the Trustee and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of Noteholders, shall be conclusive evidence of the matters contained in them and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.
  - 1 Subject to the following sentence, a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.
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For so long as the Notes are in the form of a Global Note registered in the name of a common depositary for Euroclear, Clearstream, Luxembourg or another clearing system, or a nominee of any of the above then, in respect of any resolution proposed by the Issuer or the Trustee:

- 1.1 *Electronic Consent:* where the terms of the resolution proposed by the Issuer or the Trustee (as the case may be) have been notified to the Noteholders through the relevant clearing system(s) as provided in sub-paragraphs (i) and/or (ii) below, each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying, Transfer and Conversion Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the Noteholder(s) of not less than 75 per cent. of the aggregate principal amount of the Notes outstanding (the "**Required Proportion**") ("**Electronic Consent**") by close of business on the Relevant Date. Any resolution passed in such manner shall be binding on all Noteholders even if the relevant consent or instruction proves to be defective. Neither the Issuer nor the Trustee shall be liable or responsible to anyone for such reliance;
- (i) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).
  - (ii) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Such determination shall be notified in writing to the other party or parties to the Trust Deed. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Trustee (unless the Trustee is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (i) above. For the purpose of such further notice, references to "Relevant Date" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer or the Trustee which is not then the subject of a meeting that has been validly convened in accordance with paragraph 3 above, unless that meeting is or shall be cancelled or dissolved; and

- 2.1 *Written Resolution:* where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, (a) by accountholders in the clearing system with entitlements to such Global Note or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For
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the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent.

- 1 Subject to all other provisions contained in this Trust Deed the Trustee may without the consent of the Noteholders prescribe such further regulations regarding the holding of meetings of Noteholders and attendance and voting at them as the Trustee may in its sole discretion determine including particularly (but without prejudice to the generality of the foregoing) such regulations and requirements as the Trustee thinks reasonable:
    - 1.1 so as to satisfy itself that persons who purport to requisition a meeting in accordance with paragraph 3 or who purport to make any requisition to the Trustee in accordance with this Trust Deed are in fact Noteholders; and
    - 1.2 so as to satisfy itself that persons who purport to attend or vote at any meeting of Noteholders are entitled to do so in accordance with this Trust Deed.
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**SCHEDULE 5**  
**Form of Director's Certificate**

[ON THE HEADED PAPER OF THE ISSUER]

To: BNY Mellon Corporate Trustee Services Limited  
One Canada Square  
London E14 5AL  
United Kingdom

[Date]

Dear Sirs

**YANDEX N.V.**

**U.S.\$1,250,000,000 0.75 per cent. Convertible Notes due 2025**

This certificate is delivered to you in accordance with Clause 10.5 of the Trust Deed dated 3 March 2020 (the "**Trust Deed**") and made between Yandex N.V. (the "**Issuer**") and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**"). All words and expressions defined in the Trust Deed shall (save as otherwise provided herein or unless the context otherwise requires) have the same meanings herein. The undersigned, having made all reasonable enquiries to the best of [his/her] knowledge, information and belief:

- (a) As at [•], no Event of Default or Potential Event of Default or Fundamental Change Event or Delisting Event existed [other than [•]] and no Event of Default or Potential Event of Default or Fundamental Change Event or Delisting Event had existed at any time since [•] [the Certification Date (as defined in the Trust Deed) of the last certificate delivered under Clause 10.5]/[the date of this Trust Deed] [other than [•]]; and
- (a) From and including [•]3 [the Certification Date of the last certificate delivered under Clause 10.5]4/[the date of this Trust Deed] to and including [•]1, the [Issuer] confirms that there has been no breach in respect of its obligations under the Trust Deed [other than [•]] and that no Fundamental Change Event or Delisting Event [other than [•]]7 has occurred.

For and on behalf of

**Director**

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This deed is delivered on the day and year first before written.

**EXECUTED AS A DEED BY**

**YANDEX N.V.**

By:

/s/ Akrady Volozh

Authorised signatory

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**EXECUTED AND DELIVERED AS A DEED BY  
BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**

Acting by two of its lawful Attorneys:

Attorney: /s/ Martin Olcese

Attorney:

In the presence of:

Witness name: /s/ Jonathan Rogers

Signature:

Address: One Canada Square, London E14 5AL

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## SUBSIDIARIES OF YANDEX N.V.

Name of Subsidiary(1)	Jurisdiction of Organization
YANDEX LLC	Russia
Autopark Laboratory LLC	Russia
Clinic Yandex Health LLC	Russia
Edadeal LLC	Russia
Edadeal Promo LLC	Russia
Food Party LLC	Russia
GIS Technologies LLC	Russia
INO CPE SDA	Russia
Kinopoisk LLC	Russia
MLU Africa B.V.	The Netherlands
MLU B.V. (3)	The Netherlands
MLU Europe B.V.	The Netherlands
NAPA LLC	Russia
Opteum LLC	Russia
Spb Software Limited	Hong Kong
Telesystems LLC	Russia
UBER AZERBAIJAN LLC	Azerbaijan
Uber ML B.V.	The Netherlands
Uber ML Holdeo B.V.	The Netherlands
Uber Systems Bel LLC	Belarus
Uber Technology LLC	Russia
Yandex Advertising LLC	Belarus
Yandex Advertising Services LC	Turkey
Yandex Auto.ru AG	Switzerland
Yandex DC LLC	Russia
Yandex DC Vladimir LLC	Russia
Yandex Europe AG	Switzerland
Yandex Europe B.V.	The Netherlands
Yandex Inc.	USA
Yandex Information Technology Co., Ltd.	China
Yandex Media Services B.V.	The Netherlands
Yandex Oy	Finland
Yandex Services AG	Switzerland
Yandex.Classifieds Holding B.V.	The Netherlands
Yandex.Classifieds LLC	Russia
Yandex.Classifieds Technology LLC	Russia
Yandex.Cloud LLC	Russia
Yandex.Drive LLC	Russia
Yandex.Food LLC	Russia
Yandex.Fuel LLC	Russia
YANDEX.GO ISRAEL Ltd.	Israel



Yandex.Go S.R.L.	Romania
YANDEX.ISRAEL Ltd.	Israel
Yandex.Kazakhstan LLP	Kazakhstan
Yandex.Lavka LLC	Russia
Yandex.Medialab LLC	Russia
Yandex.Mediaservices LLC	Russia
Yandex.OFD LLC	Russia
Yandex.Probki LLC	Russia
Yandex.Prosveshcheniye LLC	Russia
Yandex.Studio LLC	Russia
Yandex.Taxi AM LLC	Armenia
Yandex.Taxi B.V.	The Netherlands
Yandex.Taxi Corp LLP	Kazakhstan
Yandex.Taxi Corp AM LLC	Armenia
Yandex.Taxi Holding B.V.	The Netherlands
Yandex.Taxi Kazakhstan LLP	Kazakhstan
Yandex.Taxi LLC	Russia
Yandex.Taxi Technology LLC	Russia
Yandex.Taxi Ukraine LLC (2)	Ukraine
Yandex.Technologies LLC	Russia
Yandex.Technology GmbH	Germany
Yandex.Telecom LLC	Russia
Yandex.Testing LLC	Russia
Yandex.Ukraine LLC (2)	Ukraine
YandexBel LLC	Belarus
Zen.Platform LLC	Russia
Znaniye Company Ltd	Cyprus
Znaniye Development Company Ltd	Cyprus
Znaniye LLC	Russia

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(1) Directly or indirectly held

(2) Yandex N.V. owns a 99.9% interest

(3) Yandex N.V. owns a 61.0% interest

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**Certification by the Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Arkady Volozh, certify that:

1. I have reviewed this annual report on Form 20-F of Yandex N.V. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 2, 2020

By: /S/ ARKADY VOLOZH

Name: Arkady Volozh

Title: Chief Executive Officer

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**Certification by the Chief Financial Officer**  
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Greg Abovsky, certify that:

1. I have reviewed this annual report on Form 20-F of Yandex N.V. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 2, 2020

By: /S/ GREG ABOVSKY

Name: Greg Abovsky

Title: Chief Operating Officer / Chief Financial Officer

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**Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 20-F of Yandex N.V. (the "Company") for the year ended December 31, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Arkady Volozh, as Chief Executive Officer of the Company, and Greg Abovsky, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 2, 2020

By: /s/ Arkady Volozh  
Name: Arkady Volozh  
Title: *Chief Executive Officer*

By: /s/ Greg Abovsky  
Name: Greg Abovsky  
Title: *Chief Operating Officer / Chief Financial Officer*

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Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors  
Yandex N.V.

We consent to the incorporation by reference in the registration statements (Nos. 333-177622 and 333-213317) on Form S-8 of Yandex N.V. of our reports dated April 2, 2020, with respect to the the consolidated balance sheets of Yandex N.V. and subsidiaries as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 20-F of Yandex N.V.

Our report on the consolidated financial statements dated April 2, 2020, refers to the translation of the consolidated financial statements as of and for the year ended December 31, 2019 into United States dollars presented solely for the convenience of the reader.

Our report on the consolidated financial statements refers to a change in accounting for leases due to the adoption of Accounting Standard Codification Topic 842, *Leases*.

/s/ JSC "KPMG"

Moscow, Russia  
April 2, 2020

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