



IPJSC YANDEX Announces First Quarter 2024 Financial Results

April 26, 2024 – IPJSC YANDEX (MOEX: YDEX), an IT company that creates world-class technologies and services, including the leading search engine and ride-hailing service in Russia, today announced its unaudited financial results for the first quarter ended March 31, 2024.

Q1 2024 Financial and Operational Highlights¹

The presented results for the three months ended March 31, 2024 were prepared in accordance with the management accounting rules of the IPJSC YANDEX, including the historical results of the group as part of Yandex N.V.. The management accounting rules for the three months ended March 31 2024, are presented in accordance with U.S. GAAP.

<i>In RUB millions</i>		Three months ended March 31		
		2023	2024	Change
Total Group	Total Revenues	162,899	228,314	40%
	Total Adjusted EBITDA ²	18,181	37,601	107%
	<i>Total Adjusted EBITDA margin, %</i>	11.2%	16.5%	5.3 p.p.
	Net income	13,191	19,376	47%
	Adjusted Net Income	8,173	21,571	164%
Search and portal	Share of Russian search market, %	63.3%	64.5%	1.1 p.p.
	Search share on Android, %	62.6%	64.4%	1.8 p.p.
	Search share on iOS, %	49.1%	51.8%	2.6 p.p.
	Revenues	67,726	93,635	38%
	Adjusted EBITDA	34,760	44,218	27%
	<i>Adjusted EBITDA margin, %</i>	51.3%	47.2%	-4.1 p.p.
E-Commerce, Mobility and Delivery	Revenues	88,156	122,117	39%
	GMV of Mobility ²	224,734	322,099	43%
	GMV of E-commerce ³	139,745	198,983	42%
	GMV of other O2O services ⁴	36,607	60,256	65%
	Total Adjusted EBITDA/(loss)	(10,846)	2,862	n/m
Plus and Entertainment Services	Yandex Plus subscribers, MM	22.1	32.7	48%

(1) The following measures presented in this release are in accordance with “the management accounting rules based on US GAAP”: adjusted EBITDA, adjusted EBITDA margin and adjusted net income/(loss). Please see the section “Use of financial measures in accordance with the management accounting rules based on U.S. GAAP” below for a discussion of how we define these measures, as well as reconciliations at the end of this release.

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

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

(4) GMV of other O2O (online-to-offline) services includes the total amount paid by customers and partner businesses for Yandex Delivery and Yandex Fuel services, and several other smaller O2O experiments, including VAT.

ABOUT IPJSC YANDEX

IPJSC YANDEX (MOEX: YDEX) is a technology company that builds intelligent products and services powered by machine learning. Our goal is to help consumers and businesses better navigate the online and offline world. We develop world-class, locally relevant search and navigation products, mobility, e-commerce, online entertainment, cloud computing and other services to assist millions of consumers in our markets of presence.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements that involve risks and uncertainties. All statements contained in this press release other than statements of historical facts, including, without limitation, statements regarding our future financial and business performance, our business and strategy and the impact of the current geopolitical and macroeconomic developments on our industry, business and financial results, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “guide,” “intend,” “likely,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. Actual results may differ materially from the results predicted or implied by such statements, and our reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by such statements include, among others, macroeconomic and geopolitical developments affecting the Russian economy or our business, changes in the political, legal and/or regulatory environment and regulatory and business responses to that crisis, including international economic sanctions and export controls, competitive pressures, changes in advertising patterns, changes in user preferences, technological developments, and our need to expend capital to accommodate the growth of the business, and others. All information in this release and in the attachments is as of April 26, 2024, and IPJSC YANDEX undertakes no duty to update this information unless required by law.

Use of financial measures in accordance with the management accounting rules based on U.S. GAAP

To supplement the financial information prepared and presented in accordance with the management accounting rules based on U.S. GAAP, we present the following financial measures: Adjusted EBITDA, Adjusted EBITDA margin and Adjusted net income. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with the management accounting rules based on U.S. GAAP. For more information on these financial measures, please see the relative tables captioned “Reconciliations of financial measures”. We define the various financial measures we use as follows:

- **Adjusted EBITDA** means net income before: (1) depreciation and amortization, (2) certain SBC expense, (3) interest expense, (4) income tax expense, (5) one-off restructuring and other expenses, (6) impairment of goodwill and other intangible assets, (7) interest income, (8) other income/(loss), net, (9) income/(loss) from equity method investments.
- **Adjusted EBITDA margin** means adjusted EBITDA divided by revenues.
- **Adjusted net income** means net income before (1) certain SBC expense, (2) one-off restructuring and other expenses, (3) impairment of goodwill and other intangible assets, (4) foreign exchange gains/(losses). Tax effects related to the listed adjustments are excluded from adjusted net income.

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

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

Below we describe why we make particular adjustments to certain financial measures:

Certain SBC expense

SBC is a significant expense item, and an important part of our compensation and incentive programs. As it is highly dependent on our share price at the time of equity award grants, we believe that it is useful for investors and analysts to see certain financial measures excluding the impact of these charges in order to obtain a clearer picture of our operating performance. However, because we settled the RSU equity awards of our employees in cash during 2023 and Q1 2024, we no longer eliminate the relevant SBC expense corresponding to the cash payment from adjusted EBITDA and adjusted net income.

Foreign exchange gains/(losses)

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

Goodwill and other intangible assets impairment

We adjust our net income/(loss) and EBITDA/(loss) to exclude a loss from goodwill and intangible assets impairment, as well as any related income tax effects. Excluding these expenses, allow us to provide a clearer picture of our business performance, without being distracted by one-off expenses that are not directly related to our operating activities.

One-off restructuring and other expenses

We believe that it is useful to present adjusted net income/(loss), adjusted EBITDA/(loss) and related margin measures excluding impacts not related to our operating activities. Adjusted net income/(loss) and adjusted EBITDA/(loss) exclude expenses related to the proposed corporate restructuring and other similar one-off expenses.

IPJSC YANDEX
Unaudited Condensed Consolidated and Combined Balance Sheets *
(in millions of Russian rubles)

	<u>As of March 31, 2024</u>
ASSETS	
Cash and cash equivalents	72,821
Funds receivable	14,191
Accounts receivable	80,551
Sales financing receivable	24,779
Prepaid expenses	18,106
Inventory	22,106
VAT reclaimable	25,556
Other current assets	19,531
Total current assets	<u>277,641</u>
Property and equipment	188,345
Goodwill	142,840
Intangible assets	26,775
Content assets	29,572
Operating lease right-of-use assets	37,046
Deferred tax assets	10,900
Other non-current assets	38,828
Total non-current assets	<u>474,306</u>
TOTAL ASSETS	<u>751,947</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Accounts payable, accrued and other liabilities	204,681
Debt, current portion	76,982
Income and non-income taxes payable	33,499
Deferred revenue	23,178
Total current liabilities	<u>338,340</u>
Debt, non-current portion	56,302
Deferred tax liabilities	4,713
Operating lease liabilities	27,248
Finance lease liabilities	26,920
Other accrued liabilities	30,630
Total non-current liabilities	<u>145,813</u>
Total liabilities	<u>484,153</u>
Total equity	<u>267,794</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>751,947</u>

* Prepared in accordance with the management accounting rules of the IPJSC YANDEX, including the historical results of the group as part of Yandex N.V. The management accounting rules are presented in accordance with U.S. GAAP.

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Unaudited Condensed Consolidated and Combined Statements of Operations *

(in millions of Russian rubles)

	Three months ended March 31,	
	2023	2024
Revenues	162,899	228,314
Operating costs and expenses:		
Cost of revenues ⁽¹⁾	76,620	97,996
Product development ⁽¹⁾	20,026	26,905
Sales, general and administrative ⁽¹⁾	50,410	68,804
Depreciation and amortization	8,109	11,365
Total operating costs and expenses	155,165	205,070
Income from operations	7,734	23,244
Net income	13,191	19,376

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

Cost of revenues	151	117
Product development	2,865	1,857
Sales, general and administrative	2,191	1,890

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RECONCILIATIONS OF FINANCIAL MEASURES

Reconciliation of Adjusted EBITDA to Income from operations

<i>In RUB millions</i>	Three months ended March 31,		
	2023	2024	<i>Change</i>
Income from operations	7,734	23,244	201%
<i>Add:</i> depreciation and amortization	8,109	11,365	40%
<i>Add:</i> certain SBC expense	2,338	2,505	7%
<i>Add:</i> one-off restructuring and other expenses	-	337	n/m
<i>Add:</i> impairment of other intangible assets	-	150	n/m
Adjusted EBITDA	18,181	37,601	107%

Reconciliation of Adjusted Net Income to Net Income

<i>In RUB millions</i>	Three months ended March 31,		
	2023	2024	Change
Net income	13,191	19,376	47%
<i>Add:</i> certain SBC expense	2,341	2,505	7%
<i>Less:</i> foreign exchange gains	(7,552)	(824)	-89%
<i>Add:</i> one-off restructuring and other expenses	-	337	n/m
<i>Add:</i> impairment of other intangible assets	-	150	n/m
Tax effect of adjustments	193	27	-86%
Adjusted net income	8,173	21,571	164%

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Please follow the link to find the full version of this press release (only in RUS).