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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 20-F**

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(Mark One) ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR SECTION 12(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, 2022**

**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 REPORT 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: 001-40986**

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**Cian PLC**

(Exact name of registrant as specified in its charter)

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**Not applicable**

(Translation of Registrant's name into English)

**Cyprus**

(Jurisdiction of incorporation or organization)

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**Telephone: +357 22 418 200**

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

**Title of each class**  
**American Depositary Shares\***  
**Ordinary Shares\*\***

**Trading Symbol(s)**  
**CIAN**

**Name of each exchange on which registered**  
**The New York Stock Exchange**  
**The New York Stock Exchange\*\***

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\* American Depositary Receipts evidence American Depositary Shares, each American Depositary Share representing one ordinary share of the registrant.

\*\* Nominal value EUR 0.0004 per ordinary share. Not for trading, but only in connection with the registration of the American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

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: None

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Indicate the number of outstanding shares of each of the issuer's classes of capital stock or common stock as of the close of the period covered by the annual report: 69,959,548 ordinary shares of the registrant (including 69,959,548 ordinary shares in the form of American Depositary Shares).

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 (§ 232.405 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<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to Rule 10D-1(b) under the Exchange Act. ☐

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 ☒

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## ABOUT THIS ANNUAL REPORT

Except where the context otherwise requires or where otherwise indicated, the terms “Cian,” the “Company,” the “Cian Group,” the “Group,” “we,” “us,” “our,” “our company” and “our business” refer to Cian PLC, in each case together with its consolidated subsidiaries as a consolidated entity, and the term “Issuer” refers to Cian PLC as a standalone company.

All references in this Annual Report to “₽,” “rubles” or “RUB” mean Russian rubles, all references to “\$,” “dollars” or “USD” mean U.S. dollars and all references to “€,” “euro” or “EUR” mean euro, unless otherwise noted.

## GLOSSARY OF KEY TERMS

**“Average Unique Monthly Visitors (UMV)”** means the average number of users and customers visiting our platform (websites and mobile application) per month in a particular period, excluding bots. Average UMV for a particular period is calculated by aggregating the UMV for each month within such period and dividing by the number of months. For 2020, Average UMV is calculated based on Google Analytical data; for the 2021 and 2022, Average UMV is calculated as a sum of Average UMV for the Cian Group (excluding N1 Group) based on Google Analytics data and Average UMV for the N1 Group based on Yandex.Metrica data. We calculate UMV using cookies and count the first time a computer or mobile device with a unique IP address accesses our platform during a month. If an individual accesses our platform using different IP addresses within a given month, the first access by each such IP address is counted as a separate unique visitor.

**“Average daily revenue per listing”** is calculated as listing revenue divided (i) by the total number of listings for the corresponding period and (ii) by the number of days during the period.

**“Average revenue per lead to developers”** is calculated as lead generation revenue (within the Core Business segment) for a period divided by the number of leads (to developers) during such period.

**“Average revenue per paying account”** is calculated as listing revenue in the secondary residential and commercial real estate verticals divided (i) by the number of paying accounts for the corresponding period and (ii) by the number of months during the period.

**“C2C Rental”** means the historically reported operating segment which comprised end-to-end solutions in property rentals, where commission was charged for digitalizing, facilitation and operating property rentals service (including tenant background checks, digital signing of agreements, online payments and insurance). We discontinued the services offered by our C2C Rental segment as of December 2021.

**“Core Business”** means the operating and reporting segment which comprises our core classifieds platform, including our listing and value-added services for secondary residential and commercial real estate customers as well as our lead generation solutions and value-added services for primary residential real estate customers, such as developers, as well as our advertising tools.

**“Cumulative app downloads”** means the number of times the Cian mobile application was downloaded via iOS and Android as of a particular date.

**“Customers”** means professional and private companies and individuals who list properties on our platform. Our customers include (i) professional listing customers, such as real estate agents (both agents working for real estate agencies and independent agents) and real estate developers, as well as (ii) private listing customers, such as individual sellers and renters who choose to list their property directly without any intermediary.

**“End-to-End Offerings”** means the operating and reporting segment which comprises Online Transaction Services, which enable online execution of real estate transactions (including document checking, verification, signing and storage, registration and tax refunds) and Home Swap service offerings, which facilitate simultaneous real estate sales and purchases.

**“Leads to developers”** means the number of paid target calls, lasting 30 seconds or longer, made through our platform by home searchers to real estate developers, for a particular period.

**“Leads to agents and individual sellers”** means the number of times our users clicked to “show” a customer’s phone number on our platform or sent chat messages to agents or property sellers through our platform in a month, calculated as a monthly average for a particular period.

**“Listings”** means the daily average number of real estate listings posted on our platform by agents and individual sellers for a particular period.

**“Mortgage Marketplace”** means the operating and reporting segment which comprises solutions for our partner banks for distributing their mortgage products through our advanced platform for mortgage price comparison, mortgage pre-approval and origination.

**“Number of listings”** is a metric presented in the Frost & Sullivan Report, which means the primary and secondary residential real estate listings for rent and purchase (excluding short-term rental) as of particular date.

**“Paying accounts”** means the number of registered accounts, which were debited at least once during a month for placing a paid listing on our platform or purchasing any value-added services, calculated as a monthly average for a particular period. We calculate the number of paying accounts to include both individual accounts and master accounts, but excluding subordinated accounts, which can be created under one master account by the real estate agencies for their individual agents as part of our virtual agency offering. For further descriptions of individual accounts, master accounts and subordinated accounts, see *“Item 4. Information on the Company—B. Business Overview—Core Classifieds Business—Products and Services We Offer to Customers.”*

**“Share of leads to real estate agents and individual sellers”** is a metric presented in the Frost & Sullivan Report, which means the share of calls made, and chat messages sent, through our platform in the total number of calls made, and chat messages sent, by property searchers to real estate agents and individual sellers during a particular period. Includes calls and chats related only to urban sale and purchase in secondary residential real estate vertical.

**“Share of mobile in leads to agents and individual sellers”** means the share of leads to agents and individual sellers, generated via the Cian mobile application and mobile website, as compared to total leads to agents and individual sellers through our platform. Calculated as a monthly average for a particular period.

**“Share of mobile traffic”** means the share of traffic generated via the Cian mobile application and mobile website as compared to the entire traffic of the Cian platform. Calculated per period (not average).

**“Short term rental”** means the leasing of a residential property with rental payments calculated on a per diem basis. This number is excluded from the “Number of listings” measure.

**“Subscription model”** means our monthly subscription model whereby our customers pay a fixed price to post real estate listings for a month-long period.

**“Users”** means the end users who use our platform, typically free of charge, to search for properties and a variety of information and services (including real estate listings) to help them navigate through various real estate transactions.

**“Valuation and Analytics”** means the operating and reporting segment which comprises our proprietary real estate market research, data analytics and market intelligence services.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We report under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”). Our financial statements included in this Annual Report are presented in rubles and, unless otherwise specified, all monetary amounts are in rubles. We have made rounding adjustments to some of the figures included in this Annual Report. Accordingly, any numerical discrepancies in any table between totals and sums of the amounts listed are due to rounding.

We completed our initial public offering on November 9, 2021. Prior to our initial public offering, we had historically conducted our business through iRealtor LLC, a Russian limited liability company (“iRealtor”). iRealtor is a wholly owned subsidiary of Mimons Investments Limited, which in turn is a wholly owned subsidiary of the issuer, Cian PLC. On February 5, 2021, we acquired N1.RU LLC (“N1” and, together with its subsidiaries, the “N1 Group”), a real estate-focused classifieds business that primarily operates in regional cities in Russia, such as Novosibirsk, Ekaterinburg and Omsk (the “N1 Acquisition”).

### Non-IFRS Financial Measures

Certain parts of this Annual Report contain non-IFRS financial measures, including Adjusted EBITDA, Core Business Adjusted EBITDA for Moscow and the Moscow region, Core Business Adjusted EBITDA for Other regions, Adjusted EBITDA Margin, Core Business Adjusted EBITDA Margin, Core Business Adjusted EBITDA Margin for Moscow and the Moscow region and Core Business Adjusted EBITDA Margin for Other regions. The non-IFRS financial measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with IFRS and may be different from similarly titled non-IFRS measures used by other companies. See “*Item 5. Operating and Financial Review and Prospects—B. Operating Results—Non-IFRS Measures.*” for reconciliation of non-IFRS financial measures to the nearest IFRS measures.

### Key Performance Indicators

Throughout this Annual Report, we provide a number of key performance indicators used by our management and often used by competitors in our industry. These and other key performance indicators are discussed in more detail in “*Item 5. Operating and Financial Review and Prospects.*” Our key performance indicators include the following (each, as defined under “*Glossary of Key Terms*” above):

- Average UMV (Unique Monthly Visitors);
- Listings;
- Leads to agents and individual sellers;
- Paying accounts;
- Average revenue per paying account;
- Average daily revenue per listing;
- Leads to developers; and
- Average revenue per lead to developers.

All key performance indicators and other data contained in this Annual Report, as of and for the periods prior to 2021, exclude the N1 Group data, unless stated otherwise.

## MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data in this Annual Report from our own internal estimates and research as well as from publicly available information, industry and general publications and research, surveys and studies conducted by third parties, such as SimilarWeb (“SimilarWeb”), the Russian Federal State Statistics Service (“Rosstat”) and the other third parties stated below.

There are a number of market studies that address either specific market segments, or regional markets, within our industry. However, given the rapid changes in our industry and the markets in which we operate, no industry research that is generally available covers all of the digital real estate classifieds and adjacent market trends we view as key to understanding our industry and our place in Russia, in particular. We believe that it is important that we maintain as broad a view on industry developments as possible. In connection with our initial public offering in 2021, we commissioned Frost & Sullivan, a third party market research company, to conduct an independent study of the digital real estate classifieds landscape in Russia, including an overview of macroeconomic, real estate and digital real estate classifieds market dynamics and their evolution over time, an analysis of underlying market trends and potential growth factors, an assessment of the current competitive landscape and other relevant topics, and prepare for us a report dated September 7, 2021, titled “Real Estate Advertising Market in Russia” (the “Frost & Sullivan Report”).

In connection with the preparation of the Frost & Sullivan Report, we furnished Frost & Sullivan with certain historical information about our Company and some data available on the competitive environment. Frost & Sullivan, in conjunction with third-party experts with extensive experience in the Russian real estate classifieds business, conducted research in preparation of the report, including a study of market reports prepared by other parties, interviews and a study of a broad range of secondary sources including other market reports, association and trade press publications, other databases and other sources. We used the data contained in the Frost & Sullivan Report to assist us in describing the nature of our industry and our position in it. Such historical information is included in this Annual Report in reliance on Frost & Sullivan’s authority as an expert in such matters.

Due to the evolving nature of our industry and competitors, we believe that it is difficult for any market participant, including us, to provide a precise data on the market or our industry. However, we believe that the market and industry data we present in this Annual Report provide accurate estimates of the market and our place in it. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Annual Report.

## TRADEMARKS, SERVICE MARKS AND TRADENAMES

We have proprietary rights to trademarks used in this Annual Report that are important to our business, many of which are registered under applicable intellectual property laws.

Solely for convenience, the trademarks, service marks, logos and trade names referred to in this Annual Report are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names. This Annual Report contains additional trademarks, service marks and trade names of others, which are the property of their respective owners. All trademarks, service marks and trade names appearing in this Annual Report are, to our knowledge, the property of their respective owners. We do not intend our use or display of other companies’ trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## ENFORCEMENT OF CIVIL LIABILITIES

We are organized in Cyprus, and substantially all of our and our subsidiaries' assets are located outside the United States, and all members of our board of directors are resident outside of the United States. As a result, it may not be possible to effect service of process within the United States upon us or any of our subsidiaries or such persons or to enforce U.S. court judgments obtained against us or them in jurisdictions outside the United States, including actions under the civil liability provisions of U.S. securities laws. In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions outside the United States, liabilities predicated upon U.S. securities laws.

Further, most of our and our subsidiaries' assets are located in Russia. Judgments rendered by a court in any jurisdiction outside Russia will generally be recognized by courts in Russia only if (i) an international treaty exists between Russia and the country where the judgment was rendered providing for the recognition of judgments in civil cases and/or (ii) a federal law of Russia providing for the recognition and enforcement of foreign court judgments is adopted. No such federal law has been passed, and no such treaty exists, between Russia, on the one hand, and the United States, on the other hand. Even if an applicable international treaty is in effect or a foreign judgment might otherwise be recognized and enforced on the basis of reciprocity, the recognition and enforcement of a foreign judgment will in all events be subject to exceptions and limitations provided for in Russian law. For example, a Russian court may refuse to recognize or enforce a foreign judgment if its recognition or enforcement would contradict Russian public policy. In addition, Russian courts have limited experience in the enforcement of foreign court judgments.

In the absence of an applicable treaty, enforcement of a final judgment rendered by a foreign court may still be recognized by a Russian court on the basis of reciprocity, if courts of the country where the foreign judgment is rendered have previously enforced judgments issued by Russian courts. There are no publicly available judgments in which a judgment made by a court in the United States was upheld and deemed enforceable in Russia. In any event, the existence of reciprocity must be established at the time the recognition and enforcement of a foreign judgment is sought, and it is not possible to predict whether a Russian court will in the future recognize and enforce on the basis of reciprocity a judgment issued by a foreign court, including a U.S. court.

Russia is a party to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards, but it may be difficult to enforce arbitral awards in Russia due to a number of factors, including compliance with the procedure for the recognition and enforcement of foreign arbitral awards by Russian courts established by the Arbitrazh Procedural Code of Russia, limited experience of Russian courts in international commercial transactions, official and unofficial political resistance to enforcement of awards against Russian companies in favor of foreign investors, Russian courts' inability to enforce such orders and corruption. Furthermore, enforcement of any arbitral award pursuant to arbitration proceedings may be limited by the mandatory provisions of Russian laws relating to categories of non-arbitrable disputes and the exclusive jurisdiction of Russian courts, and specific requirements to arbitrability of certain categories of disputes, including in respect of the ADSs (i.e., specific requirements in relation to a type of an arbitral institution, arbitration rules, seat of arbitration and parties to an arbitration agreement for consideration of so called corporate disputes in relation to Russian companies) and the application of Russian laws with respect to bankruptcy, winding up or liquidation of Russian companies.

Therefore, a litigant who obtains a final and conclusive judgment in the United States would most likely have to litigate the issue again in a Russian court of competent jurisdiction. The possible need to re-litigate a judgment obtained in a foreign court on the merits in Russia may also significantly delay the enforcement of such judgment. Under Russian law, certain amounts may be payable by the claimant upon the initiation of any action or proceeding in any Russian court. These amounts, in many instances, depend on the amount of the relevant claim.

Shareholders may originate actions in either Russia or Cyprus based upon either applicable Russian or Cypriot laws, as the case may be.

However, it is doubtful whether a Russian or Cypriot court would accept jurisdiction and impose civil liability in an original action commenced in Russia or Cyprus, as applicable, and predicated solely upon U.S. federal securities laws.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements” (within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that relate to our current expectations and views of future events. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “*Item 3—Key Information—D. Risk Factors*,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in “*Item 3—Key Information—D. Risk Factors*” and the following:

- the negative impact on the Russian economy of the ongoing military operation in Ukraine;
- any negative effects of sanctions, export controls and similar measures targeting Russia as well as other responses to the military operation in Ukraine;
- any potential inability to maintain profitability;
- our ability to maintain our leading market positions, particularly in Moscow and St. Petersburg, and our ability to achieve and maintain leading market position in certain other regions;
- our ability to compete effectively with existing and new industry players in the Russian real estate classifieds market;
- any potential failure to adapt to any substantial shift in real estate transactions from, or demand for services in, certain Russian geographic markets;
- the health of the Russian real estate market and any positive or negative effects on our business performance as a result thereof, as well as general economic conditions in Russia;
- any effect on our operations due to cancellation of, or changes to the Russian mortgage subsidy program;
- further widespread impacts of the COVID-19 pandemic, or other public health crises, natural disasters or other catastrophic events which may limit our ability to conduct business as normal;
- our ability to establish and maintain important relationships with our customers and certain other parties;
- our ability to successfully implement our strategy;
- our ability to develop and implement new initiatives and to expand our presence in certain regional markets;
- the implementation of our subscription-based model may not materialize as expected;
- any negative effects resulting from updates or changes in search engine algorithms, other traffic-generating arrangements or adjacent products;

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- any failure to establish and maintain proper and effective internal control over financial reporting;
- any new or existing government regulation in the area of data privacy, data protection or other areas; and
- our ability to protect our customer and user information stored by us from security breaches or administrative or technical failures.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made in this Annual Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this Annual Report and the documents that we reference in this Annual Report and have filed as exhibits to this Annual Report completely and with the understanding that our actual future results or performance may be materially different from what we expect.

**PART I**

**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**ITEM 3. KEY INFORMATION**

**A. [Reserved]**

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

You should carefully consider the risks described below before making an investment decision. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, results of operations, financial condition or prospects could be materially and adversely affected by any of these risks. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Annual Report.

**Summary of Risk Factors**

The risks more fully described below that relate to our business include, but are not limited to, the following important risks:

- The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.
- Our business may be affected by sanctions, export controls and similar measures targeting Russia as well as other responses to the military operation in Ukraine.
- We have incurred operating losses in the past and may not maintain profitability.
- Sustaining profitability greatly depends on us maintaining our leading market positions, particularly in Moscow, St. Petersburg and certain other regions, and achieving and maintaining leading market positions in certain other cities and regions
- The online classifieds market is competitive, and we may fail to compete effectively with existing and new industry players
- Our growth strategy is dependent on our marketing efforts and ability to attract new users.
- Our business is concentrated in certain geographic markets.

- We may be significantly impacted by the health of the Russian real estate market and may be negatively affected by downturns in this industry and general economic conditions.
- Our business and results of operations may be affected by the cancellation of, or any changes to, the Russian mortgage subsidy program and other government support programs.
- The COVID-19 pandemic and other public health crises, natural disasters or other catastrophic events may significantly limit our ability to conduct business as normal, disrupt our business operations and materially affect our financial condition.
- We may fail to establish and maintain important relationships with our customers and certain other parties.
- Technological changes may disrupt our business or the markets in which we operate and if we cannot keep pace our business could be harmed.
- Our continued growth depends on our ability to successfully implement our strategy, which is subject to a variety of risks and uncertainties, including regulatory risks.
- If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.
- We may make acquisitions, divestments and investments, which could result in operating difficulties and other harmful consequences.
- The integrity of customer and user information stored by us, or the effectiveness of our platforms or systems in general, may be compromised
- Any significant disruption in the service of our websites or mobile applications could damage our business, reputation and brand.
- We may be unable to secure intellectual property protection for all of our technology, enforce our intellectual property rights, or protect our other proprietary business information.
- We may use open source software in a manner that could be harmful to our business.
- We may need to raise additional funds to finance our future capital needs, and we may not be able to raise additional funds on terms acceptable to us, or at all.
- We rely on assumptions, estimates and business data to calculate our key performance indicators and other business metrics.
- We operate in a rapidly evolving environment of increasing regulatory complexity
- If the Russian government were to apply existing limitations on foreign ownership to our business, or impose new limitations on foreign ownership of internet businesses in Russia, it could materially adversely affect our business.
- New or escalated tensions between Russia and neighboring states or other states could negatively affect the Russian economy.
- Because of their significant voting power and certain provisions of our articles of association, our principal shareholders will be able to exert control over us.

- Our shareholders currently have limited or no liquidity in our shares and a delisting of our ordinary shares from NYSE could have materially adverse effects on our business, financial condition and results of operations.
- A termination of our ADS program could severely impact the ability of the holders of our ADSs to recover any value for their investment in the Company.

### **Risks Related to the Russian Military Operation in Ukraine**

***The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.***

#### *Deteriorating conditions in Russian economy*

On February 24, 2022, Russian military forces commenced a special military operation in Ukraine and the length, prolonged impact and outcome of this ongoing military operation remains highly unpredictable. The current geopolitical crisis and international actions in response to it have materially and adversely impacted the macroeconomic climate and operating conditions in Russia, resulting in significant currency rate and market volatility, higher interest rates and inflation, withdrawal of a number of Western businesses from the Russian market or a reduction in their operations or services in the country and decrease in imports and consumer spending. While the military conflict in Ukraine continued to unravel, the Russian authorities announced partial mobilization of military reservists in September 2022, which further exacerbated the economic uncertainty and the full implication of which are not yet clear. It is also possible that further mobilization efforts may be initiated during 2023. We cannot predict how the conflict will unfold or the impact it will have on Russian economy and geopolitical environment in short and long terms.

In response to the military operation in Ukraine, the United States, the United Kingdom, the European Union and other countries, have imposed unprecedented sanctions and export-control measures. The imposed sanctions have targeted large parts of the Russian's economy and include, among others, blocking sanctions on some of the largest state-owned and private Russian financial institutions (and their subsequent removal from SWIFT), Russian businessmen and their businesses, the blocking of Russia's foreign currency reserves, expansion of sectoral sanctions and export and trade restrictions, limitations on investments and access to capital markets and bans on various Russian imports. For further details on sanctions, see also "*Our business may be affected by sanctions, export controls and similar measures targeting Russia as well as other responses to the military operation in Ukraine.*"

As part of the measures introduced in response to the Ukrainian conflict, Western countries announced full or partial embargo on Russian oil, liquefied natural gas and other natural resources. In addition, in December 2022, the United States, European Union and United Kingdom and other countries agreed to set up the \$60 per barrel price cap on Russian crude oil. The price cap is implemented by prohibiting the provision of services that enable maritime transportation of Russian crude oil unless the oil is purchased at or below the price cap. As Russia produces and exports large quantities of crude oil and natural gas, this or any broader embargo may put further strain on the Russian economy.

The conditions and outlook for the Russian economy deteriorated significantly since the beginning of the military conflict in Ukraine. Russia's GDP contracted by 2.1% in 2022, as compared to a 4.7% increase in 2021. The ruble to U.S. dollar exchange rate of the Central Bank of Russia (CBR) reached RUB 120.37 per U.S.\$1.00 as of March 11, 2022 as compared to RUB 74.29 per U.S.\$1.00 as of December 31, 2021, although as a result of capital control measures introduced by the Russian government and the CBR, as well as significant reductions in import volumes and low internal demand for U.S. dollars, the ruble subsequently strengthened against the U.S. dollar and currently remains close to its 2021 levels. In protest of the Russian government's actions, many U.S., European and other multi-national businesses, have indefinitely suspended their operations and paused all commercial activities in Russia. Further, demand for Russian exports in Western countries has fallen considerably throughout 2022. These developments have resulted in supply-chain disruptions, unavailability or scarcity of certain manufacturing materials, technological and medical goods, have significantly affecting commodity markets, leading to rapid price increases, and amplified the sharp rise in inflation growth. Annual inflation in Russia reached 11.9% in 2022 according to the Federal Service for State Statistics of the Russian Federation (Rosstat).

The events in 2022 have caused significant volatility on the Russian financial markets. On February 28, 2022, MOEX trading in all equity securities was suspended (including our ADSs), with limited exceptions. The trading was fully resumed on March 28, 2022, but the Russia stock market continued to experience significant price and volume fluctuations, with the market collapsing several times during 2022 following the escalation of geopolitical or military events. The ability of Russian companies and banks to obtain funding from the international capital and loan markets has also been hampered as a result of sanctions and significant decreased demand from the international investor base. See “*—The Russian banking system remains underdeveloped, the number of creditworthy banks in Russia is limited and another banking crisis could place severe liquidity constraints on our business.*”

We operate only in Russia and as a result, our business and results of operations are heavily dependent on the economic conditions in Russia. Any of the abovementioned factors may lead to further deterioration of economic conditions in Russia and adversely affect investments in Russian financial markets and the securities of Russian issuers, including our ADSs. Moreover, the continued impact of these events and any continuing or escalating military action, public protests, unrest, political instability or further sanctions could have a further adverse effect on the Russian economy and consequently, a material adverse effect on our business, financial condition and results of operations.

*Impact on our business, financial condition and results of operations*

The current geopolitical environment and its impact on the Russian economy has created an extremely challenging environment for our business. Market instability and high levels of inflation led to reductions in consumer purchasing power and an erosion of consumer confidence. Average UMV for the year ended December 31, 2022 decreased by 12.7% to 17.9 million. This decline in users and customers was mainly driven by the overall decrease in demand for primary and secondary real estate following the key interest rate hike in February 2022, as well as by tightening of subsidized mortgage programs by both the Russian government and developers. While the gradual decrease of the key interest rate during the second and the third quarters of 2022, as well as recovery in subsidized mortgage programs, led to a gradual demand recovery from the second half of May 2022, the announcement of the partial military mobilization in Russia in late September significantly increased uncertainty in the market and put substantial pressure on real estate demand.

Any further deterioration of the Russian economy may impact not only our users, but also real estate agencies and developers. The decrease in overall transaction volumes seen in 2022 has resulted and may continue to result in lower earnings for real estate agencies and developers and, consequently, may impair our ability to increase our lead generation fees in the short to medium-term. Additionally, during periods of deteriorating economic activity, our customers tend to optimize their marketing budgets and cut additional costs. We may therefore experience a decrease in demand for value-added services, which would negatively impact our revenues generally as well as the percentage of listing revenue represented by value-added services.

As a result of the capital control measures introduced by the Russian authorities, our Russian operating subsidiaries are currently unable to transfer foreign currency outside of Russia without prior approval of the Russian government, including to our holding company and to foreign counterparties. While these restrictions have not significantly affected our business to date, they impeded the Group’s ability to conduct intragroup transfers of funds, which may be essential to ensure that each Group entity is in a position to meet its cash and liquidity needs. Furthermore, the legal framework in which we operate remains increasingly volatile. In response to the geopolitical tension and economic situation, the Russian authorities have adopted and continue to develop various legislative initiatives and changes to the regulatory regime. A number of adopted legislative initiatives have adversely affected our non-Russian shareholders and proposed initiatives can lead to further negative repercussions for such shareholders. New legislation and counter measures are passed very quickly, sometimes with no or limited official guidance, which can lead to misinterpretations and difficulties in enforcement. The long-term impact and the extent of such initiatives is difficult to determine at this stage. See “*We operate in a rapidly evolving environment of increasing regulatory complexity and failure to comply with existing or new rules and regulations or to obtain and maintain required licenses or authorizations, could materially and adversely affect our business, financial condition, results of operations and development prospects.*”

We are actively monitoring the developing situation and assessing the impact of various economic and regulatory factors on our business. To date we have not experienced any material interruptions in our services, technology systems or networks needed to support our operations. We have no way to predict the short- or long-term impact of the current geopolitical tensions and the outlook for the Russian economy, as the situation continues to develop and is beyond our control. For example, on February 28, 2022, the NYSE suspended trading of our ADSs amid escalation of the conflict between Russian and Ukraine and the rapidly evolving situation around sanctions. There can be no assurance that trading of our ADSs will be resumed by the NYSE and that the ADSs will not be delisted on the NYSE. See also “—*Risks Related to the Offering and Ownership of the ADSs—Our shareholders currently have limited or no liquidity in our shares and a delisting of our ordinary shares from NYSE could have materially adverse effects on our business, financial condition and results of operations.*”

We have no way to predict the progress or outcome of the military conflict in Ukraine or its short- or long-term impact on Russia as the conflict and government reactions are rapidly developing and beyond our control. Any of the abovementioned factors could impact our revenue streams and could have a material adverse impact on our business, prospects, financial condition and operating results. Any such disruptions may also magnify the impact of other risks described in this Annual Report.

***Our business may be affected by sanctions, export controls and similar measures targeting Russia as well as other responses to the military operation in Ukraine.***

In March 2014, following a public referendum, the Crimean peninsula and the city of Sevastopol were proclaimed as new separate constituents of Russia by the governing authorities of Russia, Crimea and Sevastopol. In response to these events, the United States, the European Union and the United Kingdom, as well as other countries, 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 state-owned institutions, and sanctions that prohibit most commercial activities of U.S. and EU persons in Crimea and Sevastopol.

On August 2, 2017, the U.S. enacted the Countering America’s Adversaries Through Sanctions Act (“CAATSA”) which, among other things, imposed sanctions against certain Russian entities, and provided for “secondary sanctions” targeting non-U.S. persons who engage in “significant transactions” with U.S. sanctions targets, whereby they may face adverse economic consequences in the form of denial of certain U.S. benefits or the designation on the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”) Specially Designated Nationals and Blocked Persons List (“SDN List”). In January 2018, pursuant to CAATSA, the U.S. administration submitted to the U.S. Congress a report on senior Russian political figures, “oligarchs” and “parastatal” entities. The identification of any individuals in the report did not automatically lead to the imposition of new sanctions. Neither our directors, nor senior management are included in the report, or are otherwise currently the target of sanctions in the United States, the European Union or the United Kingdom.

More recently, as a result of Russia’s military conflict in Ukraine, governmental authorities in the United States, the European Union, the United Kingdom and other jurisdictions, have launched an unprecedented expansion of coordinated sanctions and export control measures, including:

- blocking sanctions on some of the largest state-owned and private Russian financial institutions (and their subsequent removal from SWIFT);
- blocking sanctions against Russian and Belarusian individuals, including the Russian President, other politicians and those with government connections or involved in Russian military activities;
- blocking sanctions on Russian businessmen and their businesses, some of which have significant financial and trade ties to the European Union and the United Kingdom;
- blocking of Russia’s foreign currency reserves and prohibition on secondary trading in Russian sovereign debt and certain transactions with the Russian Central Bank, National Wealth Fund and the Ministry of Finance of the Russian Federation;
- expansion of sectoral sanctions in various sectors of the Russian and Belarusian economies and the defense sector;

- U.K. sanctions introducing restrictions on providing loans to, and dealing in securities issued by, persons connected with Russia;
- restrictions on access to the EU financial and capital markets, as well as prohibitions on leasing operations with aircraft;
- sanctions prohibiting most commercial activities of U.S., U.K. and EU persons in the so-called People's Republic of Donetsk and the so-called People's Republic of Luhansk (i.e., the regions of the Donetsk and Luhansk oblasts under Russian control). The EU has enacted (and the U.K. has announced plans to enact) similar restrictions relating to the regions of the Kherson and Zaporizhzhia oblasts under Russian control;
- enhanced import and export controls and trade sanctions targeting Russia's imports of technological goods as a whole, including EU and UK prohibitions on exporting a wide range of "industrial" goods to Russia (and on importing a large number of "revenue-generating" goods from Russia). The restrictions also include bans on the export of large numbers of "luxury" items to Russia (and in some cases also to Belarus) tighter controls on exports and re-exports of dual-use items, stricter licensing policy with respect to issuing export licenses, and/or increased use of "end-use" controls to block or impose licensing requirements on exports, as well as higher import tariffs;
- the closure of airspace to Russian aircraft;
- ban on imports of Russian oil, liquefied natural gas and coal to the United States and "new investment" in Russia's energy sector (often with similar bans being enacted in the U.K. and EU);
- bans on imports of Russian fish, seafood, and preparations thereof, alcoholic beverages, non-industrial diamonds, iron and steel products, and gold;
- a ban on "new investment" in the Russian Federation by a U.S. person, which may be interpreted broadly (with a similar prohibition also enacted by the U.K.);
- bans on the provision of certain professional services, including accounting, trust and corporate formation, auditing, and management consulting services, among others; and
- bans on the provision of services related to the worldwide maritime transportation of seaborne Russian oil, if purchased above a specific price cap.

As the conflict in Ukraine continues, there can be no certainty regarding whether the governmental authorities in the United States, the European Union, the United Kingdom or other countries will impose additional sanctions, export controls or other measures targeting Russia, Belarus or other territories. To the extent applicable, existing and new or expanded future sanctions may negatively impact our revenue and profitability, and could impede our ability to effectively manage our legal entities and operations or raise funding from international financial institutions or the international capital markets. See "*The ongoing military actions between Russia and Ukraine have negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.*"

Although we have no facilities, assets or employees located in Crimea, customers and clients located in this region have access to our platform. Currently, less than one percent of our total revenue comes from the Crimea region. As of the date of this Annual Report, we do not have any activity in the Russia-controlled regions of Donetsk, Luhansk, Kherson and Zaporizhzhia.

While we believe that the current United States, EU and U.K. sanctions do not preclude us from conducting our current business and do not create a material risk of application of any sanctions to us, new sanctions imposed by the United States, the United Kingdom and certain EU member states or other countries may restrict certain of our operations in the future.



Furthermore, in the ordinary course of business, our companies, like many Russian companies, have routine commercial operations with Russian persons and entities that are currently targeted by U.S. and other sanctions, including, for example, those designated on the OFAC SDN List or the Sectoral Sanctions Identifications List (“SSI List”), the EU Consolidated List of Financial Sanctions Targets (the “EU Consolidated List”) and the Consolidated List of Asset Freeze Targets maintained by His Majesty’s Treasury (the “U.K. Consolidated List”). For example, we have closely engaged with Russian state-owned and other banks that are the target of U.S., EU, U.K. and other sanctions on our Mortgage Marketplace. In addition, because of the nature of our business, we do not generally know the identity of our customers. Therefore, we are not always able to screen them against the SDN List, the EU Consolidated List, the U.K. Consolidated List and other sanctions lists to confirm whether our customers are the target of sanctions. All dealings with sanctioned banks are conducted through our Russian operating companies. The Russian operating companies are not U.S., EU or U.K. persons and most of our employees, associates and affiliates are not U.S., EU or U.K. persons and, therefore, are generally restricted in dealings with U.S., EU or U.K. sanctioned persons only to the extent that those dealings involve a U.S., EU or U.K. nexus and are therefore subject to U.S., EU or U.K. jurisdiction. We do not believe that U.S., EU or U.K. persons are involved in activities with SDNs or persons on the EU Consolidated List or the U.K. Consolidated List, but if we are mistaken or if we cause a U.S., EU or U.K. person to violate applicable sanctions, then we could be exposed to legal risk under U.S., EU or U.K. sanctions. In some cases, non-U.S. companies are exposed to so-called “secondary sanctions” risk for doing business with U.S. sanctions targets including certain newly designated SDNs designated under the latest Russia sanctions program, which can include designation on the SDN List. The executive orders authorizing the U.S. sanctions provide that non-U.S. persons may be exposed to sanctions risk if, among other things, they materially assist, or provide financial, material or technological support for goods or services to, or in support of certain blocked or designated parties. Ongoing dealings with Russian banks, including certain banks designated as SDNs, on our Mortgage Marketplace may expose the Company to U.S. primary and secondary sanctions risk. Although our transactions and commercial relations with these entities are not legally prohibited by applicable sanctions, and we take steps to comply with applicable laws and regulations, should the sanctions regime with respect to these entities be widened, or should we fail to successfully comply with applicable sanctions, or become targeted by sanctions in the future, we may face negative legal and business consequences, including civil or criminal penalties, government investigations and reputational harm.

It is possible that existing sanctions regimes may be widened or that new sanctions may be imposed on our counterparties, or that we, our employees, associates or affiliates could become targeted by sanctions in the future, by the United States, the European Union, the United Kingdom or other jurisdictions, either as a result of the above activities or through a targeting of a broader segment of the Russian economy. This could have a material adverse effect on our business. For example, we might be unable to conduct business with persons or entities subject to the jurisdiction of the relevant sanctions regimes, including international financial institutions and rating agencies, transact in U.S. dollars, raise funds from international capital markets, acquire equipment from international suppliers or access assets held abroad. Moreover, if we become targeted by U.S., EU or U.K. sanctions, investors subject to the jurisdiction of an applicable sanctions regime may become restricted in their ability to sell, transfer or otherwise deal in or receive payments with respect to our ADSs, which could make the ADSs partially or completely illiquid and have a material adverse effect on their market value. We are also aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to adopt or consider adopting laws, regulations, or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with certain countries, which could limit the liquidity of the ADSs and thereby have an adverse impact on their value. There can be no assurance that the foregoing will not occur or that such occurrence will not have a material adverse effect on the price of the ADSs. Any of the above could have a material adverse impact on our business, financial condition, results of operations or prospects.

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

### ***We have incurred operating losses in the past and may not maintain profitability.***

While we recorded a profit of RUB 480 million in the year ended December 31, 2022, we incurred losses of RUB 2,857 and RUB 627 million in the years ended December 31, 2021 and 2020, respectively. We will need to continue to generate and sustain increased revenue levels or decrease our expenses going forward to maintain and increase profitability, and there can be no assurance that we will be successful in doing so. We expect to continue the development and expansion of our business and anticipate additional costs in connection with legal, accounting and other administrative expenses related to operating as a public company. These expenses may prove higher than we anticipate, and we may not succeed in increasing our revenue sufficiently to offset the expenses associated with such development and operations as a public company. While our revenue has grown in recent years, if our revenue declines or fails to grow at a rate sufficient to offset increases in our operating expenses, we will not be able to maintain profitability in future periods. We cannot ensure that we will be able to sustain or increase profitability.

***Sustaining profitability greatly depends on us maintaining our leading market positions, particularly in Moscow, St. Petersburg and certain other regions, and achieving and maintaining leading market positions in certain other cities and regions.***

We own and operate a leading online real estate classifieds platform available primarily via our websites “Cian.ru” and “N1.ru” and via our Cian and N1 mobile applications. Through this platform, we offer (i) an opportunity to post real estate listings and to use our value-added services for both professional and private listing customers, which include real estate agents, real estate developers, individual sellers and renters (all referred to as “customers”); (ii) an opportunity to search real estate listings and to use our additional paid and free services for professional and private end-users visiting our platform (referred to as “users”) and (iii) additional services, such as advertisement placement, for third parties such as banks and other service providers for real estate transactions, as well as digital services facilitating transactions, such as Mortgage Marketplace and Online Transaction Services.

We believe that holding a leading position in an online real estate classifieds market significantly enhances our platform’s value proposition for our customers and users, as a high number of quality listings by customers attracts more users, helping to generate more leads for the customers, which, in turn, attracts more customers. As a result of these strong network effects, a market leader in this industry typically may benefit from operating leverage and greater potential opportunities to monetize its platform.

According to Company data, we believe that we currently have a leading position among online real estate classifieds platforms in the most populous Russian regions, including Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg and Novosibirsk, based on (i) the share of leads to real estate agents and individual sellers and also (ii) the number of residential listings for purchases and for rent (excluding short term rentals). For further details, including definition and calculation of the number of leads, see “Presentation of Financial and Other information—Key Performance Indicators.” In line with our strategy, we also aim to achieve and maintain leading market positions in other regions, see “Business—Strategy— Continued expansion into Russian regions via organic growth and select M&A opportunities.”

Achieving or maintaining leading market positions is not guaranteed. For example, a decline in the number or quality of listings on our platform for any reason may render our platform less attractive to our users, which, in turn, may decrease the number of visitors to our platform and leads we generate for our customers. Average UMV is one of the key metrics of our platform traffic and our user engagement. Our average UMV decreased from 20.5 million in 2021 to 17.9 million in 2022 as a consequence of the decrease in demand in the Russian real estate market precipitated by the uncertainty caused by the military conflict in Ukraine. If our average UMV stagnates or continues to decline, it may have a significant negative effect on the development of our platform, our ability to generate leads to our customers and partners and, consequently, our business, results of operations, financial condition and prospects.

There is a general lack of exclusivity in the online real estate classifieds market, which allows the same property to be listed on multiple competing platforms simultaneously. Other platforms may offer superior interfaces, better overall experiences, or competitive features that we may not possess. Furthermore, those platforms may offer free listing services in markets where we do not. As a result of user churn due to these and other factors, such other platforms may become more attractive than ours for both customers and users due to their superior effectiveness in terms of number of users and, as a result, lead generation, as well as number of listings. If we are unable to maintain our current leading market positions, in particular, our leading market positions in Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg and Novosibirsk, and if we are unable to achieve and maintain leading market positions in certain other regions, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

***The online classifieds market is competitive, and we may fail to compete effectively with existing and new industry players, which could have a material adverse effect on our business, results of operations, financial condition and prospects.***

We operate in a competitive market that is characterized by the network effect, in which a high number of customers’ listings attracts user traffic, and higher traffic typically results in more leads for our customers, which, in turn, attracts more listings and advertising. Our ability to attract customers depends on a variety of factors, including our ability to generate leads for our customers, the number and quality of our listings, the costs of listing on our platform, reliability of our websites and mobile applications and user-friendly interface, the scope of our value-added service offerings as well as our marketing efforts. If we are unable to meet our customer and user demand, we may lose them to our competitors. Our current or future competitors may be able to better position themselves and it may be difficult for us to accurately assess current, or predict future, competitive environment and competitive threats that we may face.

We face competition from a variety of digital market players and, in the case of the primary real estate market, from offline advertising media, all of which provide platforms and advertising space to customers. Our key competitors are other vertical classifieds platforms (i.e., platforms specializing in a single category of classifieds), which focus on real estate classifieds, and horizontal classifieds platforms (i.e., generalist online classifieds platforms that offer listings across various product categories, including real estate). Vertical classifieds platforms operating in Russia include DomClick, Yandex.Nedvizhimost and Square Meter. Horizontal classifieds platforms include companies like Avito and Youla.

Some of our competitors may be able to leverage significant resources that are not available to us. For example, in the vertical classifieds space, DomClick is owned by Sberbank, the major banking group in Russia, and benefits from the extensive customer base of Sberbank, with a significant inflow of its users being acquired through cross-selling efforts directed at the mortgage audience within the Sberbank group. Similarly, Square Meter is owned by VTB, another large Russian banking group. In the horizontal classifieds space, Avito is owned by Kismet Capital Group, an investment company led by the prominent Russian businessman Ivan Tavrin. Avito has recently invested in key personnel, launched certain new products that compete directly with our own, and engaged in extensive marketing campaigns.

These and other platforms may enjoy additional competitive advantages, such as greater financial, technical, human and other resources. For example, Yandex continues to invest in its real estate classified services and recently, as part of Yandex.Nedvizhimost, launched Yandex. Arenda, which is a separate service facilitating long-term rentals. Competition against companies that also operate major internet search engines, such as Yandex, is particularly exacerbated by our reliance on paid search advertising to help direct users to our sites, since internet companies and aggregators that own real estate platforms could potentially divert users to other online classifieds platforms. See also “—Our business could be negatively affected by unavailability of search engines, or updates or changes in search engine algorithms and pricing model.”

Furthermore, we may also face competition from platforms that offer short-term rentals, such as Airbnb and Booking.com, if these platforms begin placing greater emphasis on more comprehensive real estate offerings that appeal to our current users. We may also face competition from new entrants into the online real estate classifieds market. For example, recently Ozon, one of the largest Russian e-commerce platforms, announced a launch of its real estate marketplace in partnership with a real estate developer.

Additionally, in organizing their real estate search, users may choose to participate in grassroots or community-based initiatives that are increasingly being organized on horizontal classifieds platforms and through social media, such as Facebook and VKontakte.

Industry consolidation could also significantly impact our business and operating results. There has been a relatively high amount of merger and acquisition activity in our market in recent years, which may continue. For example, on October 6, 2021, the Federal Antimonopoly Service of Russia (“FAS”) rejected a proposed business combination between us and Avito. While, as of the date of this annual report, we are not aware of any contemplated business combination involving the Cian Group, in the future, a competitor, private equity firm or any other company may make a merger or an unsolicited takeover proposal, which may create additional risks and uncertainties with respect to our financial position, operations, strategies and management. Any perceived uncertainties may also affect the market price and volatility of our ADSs. Additionally, if any of our competitors consolidate, we may experience increased competition with consolidated entities having enhanced market power.

Some of the real estate agents or real estate developers in Russia may also form associations and establish their own real estate platforms and advertising channels, including through social media. In addition, we also compete with regional and local players. Given Russia’s large geographical coverage, our competitors operating on regional and local levels may enjoy certain competitive advantages, including greater brand recognition, stronger presence in a particular region and understanding of the local market and local demands, more favorable pricing alternatives and lower operating costs.

There can be no assurance that we will be able to compete successfully against other companies that provide similar services in the competitive environment in which we operate. If we are not able to compete effectively, it could result in us having to make changes to our strategy and business model, and it could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We are heavily dependent on our brands and reputation.***

Our success depends in large part on our “Cian” and “N1” brand family. In the markets where we are a market leader, our brands are particularly important as they benefit from, and are reinforced by, the network effects of our market-leading positions. We believe that our “Cian” brand enjoys market-leading brand awareness in Moscow and St. Petersburg, while our “N1” brand has a strong recognition in numerous regional markets, such as Ekaterinburg and Novosibirsk. However, our brands are also important in the markets where we are working to build our brand recognition and brand awareness.

Awareness and perceived quality and differentiation of our brands are critical aspects of our efforts to attract and expand the number of our customers and users. For example, it may be easier for our competition from horizontal platforms, such as Avito, to leverage their broader platform and build stronger brand awareness in the online real estate classifieds market. Furthermore, some of our competitors, particularly those owned by large Russian banking groups, such as DomClick, may benefit from larger marketing budgets and other resources in promoting their brand. See “—*The online classifieds market is competitive, and we may fail to compete effectively with existing and new industry players, which could have a material adverse effect on our business, results of operations, financial condition and prospects.*” If we fail to maintain, protect or enhance our brands, we may not be able to increase our prices if and as planned, or we may be required to increase our marketing or sales efforts, which could be costly or prove unsuccessful in avoiding customer and user churn.

Our reputation depends on the accuracy, completeness and timeliness of the listings information that we provide, although the accuracy and completeness of this data is often outside of our control. Furthermore, any events that cause our customers and users to believe that we have failed to maintain high standards of integrity, service, security and quality could affect our brand image or lead to negative publicity about the security, integrity or quality of our platform, which may damage our reputation or lead to loss of trust among our customers and users. We are susceptible to others damaging the reputation of our brands by, for example, posting low-quality listings, such as fraudulent or replicated listings, inappropriate content or inaccurate information on our platform. Such incidents may result in adverse publicity and harm our reputation and brands.

Furthermore, our brands and reputation also depend on our ability to maintain effective customer service, which requires significant personnel expense and which, if not managed properly, could significantly impact our profitability. If we are unable to properly manage or train our customer service representatives, it could compromise our ability to effectively handle our customers’ needs.

Our reputation further depends, in part, on positive customer reviews and ratings on social media platforms and application stores in respect of our mobile apps. As social media use is prevalent and largely unpoliced in terms of the ratings submitted and the type of comments that may be posted, there is the potential that negative reviews targeting us may negatively impact our ratings on social media and in app stores (including GooglePlay and AppStore) and, consequently, our brands and reputation.

If we are unable to protect and maintain our brand recognition and reputation, or if we are required to make significant investments to protect our brands from competition or a deterioration in customer and user perception, we may experience a decline in demand for our services or an increase in operating costs, which, in turn, could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Our growth strategy is dependent on our marketing efforts and ability to attract new users.***

Our long-term success depends in part on our ability to continue to attract more users and grow our audience in each of the markets we serve. Accordingly, we invest significant resources in marketing campaigns to increase brand recognition and, accordingly, our user base. Our operating results will suffer if our marketing expenditures do not contribute significantly to increasing our revenues.

Our marketing efforts may not succeed for a variety of reasons, including but not limited to, changes to search engine algorithms, ineffective campaigns across marketing channels and limited experience in certain marketing channels. External factors beyond our control may also affect the success of our marketing initiatives, such as filtering of our targeted communications by email servers, potential users failing to respond to our marketing initiatives and competition from third parties, including as a result of more effective marketing efforts of our competitors. Any of these factors could reduce the number of users choosing us as their real estate classifieds platform.

If we are unable to recover our marketing costs or if our marketing campaigns are not successful or are terminated, it could have a material adverse effect on our growth, results of operations and financial condition.

***Our business is concentrated in certain geographic markets. Our failure to adapt to any substantial shift in real estate transactions from, or demand for services in these markets to other markets in Russia could adversely affect our financial performance.***

For the years ended December 31, 2022, 2021 and 2020, Moscow and the Moscow region accounted for 74%, 73% and 78% of our Core Business segment revenue, respectively. Historically we also have held a strong market position in St. Petersburg and the Leningrad region. Local and regional conditions in Moscow, St. Petersburg and their respective regions may differ significantly from prevailing conditions in other parts of Russia. Accordingly, events that adversely affect demand for, and sales and rental prices of, real estate in these markets may disproportionately and adversely affect our business, financial condition and results of operations. Any downturn in demand or prices in any of our largest markets, particularly if we are unable to proportionately increase revenue from our other markets, could adversely affect growth of our revenue and market share or otherwise harm our business.

Our top geographic markets are primarily major metropolitan areas, such as Moscow, St. Petersburg, Ekaterinburg and Novosibirsk, where real estate prices, transaction volumes and competition are generally higher than in the majority of other geographic markets in Russia. If, in the future, people migrate to cities outside of the major metropolitan areas due to lower home prices or other factors, including as a result of outbreaks of diseases like the coronavirus (“COVID-19”), and if this migration continues to take place over the long term, the relative percentage of residential housing transactions may shift away from the markets where we have historically generated most of our revenue. Our inability to effectively adapt to any general market trends or shifts could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may be significantly impacted by the health of the Russian real estate market and may be negatively affected by downturns in this industry and general economic conditions.***

The success of our business depends, directly and indirectly, on the health of the Russian real estate market, which is affected, in part, by general economic conditions and other factors beyond our control (see “*Risks Relating to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations*”). A number of macroeconomic factors could adversely affect demand for real estate, resulting in falling prices and decrease in our customer and user activities, including:

- further deterioration of the Russian economic conditions;
- adoption of new economic sanctions against Russia, corporate boycotts and countersanctions introduced by the Russian authorities;
- the ongoing and future impact of the COVID-19 pandemic on the real estate market, including real estate buying, renting, selling, financing and shopping trends as well as any actions taken by governmental authorities in response to the pandemic;
- increased levels of unemployment and/or slowly growing or declining wages;
- increased interest rates;
- weak credit markets;

- inflationary conditions;
- value declines or illiquidity in residential and/or commercial real estate;
- lack of or significant decline in availability on the supply-side of the real estate market;
- overall conditions in the real estate market, including macroeconomic shifts in demand, and increases in costs for property owners, such as property taxes, fees and insurance costs;
- low levels of user confidence in the Russian economy and/or the Russian real estate industry;
- adverse changes in local or regional economic conditions in the markets that we serve, particularly Moscow, St. Petersburg and their respective regions, and the regional Russian markets into which we are expanding;
- increased mortgage rates or down payment requirements and/or restrictions on mortgage financing availability;
- newly enacted and any potential future national, regional or local legislative actions that would affect the residential real estate industry generally or in our key markets, including (i) actions that could increase the tax liability arising from buying, selling or owning real estate, (ii) actions that would change the way real estate commissions are negotiated, calculated or paid, (iii) potential reforms that negatively affect to the mortgage market, and (iv) regulation of the real estate rental market;
- volatility and general declines in the stock market; and/or
- war, terrorism, political uncertainty, natural disasters, inclement weather, health epidemics or pandemics, acts of God and other events that disrupt local, regional or national real estate markets.

Our inability to effectively adapt to economic downturns could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may be unable to adapt to structural changes in the real estate market in Russia prompted by decreased reliance on real estate market professionals due to technological innovation or changes in our users' preferences or government intervention.***

We derive the majority of our listing revenue from listings and related value-added services for customers that are real estate market professionals, including primarily real estate agents and agencies. Our current monetization strategy differs significantly for our professional customers and our customers who are individual sellers and renters, driven by the inherent differences in their needs and demands that we are serving. Unlike professional customers, individual sellers and renters typically only list the real estate that they own, which results in a very limited amount of listings from one particular customer. We consider these customers to be important for the depth of our listing base (and, as a result, attractiveness to users) and, in the majority of regions, we allow individual sellers and renters to post their listings free of charge, as we currently focus our monetization strategy on professional customers. If market preferences change such that these customers choose to be less reliant on the services of real estate professionals, such as agents, if the business of real estate professionals is disrupted by technological innovation or other factors or becomes obsolete for other reasons, as has been the case in various industries over the last few decades, our professional customers may significantly reduce their listings on our platform. Thus, if we are unable to respond to such structural change in an efficient manner by adjusting our product offerings, our monetization strategy or otherwise, it could have a material adverse effect on our business, results of operation, financial condition and prospects. For further details, see “—Technological changes may disrupt our business or the markets in which we operate and if we cannot keep pace our business could be harmed.”



Furthermore, any structural intervention by the Russian government, including any potential governmental support for any aspects of real estate business or online classifieds businesses in Russia, could create uncertainty and have a significant impact on the competitive dynamics. For example, the Ministry of Construction announced that they are planning to introduce a draft law on the creation of the state information system for registration of the residential rental agreements in 2023. The system is expected to be wholly owned by the state, with the Ministry of Construction acting as a platform operator. According to the publicly available information, if the draft law is adopted, the tenant will have to pay a rent through the system that will be charging the commission in favor of the platform operator. It is unclear how this system, if enacted, can affect the online rental market; for instance, the requirement to pay additional commission to the operator may lead to a decline in rental deals advertised or conducted through online platforms.

In addition, the Russian government may support shifting sale or rent transactions online by opening access to government registry databases to real estate classifieds platforms or other similar providers. It remains unclear as to what extent, if at all, the Russian government may provide such access and, if so, who may receive such access and what the conditions may be for such access. In addition, if the Russian government decides to mandate any single entity that will be responsible for online real estate transactions in Russia generally, it may also significantly impact the market dynamics and our market share. If the government intervenes in the real estate market in manner adverse to us or in favor of our competitors, it could have a material adverse effect on our business, results of operation, financial condition and prospects.

***Our business and results of operations may be affected by the cancellation of, or any changes to, the Russian mortgage subsidy program and other government support programs.***

We generate a significant part of our revenue from the lead generation services for real estate developers. Therefore, our revenues and results of operations are significantly affected by the availability of mortgage financing and lower interest rates, which typically increase the demand for the primary real estate and, consequently, are important factors affecting the leads generated for the real estate developers through our platform. In April 2020, the Russian government instituted a mortgage subsidy program intended to support the construction sector of the economy by offering subsidized mortgages. Under this program, the government compensates participating banks for lowering their interest rates on mortgages for primary real estate. The program has had a strong positive effect on consumer demand for real estate purchases and, accordingly, the sales of real estate developers and their demand for our services as well as our ability to efficiently generate increasing numbers of leads. Our lead generation revenue, which is driven by primary real estate developers, increased by 77.8% in the year ended December 31, 2022, by 34% in the year ended December 31, 2021 and by 59.6% in the year ended December 31, 2020. For further details see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Macroeconomic Environment and the Russian Property Market.*” Off the back of this strong underlying real estate market, we were able to increase our fees charged for generated leads. We believe that our competitive pricing allowed us to increase our fees without losing our developer base. In order to maintain our competitive advantages, we may not be able to increase our lead generation fees in the future, which will result in a revenue growing at a slower pace or declining.

In July 2021, the mortgage subsidy program was extended until July 2022 on amended terms, including increase of the mortgage interest rate ceiling from 6.5% to 7.0% and decrease of the maximum subsidized mortgage size from up to RUB 12 million for Moscow, the Moscow region, St. Petersburg and the Leningrad region (and RUB 6 million for other regions) to up to RUB 3 million across all regions. The maximum mortgage interest rate was increased to 12% in April 2022 following the CBR’s key interest rate hike and was gradually decreased to 7% by June 2022. In December 2022 the Russian government further extended the program until June 2024. According to new terms, mortgages will be available under a subsidized interest rate of 8.0% with the maximum mortgage size up to RUB 12 million for Moscow, the Moscow region, St. Petersburg and the Leningrad region, and RUB 6 million for other regions. If the program is cancelled or further amended in an adverse manner, the demand for primary real estate may significantly decrease, which in turn may affect our ability to generate leads and, correspondingly, revenue generated from the leads to real estate developers. In addition, the sharp rise in interest rates caused by the Central Bank of Russia’s key interest rate hike may have a materially negative impact on the Russian mortgage market. Decreased availability of mortgage loans and high interest rates will directly impact the volume of mortgage deals on the market and, as a consequence, our revenue. There can be no assurance that government support measures will be introduced for the construction or real estate sector and, even if introduced, will prove to be successful in bolstering real estate transaction volumes. See also “*Risks Relating to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.*”

Furthermore, there are currently various other governmental support programs in the real estate market designed to help real estate development and mortgage uptake by, among others, families, those living in the Russian Far East, and rural communities. We believe that such programs have also impacted the Russian real estate market and its competitive dynamics. We believe that their cancellation, or any significant changes to such programs, could also have a material adverse effect on our business, results of operation, financial condition and prospects, specifically our revenue from lead generation services and the growth of our Mortgage Marketplace segment.

***The COVID-19 pandemic and other public health crises, natural disasters or other catastrophic events may significantly limit our ability to conduct business as normal, disrupt our business operations and materially affect our financial condition.***

The COVID-19 pandemic had a significant impact on the economies of most countries, including Russia. The pandemic has resulted in numerous deaths, and the governments of more than 80 countries across the world, including Russia, introduced measures aimed at preventing the further spread of COVID-19, including, among others, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, quarantines and the imposition of both local and more widespread “work from home” measures. For example, in March 2020, to slow the spread of COVID-19, the Russian government imposed a country-wide lockdown, introducing several “non-working weeks,” bans on public events, closures of public places, border controls and travel and other restrictions. On multiple occasions in 2021 and 2022, including due to the spread of the highly transmissible COVID-19 variants, there have been further spikes in incident rates of COVID-19 in Moscow and numerous other Russian regions, and the governmental authorities introduced a number of recommendations and restrictions.

The COVID-19 pandemic, its broad impact and preventive measures taken to contain or mitigate the pandemic have had, and are likely to continue to have, significant negative effects on the Russian and global economy, employment levels, employee productivity, residential and commercial real estate and financial markets. This, in turn, has and may increasingly have a negative impact on our customers and users, their ability to effectuate real estate transactions, and in turn, our profitability and ability to operate our business.

In 2020, in response to the COVID-19 pandemic, we introduced several measures to address its effects on our business and customer and user base. Specifically, to support our customers in these unprecedented circumstances, in April 2020, we temporarily suspended monetization of our listing services across all cities and regions, including Moscow, the Moscow region, St. Petersburg and the Leningrad region. We reinstated the monetization of our listing services in Moscow, the Moscow region, St. Petersburg and the Leningrad region in July 2020, with certain discounts being introduced in the third quarter of 2020. Throughout 2021 and 2022, we reinstated monetization and expanded it to new regions in accordance with our monetization strategy and principles, with the total number of monetized regions reaching 52 regions (including our core markets of Moscow, the Moscow region, Saint Petersburg and the Leningrad region) as of December 31, 2022. For further information see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Macroeconomic Environment and the Russian Property Market.*”

Furthermore, during the outbreak, we instituted a work-from-home policy for our employees, suspended a significant part of our marketing and advertising activities, particularly offline marketing and advertising, reduced discretionary spending, paused hiring for non-critical roles, restricted employee travel and switched to virtual meetings. Should the COVID-19 pandemic continue to intensify or should any other global health crises or epidemics arise, we may need to re-introduce these or more severe measures to mitigate the potential adverse consequences for our business operations and our customers’ and users’ financial condition.

The full extent to which the COVID-19 pandemic may impact our financial results, including as a result of its possible impact on the economy, is not certain. The real estate industry is affected by all of the factors that affect the economy in general, and the commercial real estate market was among the hardest hit by the pandemic. There continue to be significant uncertainties associated with the COVID-19 pandemic, including the severity of the disease, its potential variants, the duration of the outbreak and the timing of vaccine rollouts. If the outbreak lasts for a prolonged period in the regions in which we operate, the economy could suffer substantially from the measures and restrictions taken to combat the virus, which would in turn have an adverse impact on the general real estate industry as well as the real estate advertising industry, including our business. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of exacerbating many of the other risks described in this “*Risk Factors*” section.



Furthermore, we operate in all key metropolitan areas in Russia, including Moscow, St. Petersburg, Ekaterinburg and Novosibirsk and our operations and customer and user base are vulnerable to natural disasters and other catastrophic events. Although the majority of our workforce has shifted to a remote work environment, we maintain large employee populations in Moscow and St. Petersburg. An earthquake or other natural disaster or catastrophic event in any of these cities could disrupt our engineering, sales and operations teams as well as equipment critical to the operation of our business. Similarly, a significant natural disaster or other catastrophic event in any major Russian city could negatively impact a large number of our real estate customers and users and cause a decrease in our revenue or traffic.

Our systems and operations, and the systems and operations of other participants in the real estate industry, were impacted, and continue to be impacted, by the COVID-19 pandemic and are further vulnerable to interruptions by natural disasters, public health crises and other catastrophic events such as pandemics, earthquakes, hurricanes, fires, floods, power losses, telecommunication failures, cyber-attacks, wars, civil unrests, terrorist attacks and similar events.

If we are unable to develop adequate business continuity and disaster recovery plans to ensure that our business continues to operate during and after a disaster or catastrophic event, and successfully execute on those plans in the event of a disaster, catastrophic event or other emergency, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may fail to establish and maintain important relationships with our customers and certain other parties.***

Our ability to attract customers and users to our platform depends, to a large degree, on the quantity and the quality of listings and the quality and breadth of our suite of services, all of which is pivotal to the generation of leads. As part of our operations, we aim to establish and maintain relationships with a number of customers, such as large real estate agencies and real estate developers. For further details relating risks to our relationships with real estate developers, see “—Our business and results of operations may be affected by the cancellation of, or any changes to, the Russian mortgage subsidy program.” Furthermore, the development of certain new initiatives, such as Mortgage Marketplace, may depend on our ability to establish and maintain strong relationships with certain third parties, such as the leading Russian banks. In addition, in connection with development and advancement of our End-to-End Offering products, we may also, from time to time, partner, or otherwise depend on contractual arrangements, with banks and other third parties. Our inability to establish or maintain such relationships could have a material adverse effect on our business, results of operations, financial condition and prospects.

Generally, most of our arrangements with customers are short-term, typically for less than a month or on a month-to-month basis. These arrangements may also be terminated with limited notice or cause. We may not succeed in retaining existing customer relationships and customers’ spending, or capturing a greater share of such relationships or spending, if we are unable to convince our customers of the effectiveness and superiority of our products and services as compared to alternatives. The loss of a significant portion of our existing customer relationships, any potential changes to our rights to use or to timely access our customer and user data, our inability to continue to add new customers or changes to the way real estate information is shared, may lead to a decline in the quantity of our listings and result in us covering a smaller universe of properties. This could markedly reduce customer confidence in our products and services and cause customers or users to go elsewhere for real estate listings and information. In addition, we continually evaluate and utilize various pricing and value delivery strategies to better align our revenue opportunities with the growth in our platform usage. Future changes to our pricing or monetization methodologies may cause our customers to reduce or end their engagements with us. Any of the above could have a material adverse effect on our business, results of operations, financial condition and prospects.

The real estate developers market in Russia is concentrated and therefore we, to a certain extent, depend on our continued relationship with a number of large real estate developers. In recent years, there has also been a shift of the developers’ advertising budgets from offline to online advertising (for further details, see “Industry—Russian Real Estate Advertising Market”) and our ability to capitalize on this trend, as well as our ability to increase lead generation revenue, depend on our ability to retain and enhance our relationships with large real estate developers. If the real estate developers terminate or substantially reduce their business with us or, if in order to retain our business with the real estate developers, we have to change our monetization policy, this could have a material adverse effect on our business, results of operation, financial condition and prospects.

Furthermore, if our customers or other third parties reduce or end their advertising spending with us, our business could be harmed. Our business depends in part on revenue generated through advertising sales to real estate agents, real estate developers and other real estate professionals and service providers for real estate transactions. Our ability to generate advertising revenue depends on a number of factors, including how successfully we can offer an attractive return on investment to our real estate partners for their advertising spending with us and our ability to continue to develop our advertising products and services to increase adoption by and engagement with our real estate partners. Future changes to our pricing for advertising services or product and service offerings may cause real estate partners to reduce or end their advertising with us. If our real estate partners reduce or end their advertising spending with us, or if we are unable to effectively manage pricing, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Our business could be negatively affected by unavailability of search engines, or updates or changes in search engine algorithms and pricing model.***

We have customarily relied on internet search engines, such as Google and Yandex, including through the purchase of sales and marketing-related keywords and the indexing of our web pages, to generate a significant portion of the traffic to our platform. Some search engines may no longer be or become available to us or our users due to the recent geopolitical events resulting in many international corporations exiting the Russian market or being restricted by Russian authorities from providing their services within the territory of Russia (see “—*Risks Relating to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations*”). For example, Google recently suspended all online advertising sales in Russia in response to demands by the Russian communications regulator Roskomnadzor to stop displaying ads containing purportedly inaccurate information regarding casualties due to the conflict in Ukraine. Without access to the Google search engine or certain other online advertising services, we will be required to invest in alternative channels to market our services and generate traffic to our platform. Should our investments in alternative channels prove to be less effective or less efficient than our prior marketing investments, we may not be able to attract a comparable amount of user traffic to our platform, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, search engines frequently update and change the algorithms that determine the placement and display of results of a customer’s or user’s search. There is a risk that search engines may sometimes do so in a manner that favors particular content, including their own. For example, the FAS investigated Yandex in April 2021 for promoting its own services in its search results, which allegedly lead to a discriminatory effect on listing providers, including real estate classifieds platforms. Yandex reached a settlement with the FAS in January 2022 by agreeing to comply with all requirements of the FAS warning, including adoption of a special policy, conducting of an annual independent audit and introducing other measures.

If a major search engine updates or changes its algorithms in a manner that negatively affects the placement of our platform in the search results, or if competitive dynamics impact the costs or effectiveness of search engine marketing or other traffic-generating arrangements in a negative manner, it could have a material adverse effect on our business, results of operations, financial condition and prospects. See also “—*The online classifieds market is competitive, and we may fail to compete effectively with existing and new industry players, which could have a material adverse effect on our business, results of operations, financial condition and prospects.*”

In addition, a certain amount of traffic is directed to our websites through participation in pay-per-click and display advertising campaigns on search engines, such as Google and Yandex. Pricing and operating dynamics for these traffic sources can change rapidly, both technically and competitively, and any increases in prices by search engines could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Technological changes may disrupt our business or the markets in which we operate and if we cannot keep pace our business could be harmed.***

The online classifieds market has been constantly and rapidly evolving, with frequent technological changes, new product and service introductions, evolving industry standards, changing customers’ needs and the entrance of new market players. The dynamics and future developments of the online classifieds market, and specifically the online real estate classifieds market, depend on a variety of factors, most of which are outside our control. Our expectations with respect to technological and market changes may prove inaccurate, and we may fail to timely identify or execute appropriate product or service development targets. Innovation cycles are increasingly fast paced and require constant investment.

To remain competitive, we must continue to enhance and improve the interface, functionality and features of our platform. These efforts may require us to develop internally, license or acquire increasingly complex technologies. In addition, some of our competitors are continually introducing new products, services and technologies, which may require us to update or modify our own technology to keep pace. As an example of technological change, we believe the industry is currently experiencing an ongoing transition of real estate transactional execution, including paperwork, online to streamline the transaction process. See also “*—We may be unable to adapt to structural changes in the real estate market in Russia prompted by decreased reliance on real estate market professionals due to technological innovation or changes in our users’ preferences or government intervention.*” As such, we believe that our ability to meet the necessary technological and regulatory requirements, including our ability to get access to the necessary governmental databases, and offer our customers and users access to such services and seamlessly implement such services on our platform would be critical to the future development of our business. If we fail to offer our customers new technological solutions in accordance with market trends or if we fail to launch innovative products in time and ahead of our competitors, we may lose our competitive edge and our market share, which may adversely affect our business, results of operations, financial condition and prospects.

We depend heavily on our ability to drive and to adapt to technological changes and innovation. Developing and integrating new services and technologies into our existing businesses could be expensive and time consuming. Furthermore, such new features, functions and services may not achieve market acceptance or serve to enhance our brand loyalty. Any failure to innovate, or to respond quickly and effectively to technological or other advances, emerging industry standards or business models, could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Our continued growth depends on our ability to successfully implement our strategy, which is subject to a variety of risks and uncertainties, including regulatory risks.***

Our strategy includes the following key elements: (i) enhancement of monetization in secondary and commercial real estate verticals, (ii) online penetration growth in the primary real estate vertical as developers shift marketing online, (iii) continued expansion into the Russian regions through organic growth and select M&A opportunities, and (iv) development of an end-to-end real estate platform, comprising new business lines and new service offerings. For further details, see “*Business — Our Strategy.*” There is no assurance that we will be able to implement and successfully manage our strategy or that this strategy will be effective or profitable.

For instance, our ability to enhance monetization in the secondary and commercial real estate verticals in our core regions and other regions, as well as online penetration growth in the primary real estate vertical depends on a number of factors, including our market position, growth and further expansion of our value-added services as well as development of new services and offerings. In this context, we may be restricted, due to market forces or otherwise, from implementing price increases, or we may fail to successfully develop and introduce new services and offerings, either of which may result in higher churn and lower than expected growth rates as well as a potential loss of market share to our competitors. See also “*— We may devote significant costs and management time to the implementation of new initiatives, including development of new business lines and new service offerings, as well as certain strategic regional expansion efforts, with no guarantee of success.*” Our expansion into the Russian regions through organic growth and selective acquisitions depends on our ability to compete effectively with existing market players and new entrants, to achieve the business synergies with acquired business and to respond to users and customer demands in particular regions. Furthermore, implementation of our strategy to increase our monetization of the secondary residential and commercial real estate verticals and development of an end-to-end real estate platform with new service offerings may prove to be challenging in light of recent geopolitical events and the deterioration of Russian economic conditions (see “*—Risks Relating to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.*”).

In addition, our strategies will require us in the future to devote financial and operational assets and management time to their execution. Our success also depends on our ability to appropriately manage our expenses associated with the growth as we invest in our strategic development.

Furthermore, in order to boost our strategy of developing a leading end-to-end real estate platform and excel beyond our current targets (for further details, see “*Business — Our Strategy — Development of end-to-end real estate platform.*”), we may need to obtain certain licenses, permits or registrations to strengthen service offerings. Such licensing or compliance processes may be time consuming and expensive, and we may not be successful in acquiring any newly required licenses or permits. If we fail to obtain and maintain required licenses, permits or registrations or comply with the attendant legal requirements, we may face fines, penalties, sanctions, experience a loss of revenues or have to discontinue providing certain services and suffer a competitive disadvantage.

Among other things, in order to develop and enhance our Mortgage Marketplace, we applied for and, on April 13, 2023, were granted access to the status of a financial platform operator as stipulated under the recently adopted Federal Law No. 211-FZ “On Performing Financial Transactions Using a Financial Platform” dated July 20, 2020 (“Financial Platform Law”). Through inclusion in a specialized register maintained by the CBR, such status affords the Company access to certain standardized customer information on government-run electronic systems and databases and allows the relevant transactions (in particular, obtaining of a mortgage loan) to be carried out on our platform.

Despite our having obtained access to the status of a financial platform operator, there can be no assurance that we will be able to maintain it on terms satisfactory to us or at all. Moreover, the Financial Platform Law is new and remains largely untested. Its interpretation and enforcement may involve significant uncertainties. As a result, there can be no assurance that any structure we devise for such purpose will be able to satisfy the applicable regulatory requirements. We may be found to be in violation of relevant laws and regulations relating to financial platform operators if our proposed arrangements in this regard are deemed to be inconsistent with the regulatory framework.

If we are unable to implement our growth strategy, or if our new initiatives do not yield the expected results, our business, financial condition and results of operations could be materially adversely affected. If we fail to obtain any licenses or permits that are required or desirable for our business, our development and growth prospects may suffer and, if our competitors have better access to such licenses and permits, we may lose our customers and market share. Any failure by us to manage these and multiple other risks associated with implementing our growth strategy successfully could materially and adversely affect our business, financial condition and results of operations.

***We may devote significant costs and management time to the implementation of new initiatives, including development of new business lines and new service offerings, as well as certain strategic regional expansion efforts, with no guarantee of success.***

The industries for residential and commercial real estate transaction services, technology, information platforms and advertising are dynamic, and the expectations and behaviors of customers and users shift constantly and rapidly.

Our success depends on our continued effort to introduce new initiatives, including development of new business lines and new service offerings. As a result, we must continually invest significant resources into research and development, including hiring of relevant personnel, in order to improve the attractiveness and comprehensiveness of our products and services and adapt to changes in technology and customer and user preferences. It is costly to introduce new initiatives and they may fail to achieve the targeted financial results and other performance indicators. Our new initiatives, including launching of new businesses lines that have not been tested on the Russian market, may fail to attract or engage our customers or users, and may reduce confidence in our products and services, negatively impact the quality of our brands, expose us to increased market or legal risks, subject us to new laws and regulations or otherwise harm our business. We may have to expend significant time and resources before we find a product’s market fit, or fail to find it altogether, in which case we may lose the money and time spent. For example, we recently decided to discontinue the services offered by our C2C segment due to the lack of its market fit within our business model.

Furthermore, in order to expand our platform as part of our strategy, we may attempt to expand our presence in certain regional markets in Russia through organic growth and selective acquisitions. We may be unable to reach and maintain the desired market share in these regional markets, and we may fail in our efforts to monetize such expansion efforts.

If we are unable to provide products and services that are sought after by our customers and users on devices they prefer, then they may become dissatisfied and use competitors’ mobile applications, websites, products and services. If we are unable to successfully innovate, we may be unable to retain our current customers and users or attract additional ones, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

***If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.***

Ensuring that we have adequate internal controls over financial reporting in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be frequently re-evaluated. Our internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the International Financial Reporting Standards. In connection with our initial public offering, we began the process of documenting, reviewing, and improving our internal controls and procedures for compliance with Section 404 of the Sarbanes-Oxley Act, which will require annual management assessment of the effectiveness of our internal control over financial reporting. Prior to our initial public offering, we had already begun recruiting additional finance and accounting personnel with certain skill sets that we need as a public company, and continue to do so. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may be unable to produce timely and accurate financial statements.

Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes, and take significant time to complete. These changes may, however, prove ineffective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could have a material adverse effect on our business, results of operations, financial condition and prospects.

***In the past, we have identified significant deficiencies in our internal controls over financial reporting. If other deficiencies or material weaknesses are identified, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.***

As disclosed in our Annual Report on Form 20-F for the year ended December 31, 2021, we identified significant deficiencies in our internal controls over financial reporting. A “significant deficiency” is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the Company’s financial reporting. In particular, we identified significant deficiencies in relation to change management and access management processes in our IT systems, whereby the related controls were not operating effectively.

To address the above mentioned significant deficiencies, in the year ended December 31, 2022, we (i) attracted and retained sufficient qualified personnel with appropriate skills and knowledge, (ii) reviewed and formalized our change management and access management procedures, (iii) implemented controls over access management and improved the process for changes in access rights and permissions, and (iv) enhanced segregation of duties throughout the change management process.

As a result of these actions, management considers that the significant deficiencies relating to access management and change management in our IT systems identified as of December 31, 2021 have been remediated as of December 31, 2022. However, completion of remediation procedures for the significant deficiencies does not provide assurance that our modified controls will continue to operate properly or that our financial statements will be free from error. Our failure to discover and address any other deficiencies or potential material weaknesses could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis.

In addition, once we cease to be an “emerging growth company,” as defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation. As a result, we anticipate investing significant resources to enhance and maintain our financial controls, reporting system and procedures over the coming years.

While documenting and testing our internal control procedures, and in order to satisfy the future requirements of Section 404, we may identify other deficiencies or potential weaknesses in our internal controls over financial reporting. If we fail to maintain the adequacy of our internal controls over financial reporting, as these standards are modified, supplemented or amended, from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404.

Generally, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of our issued equity instruments, including the ADSs, may be materially and adversely affected. Additionally, ineffective internal controls over financial reporting could expose us to increased risk of fraud or misuse of corporate assets, and subject us to potential delisting from the stock exchange, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***We may make acquisitions, divestments and investments, which could result in operating difficulties and other harmful consequences.***

From time to time, we may evaluate a wide array of potential strategic opportunities, including acquisitions, divestments and investments. Potential successful growth through acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such acquisitions, and integrate acquired entities, including taking steps to retain key personnel of the acquisition targets. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all, or that we will be able to obtain necessary financing or regulatory approvals to complete the potential acquisitions.

Acquisitions may not result in the intended benefits to our business, and we may not successfully evaluate or utilize the acquired products, technology or personnel, or accurately forecast the financial impact of an acquisition transaction. The process of integrating an acquired company, business or technology could create unforeseen operating difficulties and expenditures. The areas where we face risks include, among others: diversion of management time and focus from business operations to acquisition integration tasks; customer and industry acceptance of products and services offered by the acquired company; implementation or remediation of controls, procedures and policies at the acquired company; coordination of product, engineering, and sales and marketing functions; retention of employees from the acquired company; liability for activities of the acquired company before the acquisition; litigation or other claims arising in connection with the acquired company; and impairment charges associated with goodwill and other acquired intangible assets.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We depend upon retaining and attracting current and prospective highly skilled directors, executives and other personnel, and a loss of these persons or our culture could adversely affect our market position and business.***

Our business depends on the efforts and talents of motivated and experienced directors, executives and other highly skilled employees, including particularly software engineers and other IT personnel, marketing professionals and sales staff. We need to attract, develop, motivate and retain highly qualified and skilled employees, and any failure to do so could materially adversely affect our business, financial condition and results of operations. Likewise, the failure to maintain our business culture of innovation and achievement, particularly as a public company, could constitute a significant obstacle in our future hiring initiatives of highly skilled and motivated employees and executives, and in attracting highly skilled directors. The current geopolitical circumstances (including the recently announced “partial mobilization” in Russia) have created additional challenges for our team as well. While we have taken steps to retain and motivate our team, there is a risk of increased personnel turnover.



The loss of any of our board members, our senior management or key employees could materially impact our ability to execute our business plan and strategy, and we may not be able to find adequate replacements in a timely manner. The market for highly skilled directors, senior management or other key employees is limited. We also do not currently maintain insurance coverage for loss of key management. Our hiring potential is significantly dependent on our reputation and publicity. If we do not succeed in attracting well-qualified directors, executives and other employees or retaining and motivating existing directors, executives and other employees, it could have a material adverse effect on our business, results of operations, financial condition and prospects. In the past year, two of our independent directors resigned from our board of directors as a consequence of the military conflict between Russia and Ukraine and resulting imposition of sanctions and other measures (see “—*Risks Relating to the Russian Military Operation in Ukraine—Our business may be affected by sanctions, export controls and similar measures targeting Russia as well as other responses to the military conflict in Ukraine*”). As the general confidence in investments in Russia and Russian businesses has decreased dramatically since the commencement of those military hostilities, we may encounter difficulties finding suitable replacements for departing directors, especially independent directors, which could result in our being in breach of our corporate governance policies or the listing rules of the NYSE for a period of time. Furthermore, any depletion of in our board members could have a negative impact on the ability of our board of directors to approve certain transactions in timely manner or at all.

***Our fraud detection processes and information security systems may not successfully detect all fraudulent activity by third parties aimed at our employees or customers, which could adversely affect our reputation and business results.***

Third-party actors have attempted in the past, and may attempt in the future, to conduct fraudulent activity by engaging with our customers by, for example, posting fake real estate listings on our sites and attempting to solicit personal information or money from customers, and by engaging with our employees by, for example, making fake requests for transfer of funds or sensitive information. Though we have sophisticated fraud detection processes and have taken other measures to identify fraudulent activity on our mobile applications, websites and internal systems, we may not be able to detect and prevent all such activity. Similarly, the third parties we use to effectuate these transactions may fail to maintain adequate controls or systems to detect and prevent fraudulent activity. Persistent or pervasive fraudulent activity may cause our customers and users to lose trust in us and decrease or terminate their usage of our services, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may be subject to claims, suits, government investigations and other proceedings that may result in adverse outcomes.***

We are, from time to time, involved in, or may in the future be subject to, claims, suits, government investigations and proceedings arising from our business, including actions with respect to intellectual property, advertising, privacy, consumer protection, information security, real estate, data protection or law enforcement matters, tax matters, labor and employment and commercial claims, as well as actions involving content generated by our customers. Such claims, suits, government investigations and proceedings are inherently uncertain, and their results cannot be predicted. Regardless of the outcome, any such legal proceedings can have an adverse impact on us because of legal costs, diversion of management time and other factors. In addition, it is possible that a resolution of one or more of such proceedings could result in reputational harm, liability, penalties or sanctions, as well as judgments, consent decrees or orders preventing us from offering certain features, functionalities, services or requiring a change in our business practices or technologies, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We are exposed to the risk of violations of anti-corruption laws, anti-money laundering laws, and other similar laws and regulations.***

We operate and conduct business in Russia, where there may be a heightened risk of fraud, money laundering, bribery and corruption. We have policies and procedures designed to assist in compliance with applicable laws and regulations and we may be subject to the U.S. Foreign Corrupt Practices Act of 1977 (“FCPA”) and the U.K. Bribery Act 2010 (the “Bribery Act”). The FCPA prohibits providing, offering, promising or authorizing, directly or indirectly, anything of value to government officials, political parties or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage. The provisions of the Bribery Act extend beyond bribery of government officials and create offences in relation to commercial bribery. These provisions are more stringent than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. In particular, the Bribery Act (unlike the FCPA) does not require proof of corrupt intent to be established in relation to bribery of a public official and also creates offences for being bribed as well as bribing another person. Furthermore, unlike the vicarious liability regime under the FCPA, whereby corporate entities can be liable for the acts of their employees, the Bribery Act also includes an offense applicable to corporate entities and partnerships, which carry on part of their business in the U.K. and fail to prevent bribery, which can take place anywhere in the world, by persons who perform services for or on behalf of them, subject to a defense of having adequate procedures in place to prevent the bribery from occurring. This offence can render parties criminally liable for the acts of their agents, joint venture, or commercial partners even if done without their knowledge, thereby making the Bribery Act even more expansive than the FCPA.

While we maintain internal compliance policies and procedures designed to provide reasonable assurance that we, our employees, distributors and other intermediaries comply with the anti-corruption laws to which we are subject, we cannot provide any assurances that these policies and procedures will be followed at all times or effectively detect and prevent all violations of the applicable laws and every instance of fraud, money laundering, bribery and corruption. We can provide no assurances that violations of applicable anti-bribery or money laundering laws, including the FCPA or the Bribery Act will not occur. As a result, we could be subject to potential civil or criminal penalties under relevant applicable laws. In addition, such violations could also negatively impact our reputation, and consequently, could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Some of our potential losses may not be covered by insurance, and we may not be able to obtain or maintain adequate insurance coverage.***

The insurance industry in Russia is not yet fully developed, and many forms of insurance protection common in more developed countries are not yet fully available or are not available on comparable or commercially acceptable terms. Accordingly, while we hold certain mandatory types of insurance policies in Russia, we do not currently maintain insurance coverage for business interruption, property damage or loss of key management personnel. We do not hold insurance policies to cover for any losses resulting from counterparty and credit risks or fraudulent transactions. There are also certain losses, including losses from certain security breaches, litigation, regulatory action, and others, for which we may not be insured because it may not be deemed economically feasible or prudent to do so, among other reasons. We also do not generally maintain separate funds or otherwise set aside reserves for most types of business-related risks. Accordingly, our lack of insurance coverage or reserves with respect to business-related risks may expose us to substantial losses, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

### **Risks Related to Our Technology and Intellectual Property**

***The integrity of customer and user information stored by us, or the effectiveness of our platforms or systems in general, may be compromised, which may damage our reputation and brand and lead to a loss in customer and user confidence and the demand for our products and services.***

Our brand and reputation depend upon our handling of our customers' and users' information safely, as well as our ability to provide a safe online platform for their real estate needs. Our services involve the storage, transmission and processing of customer and user information, some of which may be private and sensitive, such as names, addresses, contact details and financial account information. Any security breaches and administrative or technical failures could expose us to a risk of data loss or exposure, including with respect to user and employee data, as well as loss of intellectual property and other confidential business information, which could result in potential significant losses and litigation as well as significant reputational harm.

Similarly to other website and mobile application providers, our websites and mobile applications and other IT systems are vulnerable to computer viruses, break-ins, phishing attacks, attempts to overload our servers with denial-of-service or other cyber-security attacks or threats and similar disruptions, any of which could lead to loss of critical data, availability or the unauthorized disclosure or use of personal or other confidential information. Further, outside parties may attempt to fraudulently induce our employees, officers, directors, customer or users to disclose sensitive information in order to gain access to our or their information, and our information technology and infrastructure may be vulnerable to attacks by hackers or breaches due to error, malfeasance or other disruptions. For example, hackers could steal customer or user profile passwords and manipulate information about such customers or users on our system, or about objects listed by customers on our platform. As the volume of data we publish increases, and potential threats to data quality become more complex, the risk of harm to our data integrity also increases. Furthermore, any change in the general perception of data privacy and data security may negatively impact our customers' and users' willingness to use our services.

We engage third-party vendors to process and store certain customer information, some of which may be private or include personally identifiable information. We also depend on vendors to host some of the systems and infrastructure used to provide our services. See “—Any significant disruption in the service of our websites or mobile applications could damage our business, reputation and brand.” If our vendors fail to maintain adequate information security systems and our systems or our customers' or users' information is compromised, our business, results of operations, financial condition and prospects could be harmed.



***Any significant disruption in the service of our websites or mobile applications could damage our business, reputation and brand.***

Reliable performance of our network infrastructure and our platform is critical to our brand, reputation and our ability to attract customers and users and deliver quality products and services. Neither we, nor any third-party service providers, may fully prevent downtime or outages with respect to our critical infrastructure, including those caused by events or catastrophic occurrences, such as earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, or similar events. See “—*The COVID-19 pandemic and other public health crises, natural disasters or other catastrophic events may significantly limit our ability to conduct business as normal, disrupt our business operations and materially affect our financial condition.*” Any downtime of our websites or mobile applications, or failure in maintaining and keeping the information on our websites or mobile applications up to date, for any reason, may damage our reputation and lead to a loss of customers or users. For example, in November 2019, we experienced downtime of our “Cian.ru” website and mobile application for approximately seven hours, which resulted in reputational damage as well as various compensations paid to our customers in the form of free services and discounts.

Furthermore, we rely on a number of third-party service providers to support essential functions of our business. For example, we store a significant amount of information about our customers, real estate partners, employees, and business on third-party data storage and cloud services, such as Google Drive, and we rely on these third-party service providers to provide services on a timely and effective basis. Additionally, we rely on telecommunication operators, payment service providers, such as YooMoney, servicers such as Yandex.Maps to display listings on the map view, and other third parties for the key aspects of maintaining our operations and providing our services to our customers and users. Our influence over these third parties is limited and any failure by any of our third-party service providers to perform as expected or as required by contract could result in significant disruptions and costs to our operations. For example, Google recently suspended all online advertising sales in Russia in response to demands by the Russian communications regulator Roskomnadzor to stop displaying ads containing purportedly inaccurate information regarding casualties due to the conflict in Ukraine. Should Google also suspend its Google Drive services in Russia, or should Google Drive be blocked by the Russian communications regulator Roskomnadzor, we would be forced to find an alternative data-storage and cloud services provider, which could result in our incurring additional expenses for services that are not comparable in quality. Furthermore, we can provide no assurance that the migration of data from one service provider to the other would not require downtime of our servers, and may increase the likelihood of data breaches. See “*The integrity of customer and user information stored by us, or the effectiveness of our platforms or systems in general, may be compromised, which may damage our reputation and brand and lead to a loss in customer and user confidence and the demand for our products and services.*”

We do not carry business interruption insurance sufficient to compensate us for potentially significant losses, including potential harm to the future growth of our business, which may result from interruptions in our service as a result of any system failures. Any errors, defects, disruptions or other performance problems with our services could be further exacerbated as a result of the COVID-19 pandemic. All or any of the above factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may be unable to secure intellectual property protection for all of our technology, enforce our intellectual property rights, or protect our other proprietary business information.***

Our success and ability to compete depends in part on our intellectual property and our other proprietary business information. To protect our proprietary rights, we plan to rely on trademark, copyright and patent law, trade-secret protection and contractual provisions and restrictions. However, we may be unable, or may have historically been unable, to uniformly include the necessary intellectual property protections in contractual agreements with our employees, independent contractors, customers, users or third parties, or secure intellectual property protection for all of our technology, or the steps we take to enforce our intellectual property rights may be inadequate. Furthermore, we may also be unable to protect our proprietary business information from misappropriation.

If we are unable to secure intellectual property rights, our competitors could use our intellectual property to market offerings similar to ours, and we would have no recourse to enjoin or stop their actions. Additionally, any of our intellectual property rights may be challenged by others and invalidated through administrative processes or litigation. Moreover, even where we may have secured our intellectual property rights, others may infringe on our intellectual property, and we may be unable to successfully enforce our rights against such infringers because we may be unaware of the infringement or our legal actions may not be successful. Finally, others may misappropriate our proprietary business information, and we may be unaware of the misappropriation or unable to enforce our legal rights in a cost-effective manner. If any of these events were to occur, our ability to compete effectively would be impaired.

***Intellectual property disputes are costly to defend and could harm our business, results of operations, financial condition and reputation.***

From time to time, we may face allegations that we have infringed on trademarks, copyrights, patents and other intellectual property rights of third parties. As we grow our business, we expect that we will continue to be subject to intellectual property claims and allegations. Patent and other intellectual property disputes or litigation may be protracted and expensive, and their results may be difficult to predict and may require us to stop offering certain services or features, purchase licenses that may be expensive to procure or modify our services. In addition, patent or other intellectual property disputes or litigation may result in significant settlement costs. Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, the time and resources necessary to resolve them could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may use open source software in a manner that could be harmful to our business.***

We use open source software in connection with our technology and services. The original developers of the open source code provide no warranties on such code. Moreover, some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. The use of such open source code may ultimately require us to replace certain code used in connection with our services, pay a royalty to use some open source code or discontinue certain services.

From time to time, we may be subject to claims brought against companies that incorporate open source software into their products or services, claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, and we may be required to purchase a costly license or remove open source software, devote additional research and development resources to changing our services, make certain source code for our proprietary technology generally available, or waive certain of our intellectual property rights, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.***

In order to protect our technologies and strategic business and operations information, we rely in part on confidentiality agreements with our employees, independent contractors, and certain other third parties.

These agreements may not be enough to fully mitigate the possibility of inadvertent or intentional disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in an event of unauthorized disclosure of confidential information. The loss of trade secret protection could make it easier for third parties to compete with our services by copying functionality. Others may independently discover our trade secrets and proprietary information, and in such cases, we could not assert any trade secret rights against such parties.

Further, if our employees, contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Any changes in, or unfavorable interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We may not be able to halt the operations of websites that aggregate or misappropriate our data.***

From time to time, third parties have misappropriated our data through website scraping, robots or other means, and aggregated this data on their websites with data from other companies. In addition, “copycat” websites may attempt to imitate our brand and the functionality of our website. When we have become aware of such websites, we have employed technological or legal measures in an attempt to halt their operations. We may not be able, however, to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, our available remedies may not be adequate to protect us against the impact of the operation of such websites. In addition, if such activity creates confusion among customers or real estate partners, our brands and business could be harmed. Regardless of whether we can successfully enforce our rights against the operators of these websites, any measures that we may take could require us to expend significant financial or other resources, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

**Risks Related to Our Financial Position**

***We may need to raise additional funds to finance our future capital needs, and we may not be able to raise additional funds on terms acceptable to us, or at all.***

Growing and operating our business, including through the development of new and enhanced services, may require significant cash outlays and capital expenditures. If cash on hand, cash generated from operations and cash equivalents and investment balances are not sufficient to meet our cash and liquidity needs, we may need to seek additional capital, and we may not be able to raise the necessary cash on terms acceptable to us, or at all. Additionally, in an effort to stabilize and support the volatile Russian financial and currency markets, Russian authorities have recently imposed significant capital and currency control measures aimed at restricting the outflow of foreign currency and capital from Russia. See “—Risks Relating to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.” While the ban on distribution of profit from Russian companies to foreign residents does not currently apply to our operating subsidiaries (as they are organized in the form of limited liability companies that are not subject to these restrictions), there can be no assurance that new restrictions will not be introduced that would impede the Group’s ability to conduct intragroup transfers of funds, which is essential to ensure that each Group entity is in a position to meet its cash and liquidity needs. If we are unable to fund our Group entities through intragroup transfers, we may need to pursue external financing arrangements in order to do so. Any financing arrangements we pursue or assume may require us to grant certain rights, take certain actions, or agree to certain restrictions that could negatively impact our business.

Furthermore, market volatility resulting from the COVID-19 pandemic and the related Russian and global economic impact and other factors, such as the rates at which we could borrow funds, could also adversely impact our ability to access funds as and when needed. Moreover, the overall deterioration of the macroeconomic condition in Russia may cause shortages of Russian banks’ liquidity, which in turn may result in those banks curtailing their lending programs. If additional capital is not available on terms acceptable to us or at all, we may need to modify, delay, limit or terminate our business plans, which would harm our ability to grow our operations and could have a material adverse effect on our business, results of operations, financial condition and prospects.

***We rely on assumptions, estimates and business data to calculate our key performance indicators and other business metrics such as the average UMV, listings, leads to agents and individual sellers, paying accounts, average revenue per paying account, average daily revenue per listing, leads to developers and average revenue per lead to developers, and real or perceived inaccuracies in these metrics may harm our reputation and negatively affect our business.***

Certain of our performance metrics are calculated using third party applications or internal company data that have not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in measuring such information. For example, our average UMV shows the average number of users and customers visiting our platform (websites and mobile application) per month in a particular period, excluding bots. This metric has its limitations because, for example, if users or customers access our platform through a website and a mobile application, they are counted twice and it does not allow us to track how many individual visitors are accessing our platform.

We regularly review and may adjust our processes for calculating our performance metrics to improve accuracy. Our measurements of certain metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. If real estate professionals, our customers, users, investors or financing sources do not perceive our average UMV, listings, leads to agents and individual sellers, paying accounts, average revenue per paying account, average daily revenue per listing, leads to developers and average revenue per lead to developers to be accurate representations of our customers and user engagement, or if we discover material inaccuracies in our key performance indicators, our reputation may be harmed, and real estate professionals and advertisers may be less willing to allocate their resources to our products and services, while investors or financing sources may be less willing to invest in or trade the ADSs. Additionally, operational metrics are important for our decision-making process and if we rely on inaccurate data, we could make incorrect decisions based on these metrics, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

### **Risks Relating to the Regulatory Environment**

***We operate in a rapidly evolving environment of increasing regulatory complexity and failure to comply with existing or new rules and regulations or to obtain and maintain required licenses or authorizations, could materially and adversely affect our business, financial condition, results of operations and development prospects.***

The legal framework in which we operate has changed significantly during 2022 and remains increasingly volatile. In response to the geopolitical tension and economic situation, the Russian authorities have adopted and continue to develop various legislative initiatives. To stabilize and support the volatile Russian financial and currency markets and preserve foreign currency reserves, Russia's authorities have, among other things, imposed significant capital and currency control measures aimed at restricting the outflow of foreign currency and capital from Russia, imposed restrictions on repayments to certain foreign creditors and shareholders in foreign currency, banned exports of various products and other economic and financial restrictions.

In particular, Russian authorities identified 49 states, including the United States, all European Union member states and the United Kingdom, as “unfriendly” and introduced extensive restrictions for residents from such countries (so called unfriendly foreign persons) and dealings with them in Russia. Some of these restrictions extend to Russian legal entities controlled by an unfriendly foreign person. Russian residents are prohibited from granting, in the absence of a permit of the special government commission, any loans to unfriendly foreign persons and foreign currency denominated loans to all non-residents and, in addition, from transferring of funds from accounts opened in Russia. The preliminary governmental approval is also required if an unfriendly foreign person is a party to the direct or indirect transfer of an equity stake in a Russian LLC. Furthermore, a special procedure has been established for the fulfillment by Russian residents of their obligations in excess of 10 million rubles (or equivalent of this amount in foreign currency) per month relating to dividend and loan payments to unfriendly foreign persons. Payment of dividends or repayment of loans to unfriendly foreign persons may be conducted by a Russian company subject to a permit of the Finance Ministry of the Russian Federation or, in the absence of such permit, in rubles to special bank accounts of type “S” where such funds remain until the permit is granted. Furthermore, new restrictions were introduced on dealings with Russian securities acquired by residents from unfriendly foreign persons after March 1, 2022.

More recently, in December 2022, the Russian State Duma adopted a law restricting foreign control over Russian classifieds. See *“If the Russian government were to apply existing limitations on foreign ownership to our business, or impose new limitations on foreign ownership of internet businesses in Russia, it could materially adversely affect our business.”*

In addition, on April 16, 2022, a new law was adopted requiring Russian companies to terminate foreign depositary programs under which the depositary receipts of such companies are listed on foreign stock exchanges. While the new law only applies to the Russian companies listed abroad, we are aware of the legislative initiatives to cover Russian businesses with an offshore holding structure. Although such legislative initiatives have not yet been made public and their status is currently unclear, should such legislation extend to offshore companies with Russian business, we may be required to redomicile in Russia and terminate our depositary program. The adoption of such legislation could materially adversely affect the liquidity in, and the trading price of, our ADSs and ordinary shares.

Legislation and counter measures are passed very quickly, sometimes with no or limited official guidance, which can lead to misinterpretations and difficulties in enforcement. Furthermore, Russian authorities are currently developing various legislative and regulatory initiatives in response to recent geopolitical and economic events, some of which may be politically motivated or could be seen as protecting the country's national security and/or limiting foreign influence. In particular, rules on content monitoring have been harshened in Russia in the course of 2022 with new types of information being considered unlawful and subject to blocking with potential criminal liability being imposed on persons who are distributing such information via any resource (in particular, information about the military operation in Ukraine which contradicts the official Russian sources). In addition, the Russian authorities has tightened the laws against foreign agents. Any person that receives financial or any other kind of support from abroad can be designated a foreign agent. Foreign agents are required by law to label any publications, including on social media, with a lengthy disclaimer, regularly report on their income and spending, and undergo financial audits. The long-term impact and the extent of such initiatives is difficult to determine at this stage.

In addition to newly adopted laws and regulations, we are subject to, or affected by, a variety of laws and regulations, including laws regarding real estate, data protection, competition, the internet, labor and taxation. Actual or alleged failure to comply with one or more of these laws or regulations could result in administrative or legal proceedings, fines, third party damage actions and other penalties, which in turn could harm our reputation. Changes to such laws or regulations, or the interpretation thereof, or the adoption of new laws and regulations, are extremely difficult for us to predict and may place additional financial or other burdens on, or otherwise negatively impact our business, thereby increasing the cost or reducing the profitability of our services, limiting the scope of our offering or affecting the competitive landscape generally. In addition, Russian authorities have the right to conduct periodic tax, labor or other inspections of our operations and properties. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses, approvals, authorizations and permits and in monitoring licensees' compliance with the terms thereof. If authorities choose to enforce specific interpretations of the applicable legislation that differ from ours, we may be found to be in violation and subject to penalties or other liabilities. In addition, government authorities may claim unpaid taxes and impose fines if certain of our contracts with independent contractors are reclassified as employee contracts.

As with other technology companies around the world, we are operating in an increasingly uncertain and challenging environment, in part due to increased scrutiny from governmental authorities. We are also subject to evolving regulation of dissemination of information on the internet. In particular, in recent years, the Russian authorities have adopted a series of laws aimed at regulating the technology and internet sector. See "*Regulations—Internet Regulation.*" If we fail to comply with these various regulations, our websites might be blocked and our business may be materially adversely affected. In addition, the newly introduced legal frameworks are often lacking the underlying regulation, which is still being developed and has not yet been implemented. In the absence of underlying regulations it is difficult to assess the applicability of new laws to a specific business or platforms and, in particular, the impact that they may have on our business and operations.

Furthermore, our continued success will substantially depend upon our ability to introduce new initiatives, projects and features. See "*—We may devote significant costs and management time to the implementation of new initiatives, including development of new business lines and new service offerings, as well as certain strategic regional expansion efforts, with no guarantee of success.*" Some of those initiatives may require us to obtain licenses or permits. We cannot assure you that we will be able to secure or, if secured, renew, any licenses or permits on terms acceptable to us. If we fail to obtain the necessary licenses or permits, we may lose our customers, users and market share, and our development and growth prospects may suffer.

***If the Russian government were to apply existing limitations on foreign ownership to our business, or impose new limitations on foreign ownership of internet businesses in Russia, it could materially adversely affect our business.***

Over the past few years, Russian legislators have introduced a number of laws and regulations restricting foreign ownership and control of companies involved in certain strategically important activities. In December 2022, the Russian State Duma adopted a new law that restricts foreign control over the Russian classified services.

According to this law, classified services that have more than 100,000 monthly unique users located in the territory of the Russian Federation should be owned by a Russian legal entity (a “Russian Owner”). The law defines a Russian Owner as a legal entity controlled by the Russian Federation, a subject of the Russian Federation, a municipality and or a citizen of the Russian Federation who does not have the citizenship of another state. Control is defined by the law as the ability to determine decisions made by such Russian Owner by virtue of the right to directly or indirectly dispose of more than 50% of the total number of votes attributable to voting shares of the Russian Owner. The manner in which this new legislation may be interpreted and enforced cannot be fully determined, and a certain amount of the implementing legislation is still to be adopted.

Depending on clarifications to be given in by-laws which are currently being prepared by the legislator, we may need to bring our ownership structure in compliance with new regulation and therefore, will need to change our corporate or shareholder structure.

While the newly introduced legislation is restricting control over the Russian classified services, there are initiatives from time to time that would restrict not only control, but the foreign ownership of Russian internet companies. If such legislation applicable to our online classified business were to be proposed or adopted, we may be required to further restructure our business or otherwise adapt our operations or corporate structure to comply with such restrictions, which could have a material adverse effect on our business, results of operations, financial condition and prospects. Furthermore, the Russian authorities are currently developing various legislative and regulatory initiatives in response to recent geopolitical and economic events and some of these may be political motivated or populist in nature, including further restrictions on foreign businesses and nationalization of assets of foreign businesses. The potential impact and the extent of such initiatives are difficult to determine at this stage. See “—*Risks Relating to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.*”

***Existing and evolving government regulation in the area of data privacy and data protection could adversely affect our business.***

We collect, process, store and transmit large amounts of data, including confidential, sensitive, proprietary, business and personal information. The effectiveness of our technology and platform, and our ability to offer our services to our customers and users rely on the processing, protection and security of data. Our collection and use of this data for targeted advertisements, data analytics and outreach communications might raise privacy and data protection concerns that could negatively impact the demand for our services. We use third-party technology and systems for encryption, employee email and other functions.

Processing of customer and user data is subject to certain requirements and restrictions in Russia. In accordance with Russian law, personal data is defined as any information relating, directly or indirectly, to an identified or identifiable individual. Under Russian law, subject to certain exceptions, we must obtain consent in order to process an individual’s personal data. An entity which, separately or jointly with other entities, arranges for the processing of personal data and determines the purposes of such processing, scope of personal data to be processed and actions (operations) performed on personal data, is defined as a data operator (data controller). Data operators are obliged to notify the Russian Federal Service for Supervision of Information Technologies and Communications (“Roskomnadzor”), the principal Russian data protection authority, of the commencement of the personal data processing (subject to a limited number of exceptions). Following such notification, the data operators are included into a specific register. We are registered as a data operator in such register. Moreover, under the rules enacted in 2022, data operators engaging into any cross-border transfer shall submit to Roskomnadzor detailed notifications of cross-border transfers of personal data by March 2023 and provide information on measures taken to ensure relevant personal data is handled in accordance with Russian law. Roskomnadzor is entitled to prohibit or restrict cross-border transfer.

As a matter of Russian law, we are required to conduct certain types of processing of personal data of Russian citizens (when collecting such personal data) with the use of Russian databases (this obligation is referred to as the “Russian data localization rules”). While we store some of our data on the cloud platforms located abroad, we continuously monitor that this is done in accordance with the Russian law requirements and we conduct the key processing actions for collection of personal data of Russian citizens using Russian databases. Russian law also generally requires companies to use certified encryption and other technical means to protect personal data and ensure that it is stored in Russia and, in some cases, available to the authorities for surveillance purposes.



Russia is continuing to develop its legal framework, including with respect to data privacy and data protection. For example, in March 2021, new rules which restrict the usage of publicly available personal data (including data available on the internet) were adopted. These require, among other things, obtaining a user's consent in a specific form for the processing of such data and changing processing rules and procedures. Another set of amendments to the Russian Federal Law "On Personal Data" (the "Russian Personal Data Law") was adopted in 2022. These, among other things, tightened requirements to consent, imposed obligations on data operators to make sure data processors comply with Russian rules, provided for the requirement to notify Roskomnadzor of cross-border transfer of personal data and established a set of rules on notification of and internal investigation into data breaches. Furthermore, at the end of 2022, new rules were introduced in respect of processing of biometrics. These rules imply heightened controls by the state over any activities related to biometrics, are highly restrictive and, in particular, stipulate that any mandatory collection of biometrics is prohibited and any person is entitled to fully revoke his or her previous consent for processing of biometrics at any time.

The powers of Roskomnadzor have been expanded in recent years. Roskomnadzor, among its other functions, supervises compliance with the data protection legislation and conducts scheduled and unscheduled audits over activities of data operators, maintains the register of personal data operators, infringers of personal data processing requirements and blocked websites, has the right to initiate legal proceedings in cases of violations, and imposes fines or other penalties. Roskomnadzor may require us to improve our data-related policies and security measures, which may adversely affect our ability to manage our business or make it costlier to do so. If audits by Roskomnadzor result in a determination that we fail to comply with data-related legislation, including the Russian data localization rules or rules in respect of use of certified equipment, we could experience financial losses, our reputation may be harmed, and we could be restricted from providing certain types of services until we comply with the relevant requirements.

Failure to comply with the data privacy laws may lead to civil and administrative liability and, in extreme cases, criminal liability may follow for individuals (Russia does not have the notion of criminal liability of legal entities). Such liability may take the form of fines, or, in extreme cases, suspension of activities and/or blocking of our resources for access from the territory of Russia. The size of fines for violations of the Russian data privacy rules is being constantly increased by the Russian legislature. Currently, the maximum fine for violation of Russian data localization requirements is RUB 18 million (equivalent to approximately U.S.\$ 250,000 as of March 2023), however, Russia also introduced a set of revenue-based fines (e.g., of up to 20% of annual revenue which may be calculated at a group level) for violation of rules in respect of content monitoring and has stated applying these fines against global companies which refuse or fail to block or restrict access to certain data following the notification from Roskomnadzor or other authorities. Persons processing personal data in violation of the rules are also obliged to terminate or procure the termination of any wrongful processing of personal data. Under Federal Law No. 236-FZ "On the Internet Activities of Foreign Entities in the Russian Federation" dated July 1, 2021 ("FZ-236"), further consequences may apply for noncompliance with data localization requirements and certain requirements of FZ-236, which may include, for example, restriction on personal data processing, payments from Russian citizens, and advertising.

We may also be subject to data protection laws in other jurisdictions where our customers and users may access our platform. Such data protection laws may require significant compliance efforts and, if we are unable to fully comply, could result in liability. For example, in 2016, the European Union adopted the General Data Protection Regulation ("GDPR"), which became effective in May 2018. The GDPR generally applies extraterritorially and imposes stringent requirements for controllers and processors of personal data. Non-compliance with the GDPR is subject to significant penalties, including fines of up to the greater of €20 million or 4% of total worldwide revenue, and injunctions on processing of personal data. A breach of the GDPR or other laws regulating the cross-border transfer of personal data may result in regulatory investigations, reputational damage, orders to cease/ change our data processing activities, enforcement notices, assessment notices for a compulsory audit and/or civil claims (including class actions). Other jurisdictions are similarly introducing or enhancing privacy and data security laws, rules and regulations, which could increase our compliance costs and risks associated with non-compliance.

Additionally, we are subject to laws, rules and regulations regarding cross-border transfers of personal data, including laws relating to transfer of personal data outside the European Economic Area ("EEA"). We rely on transfer mechanisms that are recognized in the market but, depending on the changes in law and interpretation, we may not be able to rely on existing mechanisms for cross-border transfer of data, transfer of such data to and from certain jurisdictions may be restricted.

We use cookies and other related technologies that assist us in improving the customer and user experience and personalizing our services that ultimately benefit various groups of our customers and users through behavioral targeting, which makes our services more customized and our advertising more relevant. We cannot be certain as to whether our practices are compliant with the requirements of applicable data protection legislation in Russia and abroad, and such laws are still being developed and could be interpreted or applied in a manner that is not consistent with our current data protection practices.

We also record customer and user calls to improve our services. We do so subject to prior notification of the fact that the call will be recorded and, if individuals proceed with the call, they are deemed to have accepted such practice. Information so recorded may be subject to specific rules (such as privacy of communications), whose processing and transfer by IT companies is subject to additional restrictions, which are broadly defined and may be inconsistently applied in Russia.

In addition, we may be required to disclose personal data pursuant to demands from government agencies, including from law enforcement agencies, intelligence agencies and state and municipal regulators in the course of audits, as a requirement for obtaining or maintaining any licenses or permits, which we may require to operate our business in the future. Any such disclosure may result in a failure, or perceived failure, by us to comply with privacy and data protection policies, notices, laws, rules, and regulations (including due to conflicts of laws), could result in proceedings or actions against us in the same or other jurisdictions, and could have an adverse impact on our reputation.

If we were found to be subject to, and in violation of any privacy, data protection or data security laws or regulations, our business may be materially and adversely impacted and we would likely have to change our business practices and potentially our service portfolio. These laws and regulations could impose significant costs on us and could make it more difficult for us to use our current technology. Furthermore, if these requirements and restrictions are amended, interpreted or applied in a manner not consistent with current practice, we could face fines, other types of penalties, or orders requiring that we change our operating practices, and our business, prospects, financial condition and results of operations could be materially and adversely affected. In extreme cases, the relevant data protection authorities may block access to our websites or suspend our activities. For further information on the applicable regulatory framework, see “Regulations—Privacy and Personal Data Protection Regulation.”

***The FAS could determine that we hold a dominant position in our markets, which would result in limitations on our operational flexibility and may adversely affect our business, financial condition and results of operations.***

The Russian anti-monopoly authorities impose various requirements on companies that occupy a dominant position in their markets. The Russian Federal Law No. 135-FZ “On Protection of Competition” dated July 26, 2006, as amended, (the “Competition Law”) establishes certain restrictions on activities of such companies. When determining market dominance, the FAS needs to identify and define the relevant market, in which the entity in question operates. There are numerous aspects to be taken into account when making this determination, including the interchangeability or substitutability of the services for the user, their pricing and intended use, and the calculation of market shares of companies operating in this market. Different approaches may be applied in this respect by the FAS and market participants. In a number of court cases, Russian courts have found concerted actions where competitors acted in a similar way within the same period of time, although, arguably, there have been legitimate economic reasons for such behavior and the behavior was not aimed at restriction of competition.

Under the Competition Law, business combinations exceeding certain thresholds are subject to prior approval by the FAS. The FAS will determine whether any acquisition subject to its prior approval negatively impacts competitive conditions in the relevant markets or adversely affects consumers in these markets. On October 6, 2021, the FAS rejected a proposed business combination between us and Avito, citing that such combination would result in an entity with a dominant market position.

To date, aside from receipt of routine inquiries from the FAS, we have not engaged with them to define our market position. We believe that our operations are in compliance with Russian anti-monopoly regulations. If the FAS were to conclude that we hold a dominant position in one or more of the markets in which we operate, it could result in heightened scrutiny of our business and industry, limit our ability to complete future acquisitions or require us to pre-clear any substantial changes to our standard agreements with our customers, other partners and the authorities. In addition, if we were to decline to conclude a contract with a third party, this could, in certain circumstances, be regarded as an abuse of a dominant market position. Any abuse of a dominant market position could lead to administrative penalties and the imposition of fines linked to our revenue.



In addition, in 2019, the FAS publicized draft amendments to the Competition Law, known as the “5th Antimonopoly Pack.” The 5th Antimonopoly Pack is still under discussion between the government authorities and has not yet been submitted to the Russian Parliament. As currently drafted, the 5<sup>th</sup> Antimonopoly Pack gives the FAS authority to regulate digital platforms (i.e., internet infrastructure for interaction of sellers and buyers). Dominance of a digital platform will be determined on the basis of the so-called “network effect” criterion, or the situation where the increasing number of the registered customers and users of this network adds value to this network, including to the goods and services available at such network. A digital platform will be deemed to have a dominant position if its market share exceeds 35% and network effects enable it to affect the general terms of trade in a certain product in the relevant market, push other businesses out of the market or impede access to the market for other businesses. In August 2021, the FAS introduced a draft guidance on the basic principles of interaction between participants of digital markets. This guidance provides for, among others, reasonable transparency of digital platforms, neutrality towards other market participants, including competitors, and safeguards for the platform users’ rights. Given the lack of enforcement practice in Russia related to digital platforms, we cannot evaluate the impact of this initiative on our business practices.

Russian anti-monopoly authorities have also been known to determine that a market player has been in violation of antitrust laws solely on the basis of circumstantial evidence pointing to its anti-competitive behavior without any written or oral evidence to support this. Any abuse of a dominant market position could lead to administrative penalties and the imposition of a fine of up to 15% of our annual revenue for the previous year. These limitations and penalties could have a material adverse effect on our business, results of operations, financial condition and prospects.

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

Russian law prohibits the sale and advertising of certain products, and heavily regulates advertising of certain other 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.

In June 2022, the State Duma adopted in the first reading a draft amendment to the law “On Advertising”, which would entail the creation of a single operator of digital advertising structures. The draft law was broadly drafted and was unclear whether and to what extent it would apply to us and/or affect our operations. While this law was subsequently withdrawn following broad criticism from the industry, if any similar initiatives to create a single entity responsible for digital advertising will be signed into law, it may significantly impact the market dynamics and may have a material adverse effect on our business, results of operations, financial condition and prospects.

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 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 the required licenses or authorizations. If our advertisers do not comply with these requirements, and these laws are interpreted to apply to us, or if our ad serving system fails to include the necessary disclaimers, we may be exposed to administrative fines or other sanctions, and may have to limit the types of advertisers that 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 as restricting 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, reduce our revenue.

## **Risks Relating to the Russian Federation**

### ***New or escalated tensions between Russia and neighboring states or other states could negatively affect the Russian economy.***

Over the past several years, Russia has been involved in conflicts, both economic and military, involving neighboring or more distant states. The military conflict in the Ukraine is ongoing and we have no way to predict the progress or its outcome in the short- or long-term. See “—*Risk Related to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.*” This has resulted in a dramatic deterioration of relations between Russia and other countries, including the United States and various countries in Europe and throughout the world. Many of these jurisdictions are home to financial institutions and corporations that are significant investors in Russia and whose investment strategies and decisions may be affected by such conflicts and by worsening relations between Russia and other countries.

Emergence of new or escalated tensions between Russia and neighboring states or other states could have a further negative impact on the Russian economy. This, in turn, may further erode confidence among international investors in the region’s economic and political stability and in Russian investments generally, which could exacerbate the current situation regarding the liquidity, trading and price of listed securities of companies with significant operations in Russia, including our ADSs. See “—*Risks Related to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations—Impact on our business, financial condition and results of operations.*” Consequently, we may be unable to raise debt or equity capital in the international capital markets, which may affect our ability to achieve the level of growth to which we aspire.

### ***Investing in securities of issuers in emerging markets, such as Russia, generally involves a higher degree of risk than investments in securities of issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets.***

Emerging markets, such as Russia, are subject to greater risks than more developed markets, including significant legal, economic, tax and political risks. Investors into businesses operating in the emerging markets should be aware that these markets are subject to greater risk and should note that emerging economies, such as the economies of Russia, are subject to potential instability and any information set out herein may become outdated relatively quickly.

Financial or economic crises, whether global or limited to a single large emerging market country, tend to adversely affect prices in the capital markets of most or all emerging market countries, as investors move their money to more stable, developed markets. Over the past few years, the Russian capital markets have been highly volatile, variably due to the impact of global economic slowdowns, sharp declines in oil prices, deteriorating conditions in the Russian economy itself, the COVID-19 pandemic or international sanctions. More recently, the situation has deteriorated significantly in connection with the Ukrainian crisis. See “—*Risks Related to the Russian Military Operation in Ukraine—The ongoing Russian military operation in Ukraine has negatively impacted the Russian economy and could adversely affect our business, financial condition and results of operations.*” Various adverse factors, such as significant ruble depreciation; capital outflows; worsening of various economic indicators; geopolitical disputes, such as the crisis in Ukraine and imposition of recent unprecedented levels of trade and economic sanctions against Russia in connection therewith; or an increase in overall perceived risks associated with investing in emerging economies, has hindered and could continue to hinder foreign investment in Russia and adversely affect the Russian economy. In addition, during times of economic crises and market volatility, businesses that operate in emerging markets can face severe liquidity constraints, as available funding may often be reduced or withdrawn. Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

***Changes in government policy, other government actions and political risks could adversely affect the Group’s operations and the value of investments in Russia.***

While the political situation in Russia has been relatively stable since 2000, future policy and regulation may be less predictable than in less volatile markets. Any future political instability could result in a worsening of the overall economic situation, including capital flight and a slowdown of investment and business activity. In January 2020, the current Russian President Vladimir Putin proposed a number of constitutional reforms aimed at altering the balance of power between the legislative, executive and judicial branches, and introducing certain other changes to the Constitution of Russia. In addition, further amendments were proposed in March 2020, under which the previous and/or current President of Russia would be allowed to participate in presidential elections for two terms following the amendment of the Constitution, and previous presidential terms, which had been served or started prior to these amendments becoming effective, would not be accounted for. The amendments were approved in a nationwide vote, and took effect on July 4, 2020. The impact of these amendments, plus other relevant political steps and actions on the political, economic, social, regulatory and business landscape in Russia could take time to become fully evident and cannot be predicted with significant amount of certainty.

Future changes in the Russian government, the State Duma or the presidency, major policy shifts or eventual lack of consensus between the president, the Russian government, Russia’s parliament and powerful economic groups could lead to political instability. Shifts in governmental policy and regulation in the Russian Federation are less predictable than in many Western countries, and could disrupt political, economic, social, regulatory and business processes and environments.

Russian authorities have been reported to sometimes apply policies selectively and arbitrarily, including through withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions, asset freezes, seizures or confiscations, regulatory measures, and civil actions. Federal and local governmental entities have, in the past, used common defects in share issuances and registration as pretexts for court claims and other demands to invalidate such issuances and registrations and/or to void transactions, which may be seen as being influenced by political or business considerations. Some observers have noted that takeovers of major private sector companies by state-controlled companies following tax, environmental and other challenges in recent years may reflect a shift in official policy in favor of state control at the expense of individual or private ownership, at least where large and important enterprises are concerned. This has, in turn, resulted in significant fluctuations in the market price of Russian securities and had a negative impact on foreign investments in the Russian economy, over and above any recent general market dislocations. Any similar actions by the Russian authorities which result in a further negative effect on investor confidence in Russia’s business and legal environment could have a further material adverse effect on the Russian securities market and prices of Russian securities or securities issued or backed by Russian entities.

***Social instability in Russia could increase support for stronger centralized authority, nationalism, political repression or violence and could materially adversely affect our operations.***

A decrease in the price of oil, as well as increased unemployment rates, failure by the government and many private enterprises to pay full salaries on a regular basis and failure of salaries and benefits to keep pace with increasing cost of living led in the past, and could lead in the future, to labor and social unrest in the markets in which we operate. Labor and social unrest may have political, social and economic consequences, such as increased support for stronger of centralized authority; increased nationalism, including restrictions on foreign involvement in the Russian economy; and increased political repressions and violence. An occurrence of any of the foregoing events could restrict our operations and lead to the loss of revenue, and our business, results of operations, financial condition and prospects could be materially and adversely affected.

***Crime and corruption could disrupt our ability to conduct our business and, thus, materially adversely affect our operations.***

The stability, effectiveness, fairness, transparency and strength of government institutions, rule of law and business practices in Russia have been varied and have changed along with political and economic changes over the years. The local and international press have reported on high levels of corruption in Russia, including the bribery of officials for initiating investigations by state agencies, obtaining licenses or other permissions or obtaining the right to supply products or services to state agencies. Press reports have also described instances in which government officials engaged in selective investigations and prosecution to further the commercial interests of certain government officials or certain companies or individuals. Additionally, published reports indicate that a significant number of Russian media regularly publish slanted articles in return for payment. The proliferation of organized or other crime, corruption and other illegal activities that disrupt our ability to effectively conduct our business or any claims that we have been involved in corruption, or illegal activities, even if false, that generate negative publicity could have a material adverse effect on our business, results of operations, financial condition and prospects.

***The ongoing development of the Russian legal system and Russian legislation creates an uncertain environment for investment and for business activity.***

As Russia continues to develop its legal framework, it may still differ substantially from international standards and the requirements of a modern market economy. The current regulatory environment in Russia may result in inconsistent interpretations, applications and enforcement of the law. Among the possible risks of the current Russian legal system are:

- inconsistencies between and among the constitution, federal and regional laws and subordinate legislation (presidential decrees and governmental, ministerial and local orders, decisions and resolutions) and other acts;
- the lack of judicial and administrative guidance on interpreting certain legislation as well as conflicting interpretations of supreme general jurisdiction and arbitrazh courts;
- the relative inexperience of judges and courts in interpreting certain aspects of legislation;
- the lack of an independent judiciary;
- a high degree of discretion on the part of governmental authorities, which could result in arbitrary actions such as suspension or termination of our licenses;
- the possibility of rapid change in the current legislation, which could create ambiguities in interpretation and potential non-compliance; and
- poorly developed bankruptcy and liquidation procedures and court practices that create possibilities of abuse.

In addition, legislation in Russia may often still have substantial gaps in the regulatory infrastructure. Any of these weaknesses could affect our ability to enforce our rights under our licenses and contracts, or to defend ourselves against claims by others. Moreover, it is possible that regulators, judicial authorities or third parties may challenge our internal procedures and bylaws, as well as our compliance with applicable laws, decrees and regulations. Furthermore, the legal framework in which we operate is increasingly volatile in light of ongoing geopolitical tensions. See “—*We operate in a rapidly evolving environment of increasing regulatory complexity and failure to comply with existing or new rules and regulations or to obtain and maintain required licenses or authorizations, could materially and adversely affect our business, financial condition, results of operations and development prospects.*”

***The Russian banking system remains underdeveloped, the number of creditworthy banks in Russia is limited and another banking crisis could place severe liquidity constraints on our business.***

Instability in the Russian banking sector may adversely affect the Russian economy, which may in turn negatively impact our business. Increases in the level of underperforming loans in recent years has generally weakened the level of capital for banks, which, in turn, may lead them to shrink their loan portfolios, and as a result, debt funding may become less available for individuals and businesses. Recessionary trends in the Russian economy and stricter enforcement by the CBR affected a number of notable Russian banks, which were either acquired, liquidated or taken over for financial rehabilitation by other Russian banks, the Deposit Insurance Agency or the CBR in recent years.

In response to a high inflation and depreciating ruble, on February 28, 2022, the CBR increased its key interest rate from 9.5% to 20.0%, which was later gradually decreased to 7.5% in September 2022. As a result of the significant increase in the CBR’s key interest rate as well as the overall decline in the Russian economy, the domestic financial and banking markets may experience periodic shortages of liquidity in the domestic money market and may result in banks cutting their exposure limits to both banks and various corporate sectors of the economy. In addition, both the corporate and retail banking sectors saw corresponding increases in lending rates and at the same time banks raised their deposit rates in an effort to obtain additional funding during a period of weakening liquidity. Consequently, funding costs have increased throughout the entire Russian financial system and have put substantial strain on Russian banks’ ability to manage interest rate risks, raise financing and prudently allocate available liquidity. The resulting higher interest rates may also have a negative impact on the banking sector’s profitability, as well as worsening Russian consumer and corporate creditworthiness. We expect the sharp rise in interest rates caused by the Central Bank’s key interest rate hike to have a materially negative impact on the Russian mortgage market.

Serious deficiencies, instability or crises in the Russian banking sector, or other problems experienced by Russian banks, including deterioration in their credit portfolios, difficulties in accessing liquidity (including due to the imposition of sanctions), meaningful financial losses or reduction of profitability, falling capital ratios, suspension or revocation of their licenses or takeovers for subsequent liquidation or rehabilitation, resulted in the past, and may result in the future, in significant adverse consequences for our market and business. For example, in such circumstances, buyers of real estate or real estate developers may find themselves with reduced access to bank financing, which may reduce their demand, activity and transaction volumes in the real estate market, and, in turn, slow down demand for our services. We also may face forfeiture of, or delays in accessing our cash reserves, withdrawal/transactional limits on our bank accounts or other restrictions being imposed on our business, which could have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, the instability of the Russian banking sector and the sharp rise in interest rates caused by the CBR’s key interest rate hike may also impede the development of new products for our Mortgage Marketplace services. Furthermore, as we may seek debt financing from Russian banks in the future, if a banking crisis were to re-occur in Russia, our ability to access such financing may be limited, which in turn could have a material adverse effect on our business, results of operations, financial condition and prospects, and investors may lose some or all of the value of their investment.

***The companies incorporated in Russia may be forced into liquidation due to formal non-compliance with certain requirements of Russian law, which could have a material adverse effect on our business, results of operations, financial condition and prospects.***

Certain provisions of Russian law may allow a court to order liquidation of a Russian legal entity on the basis of its formal non-compliance with certain requirements in connection with its formation or reorganization or during its operation. There were cases in the past in which formal deficiencies in the establishment process of a Russian legal entity or non-compliance with provisions of Russian law have been used by Russian courts as a basis for the liquidation of a legal entity. For example, in Russian corporate law, negative net assets calculated on the basis of the Russian Accounting Standards as of the end of the financial year following the second or any subsequent financial year of a company's operation can serve as a basis for a court to order the liquidation of the company, upon a claim by governmental authorities (if no decision is taken to decrease the charter capital or liquidate the company). Many Russian companies have negative net assets due to very low historical asset values reflected on their Russian balance sheets. However, their solvency (i.e., their ability to pay debts as they come due) is not otherwise adversely affected by such negative net assets. In addition, according to Russian court practice, formal non-compliance with certain requirements that may be remediated by a non-compliant legal entity should not itself serve as a basis for liquidation of such legal entity.

Although iRealtor LLC, our key operating subsidiary, had negative net assets as of December 31, 2020 and December 31, 2019, its net assets as of December 31, 2022 and 2021 were positive. Under the relevant legislative requirement, a company may be forced into liquidation only after having negative net assets for two consecutive years, however, as this requirement is temporarily not applicable in 2020 due to the COVID-19 pandemic, we believe that we and our subsidiaries are currently fully compliant with the applicable legal requirements and neither we nor iRealtor LLC should be subject to liquidation on such grounds. We expect to take all necessary measures aimed at ensuring that iRealtor LLC has positive net assets by the required time in order to continue to be in compliance with all applicable requirements. However, weaknesses in the Russian legal system create an uncertain legal environment, which makes the decisions of a Russian court or a governmental authority difficult, if not impossible, to predict. If involuntary liquidation were to occur, such liquidation could lead to significant negative consequences to our business and financial condition.

**Risks Relating to Russian Taxation**

***Changes in Russian tax law could adversely affect the Group's business.***

Generally, Russian taxes that the Group is subject to are substantial and include, among others: corporate income tax, value-added tax ("VAT"), property tax, payroll related insurance payments, other taxes and duties. The Group is also subject to the liabilities of a tax agent with respect to taxes due from some of its counterparties. Laws related to these taxes and duties, such as the Tax Code of Russia (the "Tax Code"), have been in force for a relatively short period of time in comparison with tax legislation in more developed market economies, and the Russian government's implementation of such legislation is often unclear or inconsistent. Historically, the system of tax collection has been relatively ineffective, resulting in continuous changes being introduced to existing laws and the interpretations thereof.

Although the Russian tax climate and the quality of tax legislation generally improved with the introduction of the Tax Code, the possibility exists that Russia may impose arbitrary and/or onerous taxes and penalties in the future.

Since Russian federal, regional and local tax laws and regulations are subject to frequent change, and since some sections of the Tax Code are comparatively new, interpretation and application of these laws and regulations is often unclear, unstable or non-existent. Differing interpretations of tax regulations may exist both among and within government bodies at the federal, regional and local levels, increasing the number of existing uncertainties and leading, in practice, to the inconsistent enforcement of these tax laws and regulations.

Furthermore, the taxpayers, the Ministry of Finance and the Russian tax authorities often interpret tax laws differently. There can be no assurance that the Russian tax authorities will not take positions contrary to those set out in the private clarification letters issued by the Ministry of Finance to specific taxpayers' queries. In some instances, the Russian tax authorities have applied new interpretations of tax laws retroactively, issued tax claims for periods for which the statute of limitations had expired and reviewed the same tax period several times. During the past several years, the Russian tax authorities have taken more assertive positions in their interpretation of tax legislation, which has led to an increased number of material tax assessments issued by them as a result of tax audits of companies operating in various industries, including the internet industry.

Since taxpayers and the Russian tax authorities often interpret tax laws differently, taxpayers often have to resort to court proceedings to defend their position against the Russian tax authorities. In the absence of binding precedent or consistent court practice, rulings on tax or other related matters by different courts relating to the same or similar circumstances may be inconsistent or contradictory. Clarifications of the Russian tax authorities and the Ministry of Finance may, in practice, be revised by courts in a way that is unfavorable for the taxpayer.

The Russian tax system is, therefore, impeded by the fact that, at times, it continues to be characterized by the inconsistent judgments of local tax authorities. It is, therefore, possible that transactions and activities of the Group that have not been challenged in the past may be challenged in the future.

In 2017, the general anti-avoidance rules were introduced in the Tax Code by Article 54.1 of the Tax Code, which replaced the previously existing rule set by Resolution No. 53 of the Plenum of the Supreme Arbitration Court of the Russian Federation dated October 12, 2006, which defined an unjustified tax benefit mainly by reference to circumstances such as the absence of business purpose or transactions where the form does not match the substance, and which could lead to the disallowance of tax benefits resulting from the transaction or the re-characterization of the transaction for tax purposes.

Starting from 2019 the standard VAT rate increased from 18% to 20%.

The Russian Federation, like a number of other countries in the world, is actively involved in implementing measures and policies against tax evasion through the use of low tax jurisdictions as well as aggressive cross-border tax planning structures.

In the framework of such policies and measures, the Tax Code was amended to introduce controlled foreign companies rules and other anti-avoidance instruments including the concept of “beneficial ownership” for tax treaty purposes and the concept of tax residency for legal entities. These factors raise the risk of a sudden imposition of arbitrary or onerous taxes on operations in Russia and abroad, and the application of the abovementioned rules may result in the imposition of fines, penalties and enforcement measures, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

The Tax Code has been amended to allow, in certain cases, for judicial recovery of outstanding tax arrears of subsidiary/associated companies from principal (dominant or interest-holding) companies, which follows previous trends in court practice. These amendments and initiatives may have a significant effect on the Group and may expose the Group to additional tax and administrative risks, as well as to extra costs necessary to secure compliance with the new rules. These facts create tax risks for the Group in Russia that may be substantially more significant than typically found in countries with more developed tax systems.

In 2017, country-by-country reporting (the “CbCR”) requirements were introduced in the Tax Code. Introduction of mandatory filing of CbCR is, in general, in line with the Organisation for Economic Co-operation and Development (“OECD”) recommendations within the Base Erosion and Profit Shifting (“BEPS”) initiative. This initiative could potentially give rise to new adjustments and interpretations of the Russian tax law on the basis of international best practice that would cause additional tax burden for the Group’s business.

On May 1, 2019, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the “MLI”) was ratified by the Russian Federation. Starting in 2021, the MLI could limit tax benefits granted by most double tax treaties to which Russia is a party.

The Russian Federation is a member of the OECD Inclusive Framework (IF) on BEPS, which has been developing a ‘two-pillar’ approach in an effort to address the tax challenges arising from the digitalization of the economy (also known as the BEPS 2.0 project). In June and July 2021, a political agreement on the key aspects of the proposals was reached by the G7, G20, and many of the OECD IF countries. Furthermore, in October 2021, the OECD/G20 IF published an updated statement on the two-pillar solution which has been agreed by 136 IF member countries. Under Pillar One, a formulaic share of the consolidated profit of certain multinational enterprises (MNE) will be allocated to markets (i.e., where sales arise). Pillar One will apply to MNEs with profitability above 10% and global turnover above EUR 20 billion. Pillar Two introduces a global minimum effective tax rate of 15%. Companies with global turnover above EUR 750 million will be within the scope of Pillar Two, with headquarter jurisdictions retaining the option to apply the rules to smaller, domestic MNEs. Pillar Two should also introduce Subject to Tax Rule that should result in additional taxation of certain types of income paid at source to jurisdictions where it taxed at tax rates below certain threshold. Technical work on the details of Pillar One is ongoing in the Inclusive Framework. In December 2022 EU member states reached an agreement in principle to implement at the EU level the minimum taxation component, Pillar Two, of the OECD’s reform of international taxation. The directive has to be transposed into member states’ national law by the end of 2023. The adoption of legislation under Pillar Two in the G20 countries in 2023 will determine the relevance of this process for Russia for businesses with a presence in the EU.



In 2020, the Russian government introduced initiatives related to the increase of withholding tax rates applied to dividends and interest, paid to certain jurisdictions, channeling significant resources from the Russian Federation. The proposals to amend double tax treaties by increasing the withholding tax rate on interest income and dividends to 15% with certain exemptions (currently most Russian double tax treaties provide for a 5%-10% withholding tax on dividends and a 0% withholding tax on interest) were sent, in 2020, to Cyprus, Luxembourg, Malta and the Netherlands, and in 2021 to Switzerland. Relevant amendments were made to the double tax treaties with Cyprus, Malta and Luxembourg, the tax treaty with the Netherlands was denounced with effect from 2022, while amendments to double tax treaty with Switzerland are under discussion, which was temporary suspended in March 2022. The tax treaty with Ukraine was terminated effective from January 1, 2023. In February 2023, the tax treaty with the Republic of Latvia was denounced as well.

In March 2023, the Russian Ministry of Foreign Affairs and Russian Ministry of Finance announced an initiative to suspend the Russian double tax treaties with “unfriendly” countries. If such decree is passed, the application of reduced withholding tax rates (tax exemptions) provided by double tax treaties will be suspended. The list of foreign states and territories that commit unfriendly actions against the Russian Federation, Russian legal entities and individuals was approved by the Government of the Russian Federation and includes, among others, all EU countries (including Cyprus).

In response to the changing economic environment the Russian government introduced significant number of changes to the Tax Code in March 2022. These or any further changes to the Tax Code may have a material adverse effect on the Group’s business, results of operations, financial condition or prospects, and the trading price of the ADSs.

Moreover, there is uncertainty whether and which amendments to other Russian double tax treaties will be made, or whether such or other Russian double tax treaties will eventually be denounced or terminated.

In February 2023, the government of the Russian Federation initiated discussions with large businesses on a voluntary one-off contribution to the budget. It is assumed that such a one-off contribution of a business to the budget can be incorporated in the Tax Code as a fee and would apply to companies with an average profit for 2021-2022 of over 1 billion rubles.

All of the above and other changing conditions create tax risks in Russia that are more significant than those typically found in jurisdictions with more developed tax systems, and complicate tax planning and related business decisions of the Group. In addition, there can be no assurance that the current tax rates will not be increased, that new taxes will not be introduced or that additional sources of revenue or income, or other activities, will not be subject to new taxes or similar charges or fees in the future. There can also be no assurance that the Tax Code will not be changed in the future in a manner that will adversely affect the stability and predictability of the tax system.

It is expected that Russian tax legislation will progressively become more sophisticated. The introduction of new taxes or amendments to current taxation rules may affect the Group’s overall tax efficiency and may result in significant additional tax liabilities. The Group cannot provide holders of the ADSs with any assurance that additional Russian tax exposures will not arise. Such additional tax exposures could have a material adverse effect on the Group’s business, results of operations, financial condition or prospects, and the trading price of the ADSs.

In February 2023, the Council of the European Union updated the EU list of non-cooperative jurisdictions for tax purposes. The Russian Federation was added to Annex I (the so-called blacklist) on the basis that, arguably, it had failed to make changes regarding the special regime for international holding companies.



***The Group is subject to tax audits by the Russian tax authorities, which may result in additional tax liabilities.***

Tax returns, together with related documentation, are subject to review and investigation by the tax authorities, which are authorized by Russian law to impose severe fines and penalties. Generally, tax returns remain open and subject to inspection by the tax authorities for a period of three years immediately preceding the year in which the decision to conduct a tax audit is taken. However, the fact that a year has been reviewed by the tax authorities does not prevent any tax returns relating to that year from being reviewed further by the tax authorities during the three-year limitation period. A repeated tax audit may be conducted by a higher-level tax authority as a measure of control over the activities of lower-level tax authorities, or in connection with the reorganization or liquidation of a taxpayer, or as a result of the filing by such taxpayer of an amended tax return decreasing the tax payable. Therefore, previous tax audits may not preclude subsequent tax claims relating to the audited period. Furthermore, on July 14, 2005, the Constitutional Court of Russia issued a decision allowing the statute of limitations for tax penalties to be extended beyond the three-year term set out in the Tax Code if a court determines that a taxpayer has obstructed or hindered a tax inspection. Moreover, the Tax Code provides for the possibility of an extension of the three-year statute of limitations for tax offences if the taxpayer obstructed the performance of the tax review and this has become an insurmountable obstacle for the tax audit. Because the terms “obstructed,” “hindered” and “insurmountable obstacles” are not specifically defined in Russian law, the Russian tax authorities may attempt to interpret these terms broadly, effectively linking any difficulty experienced by them in the course of their tax audit with obstruction by the taxpayer and use that as a basis to seek additional tax adjustments and penalties beyond the three-year limitation term. Therefore, the statute of limitations is not entirely effective.

Tax audits or inspections may result in additional costs to the Group, in particular if the relevant tax authorities conclude that the Group did not satisfy its tax obligations in any given year. Such audits or inspections may also impose additional burdens on the Group by diverting the attention of management resources. The outcome of these audits or inspections could have a material adverse effect on the Group’s business, results of operations, financial condition or prospects, and the trading price of the ADSs.

***Russian transfer pricing rules may adversely affect the Group’s business, financial condition and results of operations.***

Russian transfer pricing legislation has been in effect since January 1, 2012. The rules are technically elaborate, detailed and, to a certain extent, aligned with the international transfer pricing principles developed by the OECD.

The rules allow the Russian tax authorities to make transfer pricing adjustments and impose additional tax liabilities for transactions which are considered “controlled” for Russian transfer pricing purposes. The list of “controlled” transactions includes transactions performed with non-Russian related companies, certain categories of Russian related companies, non-Russian related companies that are residents in certain offshore zones and cross-border transactions in commodities. The rules have considerably increased the compliance burden for taxpayers compared to the law which was in effect before 2012 due to, *inter alia*, a shifting of the burden of proving market prices from the Russian tax authorities to the taxpayer and obliging the taxpayer to keep specific documentation. Furthermore, the taxpayers are obliged to notify the Russian tax authorities of “controlled” transactions. Although the transfer pricing rules are supposed to be in line with international transfer pricing principles developed by the OECD, there are certain significant differences with respect to how these principles are reflected in the local rules. Special transfer pricing rules apply to transactions with securities and derivatives. It is difficult to evaluate what effect transfer pricing rules may have on the Group.

Since the Russian transfer pricing rules came into force, transactions between affiliated parties have been examined by the Russian tax authorities for compliance with the “arm’s-length principle.” The Tax Code provides that an audit of the proper calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons shall be performed by the Federal Tax Service. However, territorial tax authorities currently try to scrutinize terms and conditions of transactions concluded between related parties for “unjustified tax benefits.” Consequently, due to the uncertainties in the interpretation of Russian transfer pricing legislation, no assurance can be given that the Russian tax authorities will not challenge the Group’s transfer prices or make adjustments which could affect the Group’s tax position unless the Group is able to confirm the use of market prices with respect to “controlled” transactions supported by the appropriate transfer pricing documentation. The imposition of additional tax liabilities under the Russian transfer pricing rules may have a material adverse effect on the Group’s business, results of operations, financial condition or prospects, and the trading price of the ADSs.

***The Russian Federation's thin capitalization rules allow for different interpretations, which may affect the Group's business, results of operations and financial condition.***

Russian tax legislation contains thin capitalization rules which, under certain conditions, limit the amount of interest that could be deducted by Russian companies with the direct or indirect participation of a foreign company. These rules have recently become subject to frequent amendments and different interpretations. It is currently unclear how the Russian tax authorities could interpret and apply thin capitalization rules. The Group may be affected by the Russian thin capitalization rules if, at any time, Russian entities of the Group receive loans from or have loans guaranteed by foreign or Russian related parties. In this case it cannot be ruled out that the Group might be subject to additional tax liabilities, which could have a material adverse effect on its business, results of operations and the financial condition, and the trading price of the ADSs.

***The Company may be exposed to taxation in Russia if the Company is treated as having a permanent establishment in Russia or as Russian tax resident.***

The Tax Code contains the concept of a permanent establishment in Russia as a means for taxing foreign legal entities that carry on regular entrepreneurial activities in Russia beyond preparatory and auxiliary activities. Russia's double taxation treaties concluded with other countries, including Cyprus (the Agreement between the Russian government and the government of the Republic of Cyprus for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital dated December 5, 1998 (the "Russia-Cyprus Tax Treaty")), where the Company is domiciled, also contain a similar concept. However, the practical application of the concept of a permanent establishment under Russian domestic tax law is not well developed and foreign companies having even limited operations in Russia (which would not normally satisfy the criteria for creating a permanent establishment under international rules), may be at risk of being treated as having a permanent establishment in Russia and, consequently, as liable for Russian taxation.

Although the Company seeks to conduct its affairs so that it is not treated as having a permanent establishment in Russia, no assurance can be given that the Company will not be treated as having such a permanent establishment. If the Company were to be treated as having a permanent establishment in Russia, it would be subject to Russian taxation in a manner broadly similar to the taxation of a Russian legal entity.

Only the amount of the income of a foreign entity that is attributable to its permanent establishment should be subject to taxation in Russia. Pursuant to the transfer pricing rules (discussed above), such amount of income is to be measured based on the functions carried out by a Russian permanent establishment, accepted economic (commercial) risks attributable to such activity and the assets deployed. In order to determine the amount of income of a foreign entity that is attributable to a permanent establishment in Russia, the Russian tax authorities may perform a functional analysis of an activity performed by a foreign entity in the territory of Russia. Nevertheless, the risk still exists that the tax authorities might seek to assess Russian tax on the entire amount of income of a foreign company.

Having a permanent establishment in Russia may lead to other adverse tax implications, including being challenged on a reduced withholding tax rate under an applicable double taxation treaty, and a potential effect on VAT and property tax obligations. There is also a risk that penalties could be imposed by the tax authorities for failure to register a permanent establishment with the Russian tax authorities.

Recent events in Russia suggest that the tax authorities may be becoming more active in seeking to investigate whether, and asserting that, foreign entities operate through a permanent establishment in Russia.

Any such taxes or penalties could have a material adverse effect on the Group's business, financial condition, results of operations or prospects, and the trading price of the ADSs.

It should also be noted that Russian tax legislation has a concept of tax residency for legal entities. According to this concept, foreign legal entities which are managed from Russia are considered tax residents of the Russian Federation. There are certain rules for determining the place of effective management for foreign companies. In particular, a foreign entity is considered to be managed from Russia if such entity and its business meet at least one of the following criteria: (i) its executive body (bodies) regularly acts (act) on its behalf from Russia; or (ii) its senior (management) staff (persons authorized to plan, supervise and manage the undertaking's business, and who are liable therefor) predominantly perform their management functions (that is, making decisions and carrying out other actions relating to the business of the entity falling within the competence of its executive bodies) in Russia. The Group may not rule out the possibility that, as a result of these regulations, certain foreign companies of the Group might be deemed to have become Russian tax residents, subject to all applicable Russian taxes, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the ADSs.

In addition, if the Company is regarded as a Russian tax resident, dividend income received by the non-resident holders of ADSs may be subject to Russian withholding tax at 15%. Due to certain specifics and uncertainty surrounding the withholding tax mechanism in Russia, recognition of the Company as a Russian tax resident may also lead to taxation of dividends received by Russian resident holders of ADSs at source at a 15% tax rate, normally applicable to non-resident holders of ADSs. See *"Material Russian Tax Considerations."*

***Russian companies of the Group may be exposed to taxation in other countries if they are treated as having a permanent establishment in these countries or as being tax residents of another country.***

Due to the current geopolitical situation over the Russian Federation, some of the employees of the Russian companies of the Group left the territory of the Russian Federation to work remotely from other jurisdictions. Although the Russian companies of the Group seek to conduct their affairs so that they are not treated as having a permanent establishment or tax residency in any foreign jurisdiction, no assurance can be given that they will not be treated as having such permanent establishments or tax residency and thus being subject to taxation in the respective foreign jurisdictions.

***The Company may encounter difficulties in obtaining lower rates of the Russian withholding income tax envisaged by the Russia-Cyprus Tax Treaty for dividends distributed from the Company's subsidiaries.***

Dividends paid by a Russian legal entity to a foreign legal entity are generally subject to Russian withholding income tax at a rate of 15%, however, such rate may be reduced pursuant to an applicable double taxation treaty. The Company intends to rely on the Russia-Cyprus Tax Treaty.

On September 8, 2020, the Protocol on Amendments to the Russia-Cyprus Tax Treaty (hereinafter the "Protocol") was signed. According to the Protocol, withholding tax rate in respect of dividend income was increased to 15% (though it provides for a number of exceptions where the lower rate of 5% is envisaged).

The reduced 5% tax rate in respect of dividend income is envisaged for certain categories of income recipients. These include companies that are beneficial owners of dividend income and whose shares are listed on a registered stock exchange, provided that: (a) such company's free float represents at least 15% of its voting shares, and (b) such company directly holds, and, on the day of payment of the dividends, has held for 365 days, at least 15% of the capital of the company paying the dividends.

In February 2021, the Russian Ministry of Finance provided clarification regarding the application of the reduced tax rate under the Russia-Cyprus Tax Treaty and the Protocol. The Russian Ministry of Finance clarified that the term "registered stock exchange" for the purposes of the double-tax treaty means any stock exchange incorporated and regulated as such under the laws of any of the Contracting Parties (i.e., Russia or Cyprus). Also, some uncertainty exists in respect of the approach as to how to establish the percentage of depository receipts in free float. Although, the Russian Ministry of Finance issued some clarification on this matter there is still the possibility that different interpretations could be applied given the vague wording of the clarification. Also, there is no assurance that the Russian Ministry of Finance will not revise its position in the future or that the Russian tax authorities will not challenge the Company's position in this respect.

The Group believes that the Company fulfills the conditions for application of the reduced 5% tax rate under the amended Russia-Cyprus Tax Treaty in respect of dividend income received by the Company from its Russian subsidiaries, including due to its free float exceeding 15%. Although the Group will seek to claim treaty protection or benefits where possible, there is a risk that the applicability of the reduced Russian withholding tax rate of 5% may be challenged by the Russian tax authorities. As a result, there can be no assurance that the Group would be able to avail itself of the reduced withholding tax rate in practice.

Furthermore, the Company will be subject to Russian withholding tax to be withheld at source at a rate of 15%, which will apply to dividends payable by its Russian subsidiaries, if the treaty clearance procedures are not duly performed by the date when the dividend payment is made. In this case, the Company may seek to claim a tax refund from the Russian tax authorities in an amount equal to the difference between the tax withheld at the 15% rate and the tax calculated at the reduced rate of 5%, as appropriate. The application for the refund may be filed with the tax authorities within a three-year period from the end of the year when tax was withheld; and the tax authorities are obliged to make a decision on refund within six months of receipt of the relevant application from the taxpayer (to the extent the right to apply the reduced tax rate is confirmed). However, in practice, obtaining a tax refund may take considerably longer and there can be no assurance that such refund will be available.

Further changes and restrictions in the application of reduced tax rates envisaged by the Russia-Cyprus Tax Treaty for dividends distributed from the Company's subsidiaries could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the ADSs.

***The Russian tax authorities may challenge the application of reduced social security contributions, VAT and corporate income tax rates by one of our companies.***

Starting from January 1, 2021, Russian IT companies can apply a reduced profits tax rate (3% instead of the general rate of 20% and 0% from 1 January 2022 till 31 December 2024), as well as reduced VAT rate (0% instead of general tax rate 20%) and a reduced social security contributions rate (7.6% instead of general rate of 30%) in relation to payments to employees. In order to apply the reduced profit tax and social security contributions rates, a taxpayer should be officially accredited to perform IT activity, the share of its income from development and sale of own-developed computer programs and databases, and/or from rendering of services involving development, adaptation, modification and support of computer programs and databases ("preferential IT activity") should comprise 90% of total income, and the average headcount should be at least seven employees. The VAT exemption applies for providing rights to the use of software and databases included in the Unified Register of Russian Software for Computers and Databases.

Historically, N1 Technologies LLC, a subsidiary in our Group, applied reduced social security contributions, profits tax and VAT rates in accordance with the requirements of the Russian tax legislation.

Starting from January 1, 2021, the Tax Code also establishes that when calculating the share of income from preferential IT activity, income from providing rights that enable users to disseminate advertising information on the internet and/or have access to it; place classified ads; search information about potential counterparties and/or enter into transactions should not be taken into account. Thus, the use of reduced rates by companies that are engaged in such businesses will be restricted. The question of whether the restriction will be broadly interpreted in practice, and to what extent, remains open.

Starting from January 1, 2022, in order to apply reduced social security contributions and corporate income tax rate, Russian IT companies should be accredited, the share of income from qualified IT activities should be at least 70% (instead of 90% in the past), and the requirement for the average headcount was abolished. In addition, the list of eligible activities was expanded, and the procedure for accreditation of IT companies was changed (RNCE codes were introduced, which Russian IT companies should have, the share of income from IT activities should be at least 30%, consent to disclosure of information constituting a tax secret must be given, a website must be present, etc.).

Following the N1 Acquisition, the Group conducted an organizational restructuring whereby the IT teams of the Cian Group and the N1 Group joined together as part of N1 Technologies, which, as a qualifying IT company, is expected to benefit from the reduced profit tax, VAT and social security contributions rates under the Russian Tax Code. Following the restructuring, N1 Technologies operates as a shared service center rendering services to our subsidiaries with respect to development and adaptation of IT products which are being used primarily within the Cian Group. Such practice is widely used by IT companies in Russia.

The amended Tax Code provision regarding application of the reduced tax rates by IT companies is relatively untested. Given the absence of substantial administrative and court practice, the tax authorities may challenge the application of reduced rates by N1 Technologies prior to, or following, our planned organizational restructuring. This may have an adverse effect on our business, results of operations, financial condition and prospects.

### **Risks Relating to Our Organizational Structure**

***The rights of our shareholders are governed by Cyprus law and our articles of association and differ in some important respects from the typical rights of shareholders under U.S. state laws.***

Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in Cyprus. The rights of our shareholders and the responsibilities of members of our board of directors under Cyprus law and our articles of association are different than under the laws of some U.S. states. For example, existing holders of shares in Cypriot public companies are entitled, as a matter of law, to pre-emptive rights on the issue of new shares or other securities convertible into shares in that company (if shares are issued for cash consideration). The pre-emptive rights, however, may be disappplied by our shareholders at a general meeting for a specified period.

In addition, our articles of association include other provisions, which differ from provisions typically included in the governing documents of most companies organized in the U.S. For example:

- our shareholders are able to convene an extraordinary general meeting as provided in section 126 of the Cyprus Companies Law;
- our articles of association and the Cyprus Companies Law require the approval of no less than 75% of present and voting shareholders for certain matters, including, among other things, amendments to our constitutional documents, dissolution or liquidation of our company, reducing the share capital and buying back shares; and
- under our articles of association, a person making a takeover bid for all our shares may, subject to certain conditions, acquire upon the same terms the shares of shareholders who have not accepted the offer where holders of only 80% or more of our shares have accepted the offer if that person (together with any person acting in concert with him) has, pursuant to an offer, acquired such number of shares in the Company as would together with any other shares held by that person or persons acting in concert with him carry 80% or more of the voting rights in the Company. See “— *In the event of a takeover, our minority shareholders may not benefit from the same protections that the minority shareholders of a Cypriot company listed on a regulated market in the European Union would be entitled to as regards mandatory offers and squeeze-out.*”

As a result of such differences (among others), our shareholders may have rights different to those generally available to shareholders of companies organized under U.S. state laws, and our board of directors may find it more difficult to approve certain actions.

***Holders of our ADSs may not be able to exercise their pre-emptive rights in relation to future issuances of ordinary shares.***

To raise funding in the future, we may issue additional ordinary shares. Generally, existing holders of shares in Cypriot public companies are entitled by law to pre-emptive rights on the issue of new shares or securities convertible into shares in that company (provided that such shares are paid in cash and the pre-emption rights have not been disapplied by our shareholders). Holders of our ADSs may not be able to exercise pre-emptive rights for ordinary shares where there is an issue of shares for non-cash consideration or where pre-emptive rights are disapplied. Holders of our ADSs may also not be able to exercise pre-emption rights directly (but possibly only by instructing the depositary as the registered holder of shares), as only holders of shares and not of ADSs have such rights in Cyprus. In the United States, we may be required to file a registration statement under the Securities Act to implement pre-emptive rights. We can give no assurances that an exemption from the registration requirements of the Securities Act would be available to enable U.S. holders of ordinary shares to exercise such pre-emptive rights and, if such exemption is available, we may not take the steps necessary to enable U.S. holders of ordinary shares to rely on it. Accordingly, holders of our ADSs may not be able to exercise their pre-emptive rights on future issuances of ordinary shares, and, as a result, their percentage ownership interest in us would be diluted. As our shareholders have authorized the disapplication of pre-emptive rights for a period of five years from the date of the completion of our initial public offering, any issuances of shares after the expiry of such period will be subject to pre-emptive rights unless those rights are additionally disapplied. Furthermore, rights offerings are difficult to implement effectively under the current U.S. securities laws, and our ability to raise capital in the future may be compromised if we need to do so through a rights offering in the United States.

***Because of their significant voting power and certain provisions of our articles of association, our principal shareholders will be able to exert control over us and our significant corporate decisions such that minority shareholders have limited influence with respect to the replacement or removal of management and with respect to takeovers, even where a takeover would be beneficial to our shareholders as a whole.***

Upon completion of our initial public offering, our principal shareholders, Ronder Investment Limited, Speedtime Trading Limited and Onlypiece Trading Limited, investment vehicles associated with Elbrus Capital, controlled 45.12% of our issued and outstanding ordinary shares.

Our board of directors shall comprise at least nine directors unless otherwise decided in a general Meeting, but not fewer than seven directors. At the Company's Annual General Meeting held on September 30, 2022, the Company determined that its board will comprise seven directors. Our articles of association provide to Elbrus Capital and to Maksim Melnikov (or to one or more trusts or nominees acting on his behalf) the right to nominate and appoint a certain number of such directors. They provide that at any time when (i) Elbrus Capital's ownership percentage in aggregate is equal to or greater than 30%, it will have the right to nominate, appoint, remove and substitute five directors (which constitute more than 50% of our directors); (ii) Elbrus Capital's ownership percentage is greater than or equal to 5% and less than 30%, it will have the right to nominate, appoint, remove and substitute between one and four directors (with four directors constituting more than 50% of our directors where our board of directors comprises seven directors in total), depending on Elbrus Capital's exact shareholding; (iii) Elbrus Capital's ownership percentage is equal to or greater than 7%, the director(s) appointed by Elbrus Capital will have the right to appoint the chairman of the board of directors (who has a casting vote in the event of a tie); and (iv) until the date that falls five years from the effective date of the registration statement in connection with our initial public offering (such effective date being November 4, 2021) (the "Rights Expiry Date"), Maksim Melnikov holds (whether directly or through one or more trusts or nominees acting on his behalf) at least one of our shares, he (or, if applicable, such trust(s) or nominee(s)) will have the right to nominate, appoint and remove Maksim Melnikov (and only Maksim Melnikov) as a director. For a detailed description of the rights of Elbrus Capital and Maksim Melnikov in this respect, see "*Description of Share Capital and Articles of Association—Appointment of Directors.*" As a result, Elbrus Capital and Maksim Melnikov may have the ability to significantly influence – and, in the case of Elbrus Capital, at any time when directors appointed by it constitute at least half of the board of directors, to determine – the outcome of all matters submitted to our Board of Directors for approval. The interests of Elbrus Capital and Maksim Melnikov might not coincide with the interests of the other holders of the ADSs. This concentration of ownership may harm the value of the ADSs. In particular, given their limited influence over our board of directors, our minority shareholders have limited ability to influence the removal or replacement of our management and have limited influence over whether any proposed merger, consolidation or amalgamation of our Company proceeds. This may discourage transactions that otherwise would be beneficial to our shareholders and could involve payment of a premium over prevailing market prices for our ADSs, which may in turn depress the price of our ADSs.



***We may be subject to defense tax in Cyprus.***

Cyprus tax resident companies must pay a Special Contribution for the Defense Fund of the Republic of Cyprus (the “defense tax”) at a rate of 17% on deemed dividend distributions to the extent that their ultimate direct or indirect shareholders are individuals who are both Cyprus tax residents and Cyprus domiciled. A Cypriot company that does not distribute at least 70% of its after tax profits within two years from the end of the year in which the profits arose, is deemed to have distributed this amount as a dividend two years after that year end. The amount of this deemed dividend distribution, subject to the defense tax, is reduced by any actual dividend paid out of the profits of the relevant year at any time up to the date of the deemed distribution and the resulting balance of profits will be subject to the defense tax to the extent of the appropriation of shares held in the company at that time by individuals who are both Cyprus tax residents and Cyprus domiciled. The profits to be taken into account in determining the deemed dividend do not include fair value adjustments to any movable or immovable property.

The defense tax payable as a result of a deemed dividend distribution is paid in the first instance by the Company which may recover such payment from its Cypriot shareholders by deducting the amount from an actual dividend paid to such shareholders from the relevant profits. To the extent that we are unable to recover this amount due to a change in shareholders or no actual dividend is ever paid out of the relevant profits, we will suffer the cost of this defense tax. Imposition of this tax could have a material adverse effect on our business, prospects, financial condition and results of operations if we are unable to recover the tax from shareholders as described above.

In September 2011, the Commissioner of the Inland Revenue Department of Cyprus issued Circular 2011/10, which exempted from the defense tax any profits of a company that is tax resident in Cyprus imputed indirectly to shareholders that are themselves tax residents in Cyprus to the extent that these profits are indirectly apportioned to shareholders who are ultimately not Cyprus tax residents.

**Risks Related to the Offering and Ownership of the ADSs**

***Our shareholders currently have limited or no liquidity in our shares and a delisting of our ordinary shares from NYSE could have materially adverse effects on our business, financial condition and results of operations.***

Recently, in response to geopolitical developments between Russia and Ukraine, a number of governments, including those of the United States, United Kingdom and European Union, have adopted new sanctions on specified persons and entities in Russia, including the Central Bank of Russia, and new export controls affecting specific, sensitive technologies. The ambit and the level of the sanctions have become increasingly severe as the conflict between those countries continues to escalate. To date, none of Cian, any of our subsidiaries, any members of our board of directors or management or any of our principal shareholders is a target of these sanctions.

Prompted by the newly imposed sanctions, on February 28, 2022, the New York Stock Exchange imposed a suspension of trading of our ADSs. On March 15, 2023, we received a written notice from the staff of the NYSE Regulation (the “Staff”) notifying us that it has determined to delist the our ADSs from the NYSE. We have a right to a review of the Staff’s determination by a Committee of the Board of Directors of the NYSE and, accordingly, on March 28, 2023, we submitted a written request therefor. Neither the notice of delisting nor the request for review has any effect upon the suspension of the ADSs from trading on the NYSE, though it is expected that a delisting of the Company’s ADSs will be stayed pending the conclusion of the review process. We aim to protect our shareholders’ rights and interests, but there can be no assurance that the Company’s securities will not be delisted from the NYSE.

The suspension of trading and delisting of our ADSs could have material adverse effects on our business, financial condition and results of operations due to, among other things:

- reduced trading liquidity and market prices for our ADSs;
- triggering a right for our Depositary to terminate our ADS program (see “-A termination of our ADS program could severely impact the ability of the holders of our ADSs to recover any value for their investment in the Company”);
- decreased number of institutional and other investors willing to hold or acquire our ADSs, coverage by securities analysts, market making activity and information available concerning trading prices and volume, as well as fewer broker-dealers willing to execute trades in our ordinary shares, thereby further restricting our ability to obtain equity financing; and



- reduced ability to retain, attract and motivate our directors, officers and employees by means of equity compensation.

We have had a secondary listing of our ADSs on MOEX. Trading in our shares on the Moscow Exchange was suspended on February 28, 2022 and resumed on March 29, 2022. However, under recently adopted legislation, certain non-Russian shareholders are not permitted to sell shares on MOEX. Moreover, because the international settlement systems remain closed for trading in any securities of Russian businesses, it is currently not possible for trades to settle between shareholders that acquired our shares on NYSE and investors on MOEX, and the volume of our ADSs available for trading on MOEX is limited. The trading value of our shares on MOEX may therefore be different from the value at which they would trade if all of our ADSs shares were available for trading. We can provide no assurance as to when or whether non-Russian shareholders will be permitted to effect trades on MOEX or when or whether the settlement systems will permit trading in all of our ADSs. Accordingly, the trading liquidity for our ADSs remains severely reduced, which could impair, or even render impossible, the ability of our investors to dispose of their securities.

***A termination of our ADS program could severely impact the ability of the holders of our ADSs to recover any value for their investment in the Company.***

On March 15, 2023, we received a written notice from the staff of the NYSE Regulation (the “Staff”) notifying us that it has determined to delist the our ADSs from the NYSE. While the Company has a right to a review of the Staff’s determination by a Committee of the Board of Directors of the NYSE and, accordingly, on March 28, 2023, has submitted a written request therefor, there can be no assurance that the review process will be successful and that the Company’s securities will not ultimately be delisted from the NYSE.

A delisting from the NYSE would trigger a termination option for the Company’s depository bank, The Bank of New York Mellon (the “Depository”), under the Company’s depository agreement in respect of its ADS program. The Company expects that the Depository will exercise this termination option in the event of its delisting. In light of the absence of replacement financial institutions willing to provide depository bank services to the Company in the current environment, if the Company’s ADS program were to be cancelled, ADS holders would only have a right to receive ordinary shares of the Company in exchange for their ADSs, which ordinary shares are not traded on any exchange, but no right to any compensation whatsoever. Without a liquid trading market for our ordinary shares, there may be no means for investors to sell the ordinary shares underlying their ADSs, which could have a material adverse impact on their value despite, and completely detached from, the business valuation of the Company, its profitability or prospects.

While the Company is currently considering alternatives to its NYSE listing to facilitate trading in its securities outside MOEX or to otherwise permit its investors to recover some value for their ADSs, a delisting from the NYSE could significantly constrain the Company’s available options in this regard, which could severely impact the ability of inventors to recover any value for their investment in the Company. Furthermore, even if the Company is able to find a means to allow investors to preserve some value for their investment, there is no assurance that those means will not result in adverse tax or other consequences for the Company’s investors.

***Our operating results and the price of the ADSs may be volatile, and the market price of the ADSs may drop below the price you pay.***

Our operating results are likely to fluctuate in the future in response to numerous factors, many of which are beyond our control. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of the ADSs to wide price fluctuations regardless of our operating performance. The trading price of the ADSs may also be subject to price fluctuations in response to other factors, such as fluctuations in our actual or projected results of operations because of the depreciation of the ruble, which is our presentational currency.

In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile due to factors specific to our own operations, including the following:

- variations in our revenues, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;

- changes in financial estimates by securities analysts;
- detrimental negative publicity about us, our competitors or our industry;
- additions or departures of key personnel;
- potential litigation or regulatory investigations; and
- other events or factors, including those resulting from war, epidemics, incidents of terrorism or responses to these events.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for the ADSs to fluctuate substantially. Fluctuations in our quarterly operating results could limit or prevent investors from readily selling their ADSs and may otherwise negatively affect the market price and liquidity of ADSs. In addition, in the past, when the market price of ADSs has been volatile, holders have sometimes instituted securities class action litigation against the company that issued the ADSs. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our business, profitability and reputation.

***We are eligible to be treated as an emerging growth company, as defined in the Securities Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make the ADSs less attractive to investors because we may rely on these reduced disclosure requirements.***

We are eligible to be treated as an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. For as long as we continue to be an emerging growth company, we may also take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including presenting only limited selected financial data and not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

Most of such requirements relate to disclosures that we would only be required to make if we also ceased to be a foreign private issuer in the future. As a result, our shareholders may not have access to certain information that they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if our total annual revenue exceeds \$1.235 billion, if we issue more than \$1 billion in non-convertible debt securities during any three-year period, or if before that time we are a “large accelerated filer” under U.S. securities laws. We cannot predict if investors will find the ADSs less attractive because we may rely on these exemptions. If some investors find the ADSs less attractive as a result, there may be a less active trading market for the ADSs and the ADS price may be more volatile.

***We are a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.***

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time, and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, and current reports on Form 8-K containing disclosure of material events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to prevent issuers from making selective disclosures of material information. As a result of all of the above, our holders of our ADSs may not have the same protections as afforded to shareholders of a company that is not a foreign private issuer.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2023. In the future, we would lose our foreign private issuer status if (i) more than 50% of our outstanding voting securities are owned by U.S. residents and (ii) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the NYSE. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer, and accounting, reporting and other expenses in order to maintain a listing on a U.S. securities exchange. These expenses will relate to, among other things, the obligation to present our financial information in accordance with U.S. GAAP in the future.

***As a foreign private issuer, we are permitted to rely on exemptions from certain of the NYSE corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of the ADSs.***

As a company not listed on the regulated market of the Cyprus Stock Exchange, we are not required to comply with any corporate governance code requirements applicable to Cypriot public companies.

The NYSE corporate governance rules require listed companies to have, among other things, a majority of independent board members and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we intend to, follow home country practice in lieu of the above requirements. As long as we rely on the foreign private issuer exemption to certain of the NYSE corporate governance standards, a majority of the directors on our board of directors are not required to be independent directors, our compensation committee is not required to be comprised entirely of independent directors and we will not be required to have a nominating committee. We intend to avail ourselves of the exemptions afforded to foreign private issuers and intend to follow home country practice for our compensation, governance and nominating committee. See "Management—Board Committee Composition—Compensation, Governance and Nominating Committee." Therefore, our board of directors' approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our Company may be more limited than if we were subject to all of the NYSE corporate governance standards.

Accordingly, our shareholders will not have the same protection afforded to shareholders of companies that are subject to all of the NYSE corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

***Our ADSs trade on more than one market and this may result in increased volatility and price variations between such markets.***

Should the trading suspension by the NYSE be lifted, our ADSs will trade on both the NYSE and MOEX. Trading in the ADSs on these markets will occur in different currencies (U.S. dollars on the NYSE and rubles on MOEX) and at different times (due to different time zones, trading days and public holidays in the United States and Russia). The trading prices of the ADSs on these two markets may differ due to these and other factors. The liquidity of trading in the ADSs on MOEX is limited. This may impair the ability of holders of our ADSs to sell their ADSs on MOEX at the time when they wish to sell them or at a price that holders of our ADSs consider reasonable. In addition, trading of a small number of ADSs on that market could adversely and significantly impact the price of the ADSs and could, in turn, impact the price of ADSs traded on the NYSE. Any decrease in the trading price of the ADSs on one of these markets could cause a decrease in the trading price of the ADSs on the other market. Additionally, as there is no direct trading or settlement between the two stock markets, the time required to move the ADSs from one market to another may vary and there is no certainty of when ADSs that are moved will be available for trading or settlement.

***Holders of our ADSs may not be able to exercise their right to vote with respect to the ordinary shares underlying their ADSs.***

ADS holders may only exercise voting rights with respect to the ordinary shares underlying their respective ADSs in accordance with the provisions of the deposit agreement. ADS holders may vote only by instructing the depositary to vote on their behalf. If we request the depositary to solicit ADS holders' voting instructions (and we are not required to do so), the depositary will notify ADS holders of a shareholders' meeting and send or make voting materials available to ADS holders. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, to vote or to have its agents vote the deposited ordinary shares as instructed by ADS holders. If we do not request the depositary to solicit voting instructions of ADS holders, they can still send voting instructions, and, in that case, the depositary may try to vote as ADS holders instruct, but it is not required to do so. Except by instructing the depositary as described above, ADS holders will not be able to exercise voting rights unless they surrender their ADSs and withdraw the ordinary shares. However, ADS holders may not know about the meeting far enough in advance to withdraw those ordinary shares in time to be able to vote them as they might have planned, and after such a withdrawal they would no longer hold ADSs, but rather they would directly hold the underlying ordinary shares.

The depositary will try, as far as practical, to vote the ordinary shares underlying the ADSs as instructed by the ADS holders. In such an instance, if we ask for ADS holders' instructions, the depositary, upon timely notice from us, will notify ADS holders of the upcoming vote and arrange to deliver our voting materials to them. We cannot guarantee that ADS holders will receive the voting materials in time to ensure that they can instruct the depositary to vote their ordinary shares or to withdraw their ordinary shares so that they can vote them themselves. Voting instructions may be given only in respect of a number of ADSs representing an integral number of ordinary shares or other deposited securities. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise any right to vote that they may have with respect to the underlying ordinary shares, and there may be nothing they can do if the ordinary shares underlying their ADSs are not voted as they requested. In addition, the depositary is only required to notify ADS holders of any particular vote if it receives notice from us in advance of the scheduled meeting. We cannot assure ADS holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote the ordinary shares underlying their ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise voting rights and there may be nothing they can do if the ordinary shares underlying their ADSs are not voted as they requested.

***Purchasers of ADSs may be subject to limitations on transfer of their ADSs.***

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or, from time to time, when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement. In addition ADS holders may not be able to cancel their ADSs and withdraw ordinary shares when they owe money for fees, taxes and similar charges.

***ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by applicable law, holders and beneficial owners of ADSs irrevocably waive the right to a jury trial of any claim that they may have against us or the depositary arising from or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, even if the ADS holder subsequently withdraws the underlying ordinary shares.

However, ADS holders will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, ADS holders cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. If we or the depositary opposed a demand for jury trial relying on above-mentioned jury trial waiver, it is up to the court to determine whether such waiver was enforceable considering the facts and circumstances of that case in accordance with the applicable state and federal law.

If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court or by the United States Supreme Court. Nonetheless, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York. In determining whether to enforce a jury trial waiver provision, New York courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and the ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim, none of which we believe are applicable in the case of the deposit agreement or the ADSs. If ADS holders or any other holders or beneficial owners of ADSs bring a claim against us or the depository relating to the matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, they or such other holder or beneficial owner may not have the right to a jury trial regarding such claims, which may limit and discourage lawsuits against us or the depository. If a lawsuit is brought against us or the depository according to the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may have different outcomes compared to that of a jury trial, including results that could be less favorable to the plaintiff(s) in any such action.

Moreover, as the jury trial waiver relates to claims arising out of or relating to the ADSs or the deposit agreement, we believe that, as a matter of construction of the clause, the waiver would likely continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to claims arising before the cancellation of the ADSs and the withdrawal of the ordinary shares, and the waiver would most likely not apply to ADS holders who subsequently withdraw the ordinary shares represented by ADSs from the ADS facility with respect to claims arising after the withdrawal. However, to our knowledge, there has been no case law on the applicability of the jury trial waiver to ADS holders who withdraw the ordinary shares represented by the ADSs from the ADS facility.

***Holders of the ADSs or ordinary shares have limited choice of forum, which could limit their ability to obtain a favorable judicial forum for complaints against us, the depository or our respective directors, officers or employees.***

The deposit agreement governing the ADSs provides that (i) the deposit agreement and the ADSs will be interpreted in accordance with the laws of the State of New York, and (ii) as an owner of ADSs, ADS holders irrevocably agree that any legal action arising out of the deposit agreement and the ADSs involving us or the depository may only be instituted in a state or federal court in the city of New York. Any person or entity purchasing or otherwise acquiring any ADSs, whether by transfer, sale, operation of law or otherwise, shall be deemed to have notice of and have irrevocably agreed and consented to these provisions.

These forum provisions may increase ADS holders' cost and limit their ability to bring a claim in a judicial forum that ADS holders find favorable for disputes with us, the depository, or our and the depository's respective directors, officers or employees, which may discourage such lawsuits against us, the depository, and our and the depository's respective directors, officers or employees. However, there is uncertainty as to whether a court would enforce such forum selection provision. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder. Also, we may amend or terminate the deposit agreement without ADS holders' consent. If ADS holders continue to hold their ADSs after an amendment to the deposit agreement, they agree to be bound by the deposit agreement as amended. See "Description of American Depositary Shares" section for more information.

To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all lawsuits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all lawsuits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, actions by holders of the ADSs or ordinary shares to enforce any duty or liability created by the Exchange Act, the Securities Act or the respective rules and regulations thereunder must be brought in a federal court in the city of New York. Holders of the ADSs or ordinary shares will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

***ADS holders have the right to arbitration under the deposit agreement. However, it may not be most beneficial.***

The deposit agreement provides that ADS holders and the depositary have the right to elect to have any claim they may have against us arising out of or relating to the ordinary shares or ADSs or the deposit agreement settled by arbitration in New York, New York rather than in a court of law, and to have any judgment rendered by the arbitrators entered in any court having jurisdiction. An arbitral tribunal in any such arbitration would not have the authority to award any consequential, special, or punitive damages and its award would have to conform to the provisions of the deposit agreement. The deposit agreement does not give us the right to require that any claim, whether brought by us or against us, be arbitrated.

***A significant portion of our total issued and outstanding ADSs are eligible to be sold into the market, which could cause the market price of the ADSs to drop significantly, even if our business is doing well.***

After giving effect to the sale of ADSs in our initial public offering, we had 69,042,400 ADSs outstanding. The ADSs sold in our initial public offering or issuable pursuant to the equity awards we grant are freely tradable without restriction under the Securities Act, except for any of the ADSs that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

In connection with our initial public offering, we, certain of our key shareholders, our executive officers, directors and holders of almost all of our outstanding shares and warrants had agreed with the underwriters participating in our initial public offering, subject to certain exceptions, not to, and not to clause any direct or indirect affiliate to, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ADSs, our ordinary shares underlying the ADSs, or any other securities convertible into or exercisable or exchangeable for ADSs or such ordinary shares, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ADSs or ordinary shares, or publicly disclose the intention to do any of the above, during the period from the date of the initial public offering continuing through the date 180 days after the date of the initial public offering, except with the prior written consent of the representatives on behalf of such underwriters. As of the date of this Annual Report, the lock-up periods have expired and such ADSs are freely tradable without restriction under the Securities Act (although the ADSs of certain of our affiliates will only be able to be resold pursuant to the requirements of Rule 144). Sales of a substantial number of the ADSs in the public market, or the perception in the market that the holders of a large number of ADSs intend to sell, could reduce the market price of the ADSs.

In the future, we may also issue additional securities if we need to raise capital or make acquisitions, which could constitute a material portion of our then-issued and outstanding ADSs.

***Our shareholders may face difficulties in protecting their interests because we are a Cypriot company.***

We are, and will upon the consummation of this offering be, a Cypriot company with limited liability. Our corporate affairs are governed by our articles of association and by the laws that govern companies incorporated in Cyprus. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us are to a large extent governed by the laws of Cyprus, and may be different than the rights and obligations of shareholders and boards of directors in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, our board is required by Cypriot law to consider the interests of our company, shareholders, employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, the interests of our shareholders. Furthermore, the rights of our shareholders and the responsibilities of our directors under our articles of association and the laws of Cyprus may not be as clearly defined as under statutes or judicial precedent in existence in jurisdictions in the United States. Therefore, you may have more difficulty protecting your interests than would shareholders of a corporation incorporated in a jurisdiction in the United States.

As a result of all of the above, our shareholders may have more difficulty in protecting their interests in the face of actions taken by our management or members of our board of directors than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of Cypriot law and the laws applicable to companies incorporated in the State of Delaware and their shareholders, see “*Description of Share Capital and Articles of Association.*”



***In the event of a takeover, our minority shareholders may not benefit from the same protections that the minority shareholders of a Cypriot company listed on a regulated market in the European Union would be entitled to as regards mandatory offers and squeeze-out.***

As of the date of this Annual Report, Cyprus law does not require a mandatory offer to be made in respect of an acquisition of shares in a Cypriot company that is not listed on a regulated market in the European Union (such as the Company). Accordingly, mandatory tender offers with respect to our shares are governed by our articles of association. They require a person that directly or indirectly acquires such number of shares that, together with any parties acting in concert would carry, (i) 30% or more but no more than 50% or (ii) 50% or more of the voting rights (whether from our shares or shares represented by ADSs), to make a tender offer to all of our other shareholders at a price per share not less than the highest price paid by such the acquirer and any parties acting in concert with it for any shares (including shares represented by ADSs) (including those included in the proposed transfer) in the preceding 12 months or during the period during which the offer is open, or, if no such transfers have taken place in respect of shares, at a price and on terms determined by our board of directors at its discretion to be comparable to any offer for purchase of shares in the Company (see “Description of Share Capital and Articles of Association—Provisions Relevant to Takeovers”). However, this provision does not apply to the Depositary holding legal title to the underlying shares and to Elbrus Capital or its affiliates, which means such persons can individually or collectively go below 30% or 50% of the voting power, as the case may be, and subsequently acquire more than 30% or 50% of the voting power, as the case may be, without making a tender offer. Accordingly, neither Cyprus law nor the mandatory tender offer provision in our articles of association provides a minority shareholder with a right to dispose of its shares in all scenarios in which a shareholder, together with parties acting in concert, if applicable, may acquire control over us.

In addition, our articles of association offer our shareholders less protection from squeeze-out in a takeover situation than is available under the laws of Cyprus (and many other jurisdictions). To facilitate acquisitions of the entire issued share capital of public companies, Cypriot law provides for a ‘squeeze-out’ mechanism whereby a company making a takeover bid for all the shares of another company (or whole class thereof) may, subject to certain conditions, acquire upon the same terms the shares of shareholders who have not accepted the offer. See “Description of Share Capital and Articles of Association—Relevant Provisions of Cypriot Law.” In order to protect the interests of shareholders who have not accepted the offer, squeeze-out is only available under the laws of Cyprus (and many other jurisdictions) where holders of 90% value of the shares or more of the shares concerned have accepted the offer. Our articles of association allow for squeeze-out where holders of only 80% or more value of our shares have accepted the offer. See “Description of Share Capital and Articles of Association—Provisions Relevant to Takeovers.” Accordingly, as compared to Cyprus law, our articles of association offer our shareholders less protection from being required to sell their shares on terms that they consider unfavorable, and the purchaser of a significant stake in our company would need relatively low minority shareholder acceptance of its offer in order to be able to squeeze out other minority shareholders.

***There may be difficulties in enforcing foreign judgments against us, our directors or our management.***

Certain of our directors and management and certain of the other parties named in this Annual Report reside outside the United States. Most of our assets and such persons’ assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws.

In particular, investors should be aware that there is uncertainty as to whether the courts of Cyprus or any other applicable jurisdictions would recognize and enforce judgments of U.S. courts obtained against us or our directors or our management as well as against the Selling Shareholders predicated upon the civil liability provisions of the securities laws of the United States, or any state in the United States or entertain original actions brought in Cyprus or any other applicable jurisdictions courts against us, our directors or our management, as well as against the Selling Shareholders predicated upon the securities laws of the United States or any state in the United States.



***If we are classified as a passive foreign investment company for U.S. federal income tax purposes, U.S. investors may be subject to adverse tax consequences.***

A non-U.S. corporation will be classified as a passive foreign investment company (a “PFIC”) for any taxable year if either: (a) at least 75% of its gross income is “passive income” for purposes of the PFIC rules or (b) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. For these purposes, passive income includes interest, dividends and other investment income, with certain exceptions. For these purposes, cash and other assets readily convertible into cash are considered passive assets, and the company’s goodwill and other unbooked intangibles are generally taken into account. The PFIC rules also contain a look-through rule whereby we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Based on the current and anticipated composition of our income, assets and operations and those of our subsidiaries, we do not expect to be treated as a PFIC for the taxable year ending on December 31, 2022. This is a factual determination, however, that depends on, among other things, the composition of our income and assets, and the value of our assets and those of our subsidiaries, from time to time, and thus the determination can only be made annually after the close of each taxable year. Because the value of our assets for the purposes of the asset test will generally be determined by reference to the aggregate value of our outstanding ADSs, our PFIC status will depend in large part on the fair market value (which is generally reflected in trading price) of the ADSs, which may fluctuate significantly. Therefore, there can be no assurances that we will not be classified as a PFIC for the current taxable year or for any future taxable year.

If we are a PFIC for any taxable year, a U.S. holder of our ordinary shares may be subject to adverse tax consequences and may incur certain information reporting obligations. U.S. investors should consult their tax advisors about the potential application of the PFIC rules to their investment in the ADSs. For a more detailed discussion of PFIC tax consequences, see “*Material Tax Considerations—Material U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Rules.*”

***Changes in our tax rates or exposure to additional tax liabilities or assessments could affect our profitability, and audits by tax authorities could result in additional tax payments.***

We are affected by various taxes imposed in different jurisdictions, including direct and indirect taxes imposed on our global activities. Significant judgment is required in determining our provisions for taxes, and there are many transactions and calculations where the ultimate tax determination is uncertain. The amount of income tax we pay is subject to ongoing audits by tax authorities. If audits result in payments or assessments, our future results may include unfavorable adjustments to our tax liabilities, and we could be adversely affected. Any significant changes to the tax system in the jurisdictions where we operate could adversely affect our business, results of operations, financial condition and prospects.

## **ITEM 4. INFORMATION ON THE COMPANY**

### **A. History and Development of the Company**

We were incorporated under the name Solaredge Holdings Limited in Cyprus on July 7, 2017 pursuant to the Cyprus Companies Law, Cap. 113 (the “Cyprus Companies Law”). On September 3, 2021, Solaredge Holdings Limited was converted from a private limited liability company into a public limited company, and our name changed pursuant to a special resolution at a general meeting of our shareholders to Cian PLC. Our registered office is located at 64 Agiou Georgiou Makri, Anna Maria Lena Court, Flat 201, 6037, Larnaca, Cyprus. Our principal executive office is located at Elektrozavodskaya Ulitsa, 27, Building 8 Moscow, 107023, Russia. The telephone number at this address is +7 (800) 555 3218. Our website address is [www.cian.ru](http://www.cian.ru). The information contained on, or that can be accessed through, our website is not a part of, and shall not be incorporated by reference into, this Annual Report. We have included our website for inactive textual reference purposes only. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, such as Cian, at <http://www.sec.gov>.

The Company has appointed Cogency Global Inc. located at 122 East 42nd Street, 18th Floor, New York, NY 10168 as the Company’s authorized agent in the United States upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to its American Depositary Shares.

For a description of our principal capital expenditures and divestitures for the three years ended December 31, 2022 and for those currently in progress, see “Item 5. Operating and Financial Review and Prospects.”

## **B. Business Overview**

### **Overview**

We are a leading online real estate classifieds platform in the large, underpenetrated and growing Russian real estate classifieds market, ranking among the top fifteen most popular online real estate classifieds globally, based on the February 2023 SimilarWeb traffic data. We believe that since our founding in 2001, we have become the most recognized and trusted real estate classifieds brand in the most populous Russian regions, and have expanded our business beyond online real estate classifieds listings to offer additional products and services, which turn real estate searches and transactions into a seamless, transparent and efficient experience. Our mission is to use technology and deep insights into the Russian real estate market to help people on the journey to their perfect new place to live or work.

We operate in the Russian real estate market, which, according to our estimation, represented approximately USD 200 billion in 2022 and currently has a high growth potential. Being at the forefront of this digitalization trend and, as we believe, being one of the major driving forces behind it, we see an extensive addressable market, which comprises real estate agents’ commissions, developers’ advertising budgets as well as adjacent markets, including mortgage advertising and digital services facilitating transactions.

Our networked real estate platform connects millions of our users, the real estate buyers and renters, to millions of high-quality real estate listings of all types — residential and commercial, primary and secondary, urban and suburban, for both sale and rent. By offering a unique combination of products, services and insights, we have become a premier destination for our users as well as tens of thousands of our customers, real estate agents, developers, private sellers, landlords and other partners. Our platform aims to provide an end-to-end experience for customers and users and helps them address multiple pain points on their journey to a successful real estate transaction. We strive for our platform to encompass all stages of such journey, from finding the right property and the right buyer or renter, to financing the purchase and ensuring transaction certainty, while allowing participants to transact with ease and efficiency. We derive revenue:

- In the Core Business segment, from listing fees in the secondary residential and commercial real estate verticals and lead generation fees in the primary residential real estate vertical, as well as fees for value-added services, such as auction and premium and highlighted listings, and other value-added services. In June 2020, we introduced a new subscription-based model for customers, which allows our customers to purchase a monthly subscription with us and combine a number of listings with value-added services, improving efficiency for them and stickiness and monetization for us. For more details, see “—Our Real Estate Platform—Core Classifieds Business—Products and Services We Offer to Customers—Subscription Model.” In 2022, the average share of listing revenue under the subscription model amounted to approximately 54% as compared to approximately 46% in 2021. We also charge fees for providing advertising tools through our platform for various parties, primarily real estate developers and banks, which we refer to as our display advertising revenue. In 2022, we derived 95% of our revenue from our Core Business segment (of which 49% from the secondary residential real estate vertical, 30% from the primary residential real estate vertical and 12% from the commercial real estate vertical).
- In our Mortgage Marketplace segment, from fees charged to our partner banks for distributing their mortgage products through our advanced platform for mortgage price comparison, mortgage pre-approval and origination.
- In our Valuation and Analytics segment, from fees charged to our customers and partners for providing access to our proprietary real estate market research, data analytics and market intelligence services, either through sales of individual reports or on a subscription basis.
- In our End-to-End Offerings segment, from fees charged to our customers and users for services that enable online execution of real estate transactions (including document checking, verification, execution and storage, registration and tax refunds), as well as revenues generated from our Home Swap service that provides an alternative way for users to finance a real estate purchase by facilitating simultaneous sales and purchases of properties. Also, this segment includes revenues from the Agent Finder, a service for matching real estate agents and users.

Users can search our property listings free of charge via our mobile applications and our mobile and desktop websites. They can also benefit from a broad scope of various innovative services that we offer, such as real estate valuation and access to a choice of real estate purchase financing options.

Our networked platform model and our trusted brand allow us, pursuant to Company data, to remain one of the leading online real estate classified platforms by share of leads to real estate agents and individual sellers and by number of listings in Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg, Novosibirsk and Omsk. In 2022, we had approximately 1.9 million listings available through our platform and an average UTM of approximately 17.9 million. In 2021, we had approximately 2.0 million listings available through our platform and an average UTM of approximately 20.5 million. We believe that the quantity and quality of our listings database, as well as our expanding end-to-end value proposition, attract an increasing number of buyers and renters, which results in more transactions conducted based on expressions of interest and inquiries generated through our platform (“leads”), which in turn attracts more real estate agents, developers and landlords posting more listings. We believe that this powerful network effect has allowed us to continuously solidify our position as a market leader in our core regions of Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg and Novosibirsk, and will allow us to continue strengthening and expanding our position in other regions.

Development of new products, services and features is an integral part of our business, and we have a long and successful track record of disrupting the online real estate classifieds market through innovation. This culture of innovation and over 20 years of relevant experience allowed us to move beyond the pure online real estate classifieds model and become a fully-fledged, networked real estate platform enabled by cutting-edge technology, which creates value for all real estate market participants. In our Core Business segment, we provide advanced features that make connecting customers and users through an extensive database of property listings more efficient, such as: for users, AI-powered property search and virtual 3D property tours; for real estate agents, Pro.Tools which are an advanced lead management toolkit offerings to boost productivity (including call tracking, duplicates and competition notifications, push notification for competition price decreases, detailed lead information and others); and enterprise features for real estate agencies (including integration tools and tools for the management of marketing costs, performance and employees). To deliver the end-to-end value proposition and make searching and transacting even easier and more seamless for all real estate market participants, we have also created, and are continuing to add, innovative services, such as Mortgage Marketplace, Agent Finder, Property Valuation, Online Transaction Services, Home Swap and others. We intend to continue staying at the forefront of innovation by developing new solutions that will help users to find their perfect properties to rent or buy and customers to sell or rent out their real estate in the most efficient way.

We are a technology-driven platform and are committed to delivering the most efficient and stress-free experience through the use of cutting-edge technology, especially in view of the rapid pace of technological changes in our industry, such as increasing use of mobile devices in the real estate market and proliferation of new technologies that improve user experience, such as machine learning. We believe that the mobile-first approach, in which we prioritize users’ reliance on the mobile applications and websites, not only makes finding a new home or office more convenient for users, but also increases retention, improves the efficiency and conversion rate of our marketing programs and accelerates the growth of our business. The share of mobile in our average UTM increased to approximately 75% in 2022 from approximately 72% in 2021 and approximately 68% in 2020 (in 2022 we introduced a new algorithm to identify fake accounts, thus, the figures for 2021 (previously: 78%) and 2020 (previously: 71%) have been retrospectively changed). Similarly, our share of mobile in leads to agents and individual sellers increased to approximately 72% in the 2022 from approximately 71% in 2021.

Our revenue was RUB 8,266 million, RUB 6,033 million and RUB 3,972 million in the years ended December 31, 2022, 2021 and 2020, respectively. In the year ended December 31, 2022, we recorded net profit of RUB 480 million, while in the years ended December 31, 2021 and 2020, we recorded net losses of RUB 2,857 million and RUB 627 million, respectively. The change from losses in the previous years to profit for the year ended December 31, 2022 was driven primarily by revenue growth and a decrease of employee-related expenses as there was no recognition of expense relating to our long-term pre-IPO incentive program awards (which were incurred in 2021 and was triggered by our initial public offering). Our Adjusted EBITDA was RUB 1,671 million, RUB 318 million and RUB 181 million for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022 and as of December 31, 2021 we had no debt outstanding, while as of December 31, 2020 the total indebtedness outstanding under the credit facilities was RUB 728 million. Throughout 2022 we launched monetization in a number of additional regions with the total number of monetized regions reaching 52 regions (including our core markets of Moscow, the Moscow region, Saint Petersburg and the Leningrad region) as of December 31, 2022. Despite the unfavorable market environment, we managed to significantly expand our business in 2022. We believe that we are well-positioned to successfully leverage our scale, expertise and experience to continue growing our business and achieve profitability margins enjoyed by our best-in-class international peers.

## History

We were founded in Moscow in 2001 as an online real estate classifieds platform. At that time, the online real estate classifieds market in Russia was in the early stages of development and Russian real estate agents and real estate developers invested a significant amount of money into traditional offline advertising in various forms.

In this environment, our founders saw a significant potential in industry digitalization and in the creation of an online classifieds platform that would consolidate real estate listings in one place to facilitate efficient real estate transactions. Since 2001, we have grown our presence in Moscow and the Moscow region, as well as in other key metropolitan areas, organically and through acquisitions, and we continue a nationwide expansion, investing in our brand and our platform.

The summary timeline below sets out some of our key development milestones to date:

- 2001: Launch of our online real estate classifieds platform (Cian.ru) in Moscow and start of our platform build-up.
- 2014: Merger with realty.dmir.ru. Acquisition of EMLS, a classifieds platform, focusing on St. Petersburg and the Leningrad region.
- 2015: Launch of the primary residential real estate vertical offerings on our website.
- 2016: Expansion of our coverage to select regions, including Nizhniy Novgorod, Samara, Krasnodar, Ufa and Kazan.
- 2018: Launch of our first federal marketing campaign.
- 2019: Launch of our Mortgage Marketplace (Cian Mortgage) and further expansion of our suite of services.
- 2020: Introduction of our subscription model.
- 2021: Acquisition of the N1 Group, a real estate-focused classifieds business that operates in key cities in the Urals and Siberia, such as Ekaterinburg, Novosibirsk and Omsk. Launch of End-to-End Offerings segment.

## Market Opportunity

We are a leading online real estate classifieds platform in the large and growing Russian real estate market, with a strong presence across Russia and leading positions in key metropolitan areas.

The Russian real estate advertising market comprises online classifieds platforms, real estate agents' and real estate developers' own websites, other property portals, non-property websites, online social media as well as offline advertising that mainly includes newspapers, TV and outdoors ads.

According to Frost & Sullivan, the combination of continued migration of advertising to online media, higher efficiency of online classifieds platforms compared to other advertising channels and substantial room for gradual increases in monetization will drive the continued growth of the online classifieds channel's share of total real estate advertising spend. This trend will be further enhanced by value added services and features designed to boost the search ranking and prominence of online advertisements on real estate classifieds platforms.

We define our market opportunity in terms of a total addressable market ("TAM") over the long-term, which includes:

- *Real estate agents' commissions pool.* We address this market through (i) our core classifieds business, as agents spend part of their commissions revenue on properties advertising through our platform, as well as (ii) through development of our end-to-end platform.

- *Primary real estate advertising market* comprising sales and marketing budgets of real estate developers in Russia. We address this market through our core classifieds business, as developers in Russia allocate part of their advertising budgets to promote new builds and projects through online real estate classifieds platforms.
- *Mortgage customer acquisition market* comprising Russian banks' spend on attracting new mortgage borrowers. We address this market through our mortgage marketplace, as our partner banks use it to attract new borrowers.
- *Online transaction services market* comprising revenues of online services for document preparation and signing, legal checks, and notary and state registration. This market is in the early stages of development in Russia and we believe it has significant growth potential. We are addressing this emerging opportunity through Online Transaction Services, which we launched in 2021.

## **Business Model**

We own and operate a leading digital real estate classifieds platform for both sale and rent of residential and commercial, primary and secondary, urban and suburban real estate in Russia. We operate through our websites, "Cian.ru," "N1.ru" and "MLSN.ru" as well as through our Cian and N1 mobile applications.

Through our platform, we service the following key audiences:

- platform visitors (referred to as "users"), who use our platform, typically free of charge, to search for properties and a variety of information and services to help them navigate through buying or renting transactions;
- customers, who list properties and look for buyers or tenants, and comprise: (i) professional customers, such as real estate agents (both agents working for real estate agencies and independent agents), real estate developers as well as (ii) private customers, such as individual sellers and landlords who choose to list their property directly without any intermediary (all referred to as "customers"); and
- other third parties, such as banks and other real estate professionals and service providers for real estate transactions who are interested in reaching our users in order to promote their brands or offer other products or services.

Our platform provides a comprehensive inventory of up-to-date real estate listings to users and connects them, typically free of charge, with our professional and private customers. We believe that by providing superior content, a wide suite of services and a compelling user experience, we drive traffic to our platform, engaging a large audience of property seekers. The breadth and engagement of our user base reinforces the value offered to our customers through higher number of expressions of interest and inquiries ("leads") generated from users via our platform. A higher number of customers' property listings on our platform, in turn, draws a greater number of users. We believe this virtuous cycle, whereby more content attracts more traffic and vice versa, generates powerful self-reinforcing network effects, which drives growing market share, scale, profitability and other strong benefits to our platform.

In addition to our core base of users and customers, we also service various third parties operating in the real estate market, such as banks and other real estate professionals and service providers for real estate transactions who can use our platforms to promote their products or services.

Overall, we believe that we are building a large and active community of users and customers, who are attracted by the comprehensive content available on our platform, which forms the foundation of our best-in-class offering. We focus on the quality and quantity of listings on our platform, as well as the breadth of services and features offered to our users, customers and other third parties. We believe that this focus enables us to offer the greatest level of inventory and choice to users and is the key driver of user traffic and customer leads. We believe that our established powerful network underpins our market leadership.

We monetize our platform by offering: (i) listings and value-added services for our customers; (ii) lead generation solutions for real estate developers; (iii) advertising tools for various parties, primarily real estate developers and banks; and (iv) new business lines and new service offerings for various parties, such as banks in the context of our Mortgage Marketplace segment or our users and other partners in the context of our Valuation and Analytics and End-to-End Offerings segments.

Based on the above approach to the monetization of our platform, we recognize the following reporting segments:

- Core Business, which comprises our core classifieds platform, including our listing and value-added services for secondary residential and commercial real estate customers, our lead generation solutions and value-added services for primary residential real estate customers, such as developers, as well as our display advertising tools.
- In our Mortgage Marketplace segment, from fees charged to our partner banks for distributing their mortgage products through our advanced platform for mortgage price comparison, mortgage pre-approval and origination.
- In our Valuation and Analytics segment, from fees charged to our customers and partners for providing access to our proprietary real estate market research, data analytics and market intelligence services, either through sales of individual reports or on a subscription basis.
- In our End-to-End Offerings segment, from fees charged to our customers and users for services that enable online execution of real estate transactions (including document checking, verification, signing and storage, registration and tax refunds), as well as revenues generated from our new Home Swap service that provides an alternative way for users to finance a real estate purchase by facilitating simultaneous sales and purchases of properties. Also, this segment includes revenues from the Agent Finder, a service for matching real estate agents and users.

Our users can search our property listings free of charge via our mobile applications and our mobile and desktop websites. They can also benefit from a broad scope of various innovative services that we offer, such as real estate valuation, and access to a choice of real estate financing options.

Our reporting segments correspond to our operating segments. For further details on our segmentation, see Note 5 (Segment Information) to our consolidated financial statements for the years ended December 31, 2022, December 31, 2021 and December 31, 2020, included elsewhere in this Annual Report.

## **Key Audiences**

### ***Customers***

Our customers include (i) professional listing customers, such as real estate agents (both agents working for real estate agencies and independent agents) and real estate developers as well as (ii) private listing customers, such as individual property owners (sellers and renters) who choose to list their property directly without any intermediary.

We generally differentiate our diverse base of secondary residential and commercial real estate customers (real estate agencies, agents and individual sellers) in four categories:

- Large agencies, which we define as agencies with, on a 30-day rolling-average basis, more than 300 listings on the platform. In 2022, large agencies accounted for approximately 35% of listings on our platform and generated 21% of listing revenue. Our relationship with such agencies is managed by our key account managers, who use various business-to-business marketing techniques (such as webinars, training sessions and conferences) to maintain and strengthen the relationships.
- Mid-size agencies, which we define as agencies with, on a 30-day rolling-average basis, between 30 and 300 listings on our platform. In 2022, mid-size agencies accounted for approximately 27% of listings on our platform and generated 35% of listing revenue. The relationship with this group is typically managed by our sales managers, who use business-to-business marketing techniques similar to those used for large agencies.

- Small agencies, which we define as agencies and private agents with, on a 30-day rolling-average basis, fewer than 30 listings on our platform. In 2022, small agencies accounted for approximately 25% of listings on our platform and generated 38% of listing revenue. Such agencies typically access our platform on a self-service basis, using our small and medium-sized business (SMB) tools.
- In 2022, private listing customers accounted for approximately 13% of listings on our platform and generated 5% of listing revenue.

The key metric we use to measure the size of our customer base is the number of paying accounts. For further details on this and other data, see “*Item 5. Operating and Financial Review and Prospects—A. Operating Results—Key Indicators of Operating and Financial Performance.*” In 2022, we had an average of approximately 136 thousand paying accounts as compared to approximately 112 thousand in 2021 and 89 thousand in 2020.

### ***Users***

Our users comprise individuals who utilize our platform, typically free of charge, to search for properties to buy or rent and a variety of information and services to help them navigate through various real estate transactions. The key metric we use to measure our user base is average UMV. In 2022, our average UMV amounted to approximately 17.9 million, as compared to approximately 20.5 million in 2021 and 16.5 million in 2020.

Furthermore, we also provide services to other third parties, such as banks and other service providers for real estate transactions, who are interested in reaching our users in order to promote their brand or acquire customers and get leads through our platform.

### **Our Real Estate Platform**

Our real estate platform connects millions of users to tens of thousands of customers through our extensive database of property listings. Our vision for our platform goes beyond the classic classifieds concept and our ultimate goal is to provide a comprehensive end-to-end experience for our customers and users that helps them address multiple pain points on their journey to a successful real estate transaction. To achieve this goal, we develop and improve a suite of products and services to address users’ and customers’ needs and provide all real estate market participants with a “one-stop shop” experience for finding, financing and transacting on real estate properties.

### **Core Classifieds Business**

#### ***Products and Services We Offer to Users***

Our main products comprise listings for sale and rent of residential and commercial real estate, which users can browse through on our platform. Our users can browse listings and use other products and services on our websites and mobile applications free of charge. We believe that our products and services help our users to research the secondary and primary residential, as well as the commercial real estate, verticals; explore alternatives; and make better-informed decisions. We focus on providing users with information that is as detailed as possible. A typical listing includes the asking price; a detailed description of the property, including certain specifications (size, number of rooms, floor, etc.); its location and neighborhood; images and plans; as well as 3D property virtual tours (for primary real estate properties). Additionally, we show price dynamics, listing price valuation and, for some listings, we show information about the number of owners and information about any encumbrances.

Users can conduct searches through a search engine results page or on a map and can narrow their searches to specific cities and districts, areas near particular subway stations within a city or areas within boundaries that users can draw on our digital maps. To make the search procedure as efficient as possible, we provide custom search filters, including price range, number of rooms and size, as well as some other more narrowed criteria, such as parking space availability, ceiling height, view, renovations and specific keywords to identify attributes that meet our users’ requirements. After selecting search parameters, users are directed to a page listing available properties, which they can toggle to a map view. Our property search is backed-up by AI-powered proprietary technologies and machine learning algorithms, which we believe provide our users with more convenient and efficient search tools. For additional convenience, users can utilize a variety of complimentary features, such as an opportunity to rank listing results according to different criteria, save listings to favorites, chat with the customer, share listings with their contacts, set up automated monitoring and updates for listings that fit individually tailored criteria, and others.



In 2022, we had approximately 1.9 million listings available through our platform and an average UMV of approximately 17.9 million. In 2021, we had approximately 2.0 million listings available through our platform and an average UMV of approximately 20.5 million. We monitor all listing information uploaded to our websites and mobile applications through a multi-step process: all listings go through automatic verifications, with some listings also going through manual verification by our monitoring team. The verifications are set up to identify common anomalies in posted information to limit unreliable, irrelevant or incorrect information. If we discover any false information in a listing, we contact the listing party or, in some cases, we immediately delete the listing. We can also impose sanctions on an account of the listing party or a particular listing by downplaying it in the search engine results.

Since 2022, we have focused more attention to our daily rental business as we see a high growth potential in this market after several international players left the Russian market. In this segment, we focus on rental apartments, which is more popular in Moscow and St. Petersburg where we have better brand recognition. In addition to listings posted directly on our platform, Cian works under a metasearch model with online travel agents (OTAs) as partners. The average number of listings in daily rentals increased from 4.2 thousand in 2021 to 7.6 thousand in 2022. As of January 2023, Cian is a leader in the number of daily rent listings in Moscow, St. Petersburg and other key regions (according to MASMI research, January 2023).

Our platform is accessible anytime and anywhere through: (i) our websites “Cian.ru,” “N1.ru” (for properties located in Novosibirsk, Ekaterinburg and certain other regions), and “MLSN.ru” (for properties located in Omsk and certain other regions) and (ii) our Cian and N1 mobile applications. Our mobile applications are currently available via iOS and Android to meet the needs of users who increasingly conduct their real estate searches on mobile devices.

In addition to property listings, our users benefit from unique and diverse services that can help them search for a particular property, research the real estate market in general, find the relevant real estate agent and make informed decisions throughout the transaction process (see “—End-to-end real estate platform”). In addition, our users can get free access to a variety of real estate information, including access to analytical reports with insights into comparable historical price trends for a selected property as well as other listed properties in the same building, Cian news magazine, blogs and a Q&A forum.

We strive to offer our users the best mobile experience and provide services that can be accessed through smartphone devices at any time and from any place. We employ a mobile-first approach, in which we prioritize our users’ reliance on our mobile applications and mobile websites. We believe that our mobile-first approach and strong technological platform optimized for mobile devices have helped us to increase our mobile traffic, engage a large audience of users, and support the increase in user traffic as well as customer leads. In 2022, our share of mobile traffic was approximately 75% as compared to approximately 72% in 2021. Similarly, our share of mobile in leads to agents and individual sellers increased to approximately 72% in the 2022 from approximately 71% in 2021. In the years 2022, 2021 and 2010, the cumulative downloads for our Cian mobile application were approximately 38.3 million, approximately 31.5 million and approximately 21.2 million, respectively.

### ***Products and Services We Offer to Customers***

#### ***Listings***

We connect millions of Russian real estate buyers and renters to millions of high-quality real estate listings placed by tens of thousands of real estate agents, private sellers and landlords. We offer our professional and private customers a range of listing options in order to maximize their exposure to relevant buyers and renters.

Our platform allows our customers to publish listings with detailed content, including descriptions, multiple photographs, virtual 3D property tours, maps and other information. All listing offerings include the display of listings across our full platform, including both our websites and mobile applications. We provide our customers with built-in solutions to assist them in completing and submitting their listing information in a standardized format. We update the listing data on our platform on a daily basis through our proprietary technologies and software. We monitor all listing information uploaded to our platform and conduct periodic checks and verifications of listing information posted on our platform. We built a multi-level listing verification process, which includes both automatic checks and manual moderation. We developed a special scrolling system that checks listings using all available information, such as the description of the property, specified filters, photos, watermarks, call-tracking data, as well as reliable information obtained from various public sources. If, following such automatic verification, our scrolling system detects any verification issues, the listing undergoes the manual verification conducted by our moderators. The high quality of our listing base is recognized by the market as Cian was acknowledged as the most effective platform for attracting leads (according to MASMI research, March 2022).

Our professional listing customers, such as real estate agents, can typically purchase various quantities of listings through a pay-per-listing model or through a subscription model. They can set up individual accounts as well as master or subordinated accounts, described below. For further details, see “—*Subscription Model*.”

Since the end of 2022, our private listing customers can set up an individual account and post their listings (with a reasonable limit) free of charge in all regions. In some regions, our professional listing customers can also currently post their listings free of charge.

In addition, we offer our customers multiple options to enhance the exposure and effectiveness of their listings through listing value-added services described below.

#### *Value-Added Services*

Our customers can purchase a broad range of our value-added services to help them boost, promote and improve the visibility of their listings in search results (the “listing value-added services”). Our key listing value-added services include options such as:

- auctions, which, we believe, are a unique feature on our platform that provides customers with an opportunity to place an auction bid to raise the ranking of their listings in search results. The auction feature also provides for an “Autobroker” assistant, through which customers are able to choose optimal rates in the auction, change rates promptly and quickly respond to developments in competitors’ behavior;
- boosting listings to the top of search results, by buying special boosting packages that allow customer to display listings higher in search results. The listings placed under boosting packages may be further heightened by using the auction tool;
- branding listings for realtors and branding cards of residential complexes for developers that allow our customers to promote their brands and make their listings standing out.

In addition to the listing value-added services, we also offer our customers a broad range of our so-called Pro.Tools for real estate agents that help them operate quicker and more efficiently. In particular, our customers may benefit from convenient management of all incoming leads thanks to a call-tracking system and direct chat with users, agent finder, competitor monitoring, selection of properties for clients, electronic transaction registration through Cian, personalized report on property evaluation and personal e-card of a realtor.

Our customers can individually select these Pro.Tools to fit their specific needs and can use our Pro.Tools services that provide access to all Pro.Tools available on our platform. We believe that Pro.Tools provides our customers with a great opportunity to efficiently track, manage and communicate with users and measure and quantify the value generated by the leads from our platform.

Additionally, we also offer enterprise services that help real estate agencies to manage marketing costs, track performance using productivity metrics, achieve software integration and manage employees (for example, by posting vacancies, API integration of data in CRM, and outsourcing of real estate agency pages on the platform to the Cian team).

We also offer some additional services to our customers, such as free access to a variety of real estate information through our Cian news magazine, blogs and a Q&A forum, as well as access to analytical reports with insights into comparable historical price trends for a selected property as well as other listed properties in the same building. All the Pro.Tools are free for our customers.

In general, we believe that increasing penetration of our value-added services will contribute to our monetization improvement, widen the competitive gap and boost our growth. We also believe that the level of penetration of our value-added services depends on a number of factors, including:

- the overall condition of the real estate market, as customers tend to invest more in listing promotions during periods of reduced real estate demand;
- our market share, as customers are incentivized to promote listings on the platform with a higher user base; and

- competition among customers themselves.

We also aim to drive the penetration of our value-added services through our subscription model, featuring different sets of value-added options as part of premium subscriptions, hence increasing its value for our customers.

We continue to extend our suite of offerings, develop new products and services, and further improve our existing products and services to meet different customers' needs.

For the year ended December 31, 2022, our listing revenue comprised 46% of revenue from value-added services and 54% of revenue from listings and others. Average revenue per listing increased by 38% in the year ended December 31, 2022 in comparison to the year ended December 31, 2021.

#### *Subscription Model*

Currently, we have three models of listing monetization on our platform: pay-per-listing model (for seven days in rent segment and for 30 days in sale segment), listing packages and subscription model.

We offer pay-per-listing pricing and listing packages to our private customers and small agencies. For larger real estate agencies (30+ listings) we offer a subscription model. Through our monthly subscription model, our customers can purchase a fixed number of listings and use some of our value-added services. The price of subscription depends on the total number of clients' listings, loyalty discount and subscription level. As part of our subscription model, we currently offer four different subscription levels (platinum, gold, silver and bronze), varying by the number of listings and value-added services included in the bundles. With higher levels of subscriptions, the clients are entitled to more value-added services and higher loyalty points that they can spend in auctions. We believe that our customers benefit from the personalized approach, whereby they can choose the most suitable terms for their subscription, including the amount of the value-added services. For all pricing models the applicable fee is payable in advance of posting the listing.

While we plan to continue to offer our pay-per-listing model to allow our customers greater flexibility and convenience, we incentivize our customers to migrate to the subscription model by offering them special discounts and promotions. We actively promote our subscriptions offering, particularly for our large customers, and subscription model penetration rates have typically been higher among such customers.

In 2022, the share of listing revenue generated under the subscription model amounted to approximately 54% as compared to approximately 46% in 2021.

#### *Leads for Real Estate Developers*

Real estate developers are the key customer group of our primary residential real estate vertical. As part of our proposition to this group, we offer a pay-per-lead pricing model whereby we charge fees based on the number of leads developers receive in the form of qualifying calls (validated user connections) from placing listings on our platform. We believe that access to potential buyers is critical for real estate developers, as they look for efficient ways to market their projects and reduce their investment risk.

In contrast to real estate agents and individual property sellers, real estate developers have certain specific needs and requirements when they advertise properties in their projects, as newly-built properties in a specific development project usually share a number of features and developers tend to offer several similar properties simultaneously. Correspondingly, in evaluating primary residential real estate properties, users tend to pay more attention to the features of a particular residential complex as a whole, such as its location, information about nearby schools, hospitals, neighborhood amenities and available commuting options, rather than characteristics of the specific real estate property. Therefore, listings placed by developers on our platform often differ from the secondary residential and commercial real estate listings and can include, for example, specialized pages providing detailed information about residential complexes with specifications of properties offered in such complexes rather than listings of particular properties. Taking into account the needs of our customers, we strive to offer special tools tailored for the requirements of real estate developers to help them generate more leads from our platform and expand our business with them.

We believe that developers are attracted to our platform primarily due to: (i) access to a larger base of users searching specifically for new real estate, (ii) our monetization model, based on lead-generation, which is better tailored to developers' objectives and aligns their interest with ours, and (iii) the comprehensive set of value-added services we offer, including our auction tool.

In order to track the number of qualifying calls received by real estate developers through our platform, we employ call-tracking tools, in particular, we acquire phone numbers from telecom operators and display these numbers as contact details in the relevant listings instead of the numbers provided by the developer. All calls from users are first directed to our numbers, which are then redirected to the relevant real estate developers' numbers. As the owner of the phone number displayed on the website, we can request the relevant call statistics from the telecom operator on all incoming calls from users, and therefore track the number of qualifying calls.

At the end of 2021, we switched from offering the featured listing option to tariffs for developers. The number of services included and the price of a lead varies with a tariff level. We are focusing on increasing the share of customers with premium tariffs. Real estate developers can also use value-added services, such as auctions to increase the number of leads. In 2022, the average revenue per lead increased by 82% compared to 2021. The main reasons of such growth were increased competition amongst developers driven by reduced real estate demand, as well as the disconnection of international players from the Russian market.

#### *Advertising Services*

We leverage our platform by offering advertising space and services as well as certain miscellaneous special marketing projects to various parties aiming to reach our transaction-ready audience (including real estate developers, banks and commercial real estate professionals).

We believe that our user base composition is highly attractive for advertisers as we provide them the opportunity to reach the specific audience segments that are the most relevant to them. In addition, we have exclusive tailored advertising terms with several major players in the market. For example, we provide certain exclusive advertising options to developers and housing development institutions, including tailored search filters, exclusive banners on the rent section of our website and placement of the real estate developer's buildings on the maps displayed on our platform.

Our display advertising revenue is largely driven by the upfront monthly fees agreed in our media plans, which also include targeted number of views or clicks during the advertisement period. Our advertising pricing models include offers such as cost-per-click model; cost per 1,000 impressions model (whereby an advertiser pays for every 1,000 instances of the advertisement being rendered on users' screens), as well as certain special offers.

#### **End-to-End Real Estate Platform**

Our vision for Cian goes beyond the classic classifieds concept. Our mission and strategy is to become a single "go-to" place to address the full spectrum of our user and customer needs across the real estate journey, from searching for the right property or right buyer or renter, to financing the purchase or ensuring deal certainty and efficient workflow during the actual transaction.

As part of this strategy, we are focusing on the creation of a comprehensive end-to-end real estate platform and developing and launching new business lines and services that complement our core classifieds business and expand our product and service offerings. In particular, our end-to-end real estate platform currently encompasses products and services offered under our core classifieds business as well as our Mortgage Marketplace, Valuation and Analytics and End-to-End Offerings segments, which are in varying stages of development, roll-out and ongoing operation.

The products and services that we offer as part of our end-to-end real estate platform aim to address the following needs of our users and customers:

#### ***Finding professional agents***

Users and customers are able to find professional real estate agents through our core classifieds platform and the Agent Finder, a service for matching real estate agents and users, which we launched in 2020. The Agent Finder allows users to search our agents' database or submit an application outlining the main criteria for their preferred agents. The agents purchase access to the database of applications and we connect them with the relevant clients.

### ***Financing the purchase***

We launched our Mortgage Marketplace platform in 2019. Through our cooperation with various leading Russian banks, the Mortgage Marketplace offers our users a number of unique features to cater to their specific mortgage financing needs:

- a mortgage interest rate comparison tool for mortgages (including calculation of early prepayments) from a number of leading Russian banks with no commissions or hidden fees;
- an opportunity to apply directly for a mortgage pre-approval with multiple banks via Cian by submitting one easy-to-complete application; and
- a personalized mortgage pre-approval decision and interest rate offer from several leading Russian banks, generated within minutes of application.

We believe that our unique direct integration with banks under the Mortgage Marketplace not only allows the banks to attract buyers actively looking for a mortgage, but also assists our users in better understanding and planning their home purchase budgets and in obtaining financing in record time. Furthermore, with access to the status of a financial platform operator, we have access to certain standardized customer information on government-run electronic systems and databases and are permitted to carry out the relevant transactions (in particular the obtaining of a mortgage loan) on our platform.

In addition to the Mortgage Marketplace, in the fourth quarter of 2021 we began testing a new sell-to-buy transaction service (Home Swap). This service allows our users to buy a new property and sell their existing one in a single transaction, enabling them to purchase and move into their new property without waiting for the sale of their current property. We believe that this service may reduce the deal closing cycle from approximately six months to potentially as little as one week. In offering Home Swap, we plan to act primarily as an intermediary, charging commission. The Home Swap program is still in its testing phase, where we check different consumer hypotheses to find the best product market fit. Overall, we do not expect to invest any significant capital or take any significant risk on our balance sheet as part of the Home Swap offering.

### ***Transacting with ease by eliminating inefficient workflows and closing the deal online***

We strive to ensure that our users can transact efficiently and with ease and, for this purpose, have launched the following set of products and services:

- We provide free access to a Property Valuation tool, which is a valuation, conducted using our proprietary algorithms and our property data, recent comparable sales and property listings.
- In the second half of 2021, we also launched a full suite of offerings for Online Transaction Services, including secure online payments, electronic document signing, storage of documents and state online registration services.

In addition to the aforementioned products and services that we offer, or plan to offer, as part of the end-to-end real estate platform, we are also developing data analytics and market intelligence services for our customers, providing them with access to market information through our broad database of real estate content. In 2022, we suspended the development of our Information and Analytics platform, though we continue to offer this product as a part of our Core business segment. As part of this offering, we collect data on commercial real estate from multiple sources (including our proprietary databases, governmental registers and databases, various open sources and other information collected by our specialists), analyze, arrange and customize relevant data for specific client preferences.

Through these initiatives, we aim to establish ourselves as a first-in-class platform that offers a comprehensive suite of products and services. We believe that the end-to-end platform offering is the future of the real estate classifieds market, and we see an excellent opportunity in disrupting the market and building the platform that provides greater value to our users and customers.

## **Geographic Coverage**

Our operations have Russia-wide coverage, with a particular focus on key metropolitan areas, particularly Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg and Novosibirsk. We also cover other cities and regions, including Samara, Nizhniy Novgorod, Krasnodar, Ufa, Kazan, Krasnoyarsk, Archangelsk, Chelyabinsk, Tyumen and Perm as well as other cities and regions. In 2022, we significantly expanded the monetization of listing on our platform to new regions. As of December 31, 2022, the number of monetized regions reached 52 in comparison to 21 regions as of December 31, 2021.

Moscow and the Moscow region have historically been our strongest market, accounting for 74% of our Core Business segment revenue for the year ended December 31, 2022 and 73% of our Core Business segment revenue in 2021. Core Business segment revenue for Moscow and the Moscow region was RUB 5.8 billion, RUB 4.1 billion and RUB 3.0 billion in the years ended December 31, 2022, 2021 and 2020, respectively. Core Business Adjusted EBITDA Margin for Moscow and the Moscow region was 62% and 58% in 2022 and 2021 respectively.

Based on the data of real estate agencies surveys we regularly conduct, we also believe we are the leading online real estate classified platform by both share of leads to real estate agents and individual sellers, and number of listings in Moscow and Moscow region, as well as the leader in St. Petersburg and Leningrad region by the number of listings.

In 2022, we had approximately 1.9 million listings available through our platform, comprising approximately 351,000 listings in Moscow and the Moscow region, approximately 129,000 listings in St. Petersburg and the Leningrad region as well as 1.4 million listings in other regions.

## **N1 Acquisition**

In February 2021 we acquired the N1 Group, a real estate-focused classifieds business that operates in Russian regional cities such as Novosibirsk, Ekaterinburg and Omsk through a website and as a mobile application.

Since its acquisition, we have integrated N1 into our operations, including our IT, product, sales and marketing, human resources and other core operations. Our monetization strategy was also aligned across our platform, including the “N1.ru” website and the N1 mobile application as well as the “MLSN.ru” website.

In July 2021, as part of our integration of the N1 Group, we launched a reverse feed function, which allows users to post listings simultaneously on both the Cian and the N1 Group websites and mobile applications by applying for the listing on any website or mobile application of our platforms. Following the launch of this feature, users started to transfer from N1 to Cian to post their listings. By the end of 2022 posting of new listings was possible only via Cian’s website or mobile application for users in some of the N1 regions. We expect the remaining users will fully switch to posting new listings on Cian’s website and mobile application by the end of 2023.

Nevertheless, we are planning to maintain the N1 website and mobile application in the mid-term for the convenience of N1’s users.

## **Marketing and Sales**

Our marketing and sales efforts are primarily focused on attracting new and working with our existing, users. We believe that both our marketing and sales efforts help us in strengthening our reputation as a leading online real estate classifieds platform in Russia.

We also strive to monitor our competitors’ marketing activity, including by market vertical, to effectively adjust our marketing and sales mix. We collect and analyze vast amounts of data to assess our performance and ensure efficient spending, and our marketing and sales strategy is constantly evolving to address the developing needs of our users.

## **Marketing**

Our marketing efforts are focused on promoting our brand names, which drive our traffic, and on strengthening our reputation as a leading real estate classifieds platform in Russia. We deploy a diverse mix of marketing and communications channels to reach our users and customers. We believe that we are not dependent on any single marketing channel. In the years ended December 31, 2022 and 2021, our online marketing expenses amounted to RUB 1,079 million and RUB 1,631 million, respectively, or 45.7% and 72.4% of our total marketing expenses for the respective periods.

We generally use two types of marketing channels: (i) brand awareness channels, such as television and blogs, and (ii) performance channels, such as contextual advertising and social networks. Our users typically use our platform free of charge. According to our estimates, based on Google Analytics data, in 2022, approximately 86% of our website traffic came from free channels, such as organic search, direct type-in (where a user types our name into a search engine), email distributions to our registered users, through referrals (where a current user refers a new user to our website), email, push and others. The portion of our platform traffic from paid channels, such as advertising, including cost-per-click and meta search, was generally flat in recent periods, accounting for approximately 14%, 18% and 17% of all traffic in the years ended December 31, 2022, 2021 and 2020, respectively.

Our paid marketing campaigns consist of online and television ads as well as other promotions, including through social media channels. We conduct nationwide, as well as regional, marketing campaigns and advertising campaigns for different projects, for example, targeted ads for our Mortgage Marketplace or Online Transaction services. We believe that our paid advertising campaigns promote awareness and help to generate more platform traffic.

We offer online residential community services through our websites that provide a forum for visitors to share personal views and other information regarding different aspects of the Russian real estate market, specific property developments, residential communities and other subjects. In addition, we aggregate and post real estate related news on our website and publish an electronic magazine that provides analytics and research on various aspects of the Russian real estate market. We believe that our board forums, blogs and other online community-oriented services are valuable means of enhancing loyalty and brand awareness among our users and, correspondingly, customers, by creating virtual communities sharing a common interest in real estate and home-related topics. We use such forums, news aggregators and magazines to increase website traffic, our users' loyalty and brand image.

## **Brand**

We believe that our brand recognition is one of the key factors in our ability to attract new users as well as increase the total number of listings and leads on our platform. Based on user surveys we regularly conduct, we believe that we were the leader in brand awareness in Moscow and St. Petersburg.

Our strong brand position and our marketing and sales activities reinforce each other: a strong brand generates a good starting position for our marketing and sales efforts in acquiring new users and listings, which in turn increases the value of our platform to our audience and enhances our audience's perception of us as a competent, valuable and market-leading platform.

We believe that the strength of our brand is particularly reinforced by marketing channels such as:

- Digital media and social media placements, which offer us a wide user reach. The vast majority of our ads include user engagement tracking, enabling better control over the quality and frequency of our contact with intended audience. We also use various digital media purchasing tools with contact frequency tracking and post view analytics services;
- TV advertising campaigns, which we believe drive our top of mind brand awareness among a broad user base; and
- Outdoor advertising and radio, which, as a more traditional channel, diversifies our marketing efforts. While it is used less often than digital media channels, we believe that it has been particularly effective in some key regional centers.



## ***Sales***

We believe that one of the factors representing our significant competitive advantage is our specialized sales team, which has extensive real estate market- and region-specific experience and works directly with our customers. Our sales strategy focuses on: (i) attracting customers from the secondary market, such as real estate agents and private property owners, and from the primary market, such as real estate developers; (ii) attracting content and increasing revenues from these customers; (iii) communicating, through training and events, the value of our professional tools and services to customers; and (iv) providing ongoing support to our customers in using our platform.

In targeting our customers, we deploy a mix of sales strategies, including loyalty programs and business-to-business channels. For example, we have a loyalty points program available to all customers, which allows our customers to accumulate bonus points that can be redeemed against future promotion of listings on our platform. Our business-to-business channels include education services (including webinars, seminars and personal training sessions for customers); industry events (including professional real estate conferences and expert sessions); brochures and other printed education materials; and other communication channels.

To motivate our sales and marketing personnel, in addition to the base salary, we offer them certain performance incentives, such as commissions and bonuses. Sales targets are set for sales personnel according to monthly, quarterly and annual sales plans.

## **Our Technological Platform**

Our users access our platform through websites and mobile applications. We design, test and update our websites and applications and develop in-house proprietary solutions, such as our mobile application, AI-powered property search as well as numerous other tools and features. In respect of the development and deployment of software, we have adopted the principles of agile software development methodologies, such as continuous integration and continuous live deployment. We generally tend to use well-known and proven open source tools rather than third-party proprietary tools to eliminate dependency on any third-party vendor.

In view of the rapid pace of technological changes in our industry, such as the increasing use of mobile devices by all participants in the real estate market, we stick to a mobile-first approach that we believe makes finding a new home or office more convenient for our users. Our users mainly access our platform from mobile devices, with the share of mobile in leads to agents and individual sellers increasing from approximately 64% in 2020 to approximately 71% in 2021 and approximately 72% in 2022, according to our estimates based on Google Analytics data.

Our mobile application “Cian.ru” is ranked among the top applications on app store-generated lists for lifestyle-related free applications on both the App Store and Google Play in Russia, with a rating of 4.7 in the App Store as of March 2023. As of March 2023, “Cian.ru” was ranked as the #2 mobile application in the “Home” category on Google Play in Russia.

As of the end of 2021 and 2022, the cumulative downloads for our Cian mobile application were approximately 31.5 million and approximately 38.3 million, respectively.

Our mobile applications are predominantly developed internally and partially by software consulting and development companies according to our instructions. We believe that this approach allows us to better control the quality of our applications and promptly respond to evolving user and customer needs. Our mobile applications and mobile versions of our websites are fully functional and support substantially all activities available on the desktop version of our websites. We offer our clients unparalleled services including tools for individuals to find a real estate agent and valuation services which are not supported in our competitors’ mobile applications.

According to SimilarWeb ranking, our “Cian.ru” website had the first position in the “Business and Consumer Services” category in Russia, in the “Real Estate” sub-category. We believe that the satisfaction of our users and customers ultimately rests on the appeal and functionality of our platform. Our technology and product teams spend considerable time and resources upgrading and enhancing our websites and mobile applications. In addition, we maintain a focus on ensuring customer satisfaction through the call center that provides our users and customers support throughout their entire journey.

We have a bespoke customized set of features for different groups of users and customers, and we continue to develop our platform to provide users and customers with a simple and clear interface. We also strive to offer our customers optimal integration capabilities, including adapters for enterprise software integration, application programming interfaces and tool exports. We estimate that our platform is able to handle approximately 10,000 requests per second.

As of December 31, 2022, our services were supported and enhanced by a team of over 400 experienced and dedicated information technology employees, including software engineers, data scientists with strong machine learning experience and system administrators, as well as a product development team of over 50 employees with an in-depth knowledge of information technologies and real estate classifieds business. We also provide ongoing education to our information technology team and product development team to ensure that our team is up to date on new technologies and advances in our markets.

## **Product Development**

Our approach to product development is focused on long-term revenue potential and is modular in structure. In this structure, each product, or key service (such as Mortgage Marketplace, Valuation & Analytics and E2E Offerings) is being developed by a dedicated team (typically including a product leader, several product managers, a tech development team for desktop and mobile channels, and product designers and analysts) and is assessed based on product-specific business metrics (such as, revenue, number of listings, number of leads, number of completed mortgage applications and mortgages signed, number of valuation requests, number of bookings in daily rentals, and amount of requests for online transaction services and Home Swap services). While each team generally works independently, we hold weekly meetings across teams to exchange views and synchronize development process. Our integrated service teams, comprising product research specialists, AI-and data specialists, and back-end infrastructure support, provide support across the product teams.

## **Intellectual Property and Security**

### ***Our Intellectual Property***

Our key intellectual property consists of rights to software, databases and trademarks relating to the design and content of our websites, including our brand name and various logos and slogans, and domain names.

*Software and databases.* Our main intellectual property assets are our software, including our websites, mobile sites and mobile applications. Although state registration of software and databases with the Russian Federal Service for Intellectual Property (“Rospatent”) is not mandatory under Russian law, we have registered most of our software and databases, as we believe it provides us with additional protection of our intellectual property rights.

*Trademarks.* We own 22 trademarks registered in Russia, of which the most important is the trademark protecting our main brand name “Cian,” valid until March 7, 2028.

*Domains.* We have registered rights to 32 domains, of which most correspond to our main brand. The domains are listed under various generic top-level domains and country code top level domains. The most important generic domains are in the “.ru” zone.

### ***Security and Data Protection***

We have built a comprehensive system to protect our, our users and our customers’ data, as it is the backbone of our business. We protect data with a combination of processing procedures and technology tools in accordance with our information security strategy. In addition to our main workforce at the information department, we also have a special team focused primarily on information security matters.

Our information security team has three areas of focus: product security, infrastructure security and protection of personal data.

To ensure the security of our products, we embed product security in our product teams and strive to ensure that our applications use secure and approved libraries to execute all standard technical functions. We also implement standard secure software development lifecycle tools and approaches for all product development teams, such as requirement and architecture review, static and dynamic application security testing, manual code review and manual security assessment.

To protect our infrastructure and workstations, we employ standard security tools, such as network segmentation, intrusion detection systems, firewalls and antivirus software. Our approach to infrastructure security is focused on resilience and defense: we thoroughly examine all systems to ensure we can successfully detect and prevent information security incidents.

We use a combination of technical and organizational measures to ensure the security of our user and customer personal data. We restrict access to personal data, encrypt it in transit, use multiple layers of encryption for sensitive data and employ automatic data retention policies for sensitive personal data. To ensure compliance with personal data laws and regulations, we regularly review changes in such laws and regulatory standards.

## **Competition**

Our market is competitive and is characterized by the network effect, in which a high number of listings attracts audience traffic and more traffic, in turn, attracts more customers, listings and advertising. Furthermore, the business of providing online real estate services in Russia is becoming increasingly more competitive.

We compete with other vertical and horizontal digital classifieds platforms; other online channels, including specialized and non-specialized web-portals; social networks and traditional offline marketing channels. Generally, we believe that real estate advertising market participants compete on the basis of the quality of customer and user experience, which includes the breadth of services offering, depth, accuracy and usefulness of listings database as well as brand awareness and reputation. Competition also occurs for the marketing budgets of developers and professional real estate agents based on audience and the cost-effectiveness of lead generation services.

We face competition from a variety of digital market players and, in the case of primary real estate market, also from offline advertising media, all of which provide platforms and advertising space to customers. Our key competitors are other vertical classifieds platforms (or platforms specializing in a single category of classifieds), which focus on real estate classifieds, such as DomClick, Yandex.Nedvizhimost and Square Meter. Some of these platforms are owned by large Russian banking groups, such as DomClick, which is owned by Sberbank, and Square Meter, which is owned by VTB. Others are owned by large internet companies, such as Yandex.Nedvizhimost, which is owned by Yandex, one of the largest internet companies in Russia. Our key competitors also include horizontal classifieds platforms (or generalist online classifieds platforms that offer listings across various product categories, including real estate), such as Avito and Youla. Some of these platforms are also supported by larger internet companies, for example, Youla is the classifieds platform of VK Group. For further information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The online classifieds market is competitive, and we may fail to compete effectively with existing and new industry players, which could have a material adverse effect on our business, results of operations, financial condition and prospects.”

## **Regulation**

We are subject to an extensive and constantly evolving legal framework in Russia. Due to the changing interpretation 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. The following is only a summary and, as such, is not intended to provide an exhaustive description of all of the regulatory requirements to which we are subject in Russia.

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

We are subject to Russian laws regarding privacy and the protection of our customers’ and clients’ personal data. Pursuant to the Russian Personal Data Law, the notion of “personal data” under Russian law includes any data which relates (directly or indirectly) to an identified or identifiable individual. There is no closed list of information which denotes personal data and any data (or set of data) which identifies a specific individual is treated as personal data. Typically, name and contact details are considered to be personal data.

Russian law uses the term “data operator” to denote a person who determines the scope and purposes of the data processing (this is equivalent to the notion of the “data controller” under the GDPR). Russia also has a notion of “person involved into the data processing by the data operator” (this is equivalent to the notion of “data processor” under the GDPR). Personal data subjects have certain rights, which are broadly aligned with those provided for by the GDPR. Among other things, personal data subjects are entitled to request personal data operators to provide relevant information on legal grounds for collection, storage, or transmission of personal data, purposes of these actions, terms for processing, etc. Under the amendments to the Personal Data Law adopted in 2022, the timeframe for data operators to respond to data subject right requests was reduced from 30 days to 10 days.

The Personal Data Law, among other matters, requires that a data subject must, subject to a limited number of exceptions, provide informed and conscious consent to the processing (i.e., any action or combination of actions performed on personal data, including the collection, recording, systematization, accumulation, storage, use, transfer (distributing, providing or authorizing access to), blocking, deleting and destroying) of his/her personal data. In case a data subject refuses to grant consent, data operators must clarify to them the legal consequences of refusal to grant such consent. Consent has to be specific, informed and conscious, and the amendments to the Personal Data Law adopted in 2022 also require consent to be unambiguous and detailed. This may restrict the use of previously acceptable practices going forward, (e.g., opt-out consents for certain types of data).

The Personal Data Law does not require the consent to be hand-written for most types of personal data and processing actions, but requires the consent to be in a form that, from an evidential perspective, sufficiently attests to the fact that it has been given by the relevant individual. We seek the consent from our customers and clients by asking them to click on a button or select a check-box, in appropriate circumstances, prior to the commencement of the account registration process on our platform or the use of our services, indicating the customer's or user's consent to our collection, use, storage, transferring and other processing of personal data. The "ticking the box" approach is currently considered to be generally acceptable as a matter of Russian law, provided that such "ticking the box" is a pre-condition to using the service and the service cannot be used without the customers and clients having ticked the box.

Additional requirements may apply to specific types of data. For example, the amendments to the Personal Data Law, which entered into force on March 1, 2021, set forth new rules on the processing of personal data that is made available to the general public (the "Relevant Data"). Relevant Data comprises customer and user profiles which are publicly available. The Relevant Data can only be processed/transferred to third parties to the extent there is consent from the data subject (the consent shall be in the form to be prepared by Roskomnadzor, the Russian data protection authority). The data subject may specify (in such consent) certain restrictions on data processing (such restrictions may, however, not apply to processing in state or public interest). In the absence of consent, the data operator cannot disclose the Relevant Data to third parties or otherwise process it. The burden of proof in respect of receipt of consent to processing of the Relevant Data lies with the data operator. In the absence of the consent, the data operator can process the Relevant Data internally (i.e., without transfer to third parties), only if the data subject directly provided the Relevant Data to such data operator.

The Personal Data Law also provides for the right to withdraw consent, in which case the person processing personal data has the obligation to destroy the data relating to the relevant subject. The new rules with respect to the Relevant Data also allow the data subject to demand that the data operator/third parties cease to process his/her Relevant Data. Unless the processing is stopped upon receipt of the relevant request, the data subject can oblige the data operator to stop the processing through court proceedings. The rules do not apply to processing by the Russian state authorities. The Personal Data Law requires data operators to have privacy policies, and the 2022 amendments to the Personal Data Law impose more detailed requirements in respect of the contents of such policies.

According to the Personal Data Law, personal data operators are required to conduct certain types of processing ("restricted processing actions") of personal data of Russian citizens (when gathering such personal data) at collection of such data with the use of Russian databases (this obligation is referred to as the "Russian data localization rules"). Such "restricted processing actions" include recording, systematization, accumulation, storage, clarification (update, modification) and extraction/download. Roskomnadzor comments prohibit parallel input of gathered personal data into a Russian information system and a foreign-based system. This data may be transferred abroad by way of cross-border transfer from a Russian-based system only (and subject to the rules on cross-border transfer described below). Under the 2022 amendments to the Personal Data Law, data operators are expressly obliged to ensure that data processors they engage comply with these Russian data localization rules.

Russia also has restrictions on cross-border transfer of personal data, pursuant to which the transfer of personal data is allowed (subject to the rules on consent to processing described above) to countries which are either signatories to the Strasbourg Convention on Automated Processing of Personal Data 1981, or whitelisted by Roskomnadzor (the "Adequate Jurisdictions"). If a country to which the transfer is made is not an Adequate Jurisdiction, cross-border transfer is only permitted subject to a written consent of the data subject specifying the relevant country, or for certain specific purposes, such as the carrying out of an agreement with the data subject (e.g., a service or employment agreement), protection of vital interests of data subjects, including safety, or a constitutional regime.

Moreover, the amendments to the Personal Data Law adopted in 2022 require data operators engaging in cross-border transfers to submit by March 2023 prior notification to Roskomnadzor for such cross-border transfers. The notification must include specific details, such as regarding the data controller, the legal basis for processing and transfer, the categories of data subjects, a list of jurisdictions to which the data will be transferred and a risk assessment on the relevant jurisdiction(s) and recipient(s) from a data security and confidentiality perspective. Roskomnadzor may within 10 business days of receipt of the notification, restrict or prohibit the relevant cross-border transfer, including for state security purposes. On February 28, 2023, we submitted the notification on the cross-border transfers with respect to each Cian group company subject to the requirement and was not informed by Roskomnadzor of any restrictions or prohibitions in relation transfers.

In addition, pursuant to Federal Law No. 218-FZ “On Credit Histories” dated December 30, 2004 (the “Credit Histories Law”) and as amended on July 31, 2020, we also seek separate consents from our users, required to obtain credit reports on them from credit bureaus. The Credit Histories Law does not require the consent to be hand-written and allows our customers to sign by using e-signatures, subject to certain mandatory requirements including our identification of the relevant individual.

We are also subject to a range of data privacy and cyber security laws globally. In particular, in Europe we are subject to the European Union General Data Protection Regulation (the “GDPR”). The GDPR imposes comprehensive data privacy compliance obligations in relation to our collection, processing, sharing, disclosure, transfer and other use of data relating to an identifiable living individual or “personal data”, including a principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. GDPR regulates cross-border transfers of personal data out of the EEA.

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

We hold intellectual property rights to trademarks and copyrights, and we enjoy their protection under Russian law and international conventions. The Civil Code (Part IV) is the basic law in Russia that governs intellectual property rights, including their protection and enforcement. According to the Civil Code, the software and databases that we develop internally generally do not require registration and enjoy legal protection simply by virtue of being created and either publicly disclosed or existent in a certain physical form. In addition, we obtain exclusive rights to materials that are subject to copyright protection and that are created for us on the basis of agreements with the authors of such materials. Also, subject to compliance with the requirements of the Civil Code, we are deemed to have acquired exclusive rights to copyright objects (including software and databases) created by our employees during the course of their employment with us and within the scope of their job functions, which includes the right to their further use and disposal.

Software may be registered by a copyright holder, at its discretion, with Rospatent, but such registration is not customary.

Trademarks, inventions, utility models and industrial designs require mandatory registration with Rospatent in order to have legal protection in Russia. Trademarks registered abroad under the Madrid Agreement Concerning the International Registration of Marks dated April 14, 1891 (the “Madrid Agreement”) and/or the Protocol to the Madrid Agreement dated June 27, 1989 have equal legal protection in Russia as trademarks registered locally. Our main brands are registered as trademarks in Russia and in the European Union.

Registration of a trademark in Russia by Rospatent is valid for ten years after the filing. This term may be extended for an additional ten years an unlimited number of times. The same term applies to international registration of a trademark under the Madrid Agreement. The registration is valid with respect to certain classes of goods or services selected by an applicant and will not be protected if used for other types of goods or services. In the absence of registration, the entity using the designation may not be able to protect its trademark against unauthorized use by a third party. If a third party has previously registered a trademark similar to the designation in question, then the entity may be held liable for unauthorized use of such trademark.

The transfer, license or encumbrance of intellectual property rights to trademarks or other registrable intellectual property under assignment agreements, franchising agreements, license agreements and pledge agreements are subject to registration with Rospatent. Failure to comply with the registration requirements results in the respective transfer, license or encumbrance being treated as non-existent, and use of the relevant intellectual property in the absence of registration of the relevant transfer, license or encumbrance may trigger civil, administrative or criminal liability. The registration of a copyright license, including over a registered software or database, is not required. However, such copyright license must be made in writing.

The Civil Code recognizes a concept of a well-known trademark, i.e., a mark which, as a result of its widespread use, has become well known in association with certain goods among Russian consumers.

Well-known trademarks enjoy more legal benefits than ordinary trademarks — these include:

- broader coverage — an owner of a well-known trademark may exercise its exclusive rights in association with goods beyond those for which the relevant trademark was originally registered, provided that the use of an identical or confusingly similar trademark by a third party would cause consumers to associate the third party’s trademark with the owner of the well-known trademark and would affect the legitimate interests of the owner of the well-known trademark; and

- an unlimited registration period — well-known trademarks registration generally remains effective for an unlimited period of time.

In order to register our main trademark as a well-known trademark, we have submitted the relevant application to Rospatent and provided Rospatent with certain documents including evidence that the relevant mark has become well known (such as the results of consumer surveys and documentary evidence of costs incurred for the advertising of the mark).

In 2022, the Russian authorities allowed parallel imports of a number of goods, meaning that goods can be imported to Russia even if the right holder did not authorize sales in Russia, as long as sales are authorized by the right holder in other countries. This move is part of the package of measures aimed at countering sanctions and the exodus of companies from Russia, but it may potentially result in a reduction of the level of protection of intellectual property in Russia generally.

Russian law also contains provisions on the liability of online service providers (the Civil Code uses the term “information intermediary,” which is defined as a person enabling the publication of any materials on the internet) for the materials/information published by third parties on such providers’ networks if such materials/information infringe third party intellectual property rights. However, such liability is limited only to cases where the online service provider knew or should have known that published materials/information infringe third party rights (for example, online service providers are exempt from the general rule of strict liability for infringement of intellectual property rights if such infringement is committed in connection with business activities).

### ***Advertising Regulation***

The principal Russian law governing advertising is the Russian Federal Law No. 38-FZ “On Advertising” dated March 13, 2006, as amended (the “Advertising Law”). The Advertising Law provides for a wide array of restrictions, prohibitions and limitations pertaining to contents and methods of advertising.

Set forth below is a non-exhaustive list of the types and methods of advertising that are prohibited regardless of the advertised product and the advertising medium:

- advertising that judges or otherwise humiliates those who do not use the advertised product;
- statements that the advertised product has been approved by state or municipal authorities or officials;
- depiction of smoking and alcohol consumption;
- use of pornographic or indecent materials in advertising;
- advertising that may induce criminal, violent or cruel behavior;
- use of foreign words that may lead to the advertising being misleading;
- advertising of healing properties of a product that is not a registered medicine or medical service; and
- omission of material facts that leads to advertising being misleading.

The law also prohibits advertisements for certain regulated products and services without appropriate certification, licensing or approval. Advertisements for products such as alcohol, tobacco, pharmaceuticals, baby food, financial instruments or securities and financial services, as well as incentive sweepstakes and advertisements aimed at minors, must comply with specific rules and must, in certain cases, contain specified disclosure. In addition, the distribution of advertisements over the internet (for example, by email) may require the prior express consent of recipients.

Russian advertising laws define and prohibit, among other things, “unfair,” “untrue” and “hidden” advertising (i.e., advertising that influences consumers without their knowledge). Advertising based on improper comparisons of the advertised products with products sold by other sellers is deemed unfair. It is also prohibited to advertise goods which may not be produced and distributed under Russian law.

The Russian authorities introduced the Unified Information System on Record of Online Advertisements (ERIR). In connection with the introduction of ERIR and the relevant amendments to the Advertising Law adopted in 2022, advertisers and operators of advertising systems are obligated to provide certain information about advertisements to the authorities directly or via a counterparty using specific software. We provide all information about advertisements required by the law via advertising data operators.

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.

### ***Internet Regulation***

The Law on Information introduced the main regulations of the dissemination of information on the internet. According to the Law on Information, a person assuring the functioning of information systems and/or software which is used to receive, transmit, deliver and/or process electronic messages of an internet user (e.g., messages on website forum) is deemed to be an arranger of information distribution by means of internet (the “Internet Arranger”). The arrangers are required to notify Roskomnadzor of such activity, in accordance with a government regulation, once they received requests from Roskomnadzor to fulfill this notification requirement given their role as arrangers. All arrangers should be included in a special register maintained by Roskomnadzor. Although messaging is not the primary aim of our platform, we cannot exclude the possibility that Russian regulators may allege that we are subject to the regulations applicable to arrangers. The Law on Information also sets forth certain content moderation rules. This law provides for an obligation of online businesses to adopt a notice-and-take-down approach and delete (block) information which, under Russian law, is considered illicit immediately upon notice from the authorities.

The Yarovaya Law requires arrangers to store metadata (information confirming the fact of receipt, transmission, delivery and/or processing of text messages, pictures or other communications) and the contents of communications, including text messages, pictures or other communications for a certain period of time. In addition, the arrangers are required to supply, to investigatory and prosecutorial authorities, the information about the users and any other information “which is necessary for these authorities to achieve their statutory goals,” as well as any information and codes necessary to decode the information.

In addition, the Sovereign Internet Law provides, among other things, certain requirements for Internet Providers, entities holding an autonomous system number and the Internet Arrangers. Certain entities within the N1 Group were holding an autonomous system number, which we inherited as part of the N1 Acquisition. The Internet Providers and Internet Arrangers are required to install certain software and hardware to determine IP addresses, install Russian-origin equipment for countering certain cyber threats, take part in practical trainings arranged by the Russian authorities and provide necessary assistance to the Russian investigative authorities. Failure to comply with the obligations and the legal requirements applicable to the Internet Arrangers or the Internet Providers could result in administrative (such as administrative fines or blocking of access to the online platform from within the territory of Russia) and other types of liability established by Russian law.

Russia is also introducing various internet monitoring systems. For example, the register of foreign platforms that are prohibited from accepting payments in the territory of Russia has recently been introduced to prevent infringements. The regulations generally require a request from a governmental authority to take down allegedly infringing or illegal information prior to blocking a particular website. However, in some cases, access to such information can be blocked without notification or prior judicial scrutiny. If information of the above-mentioned types of information is posted on our platform and we fail to identify and delete it in a timely manner, our websites may be blocked and our business may be materially adversely affected.



### ***Antimonopoly Regulation***

The Competition Law vests the FAS as the antimonopoly regulator with wide powers and authorities to ensure competition in the market, including prior approval of mergers and acquisitions, monitoring the activities of market participants that occupy dominant positions, prosecution of any wrongful abuse of a dominant position and the prevention of cartels and other anti-competitive agreements or practices. The FAS may impose significant administrative fines on market participants that abuse their dominant position or otherwise restrict competition and is entitled to challenge contracts, agreements or transactions that are performed in violation of the Competition Law. Furthermore, for systematic violations, a court may order, pursuant to a suit filed by the FAS, a compulsory split up or spin off of the violating company, and no affiliation can be preserved between the new entities established as a result of such a mandatory reorganization. We understand that the FAS could, in the future, focus on the markets in which we are active and could identify dominant positions so that limitations and other requirements contained in the Competition Law would apply to their operations.

The Competition Law expressly provides for its extraterritorial application to transactions and actions that are performed outside of Russia but lead, or may have led, to the restriction of competition in Russia.

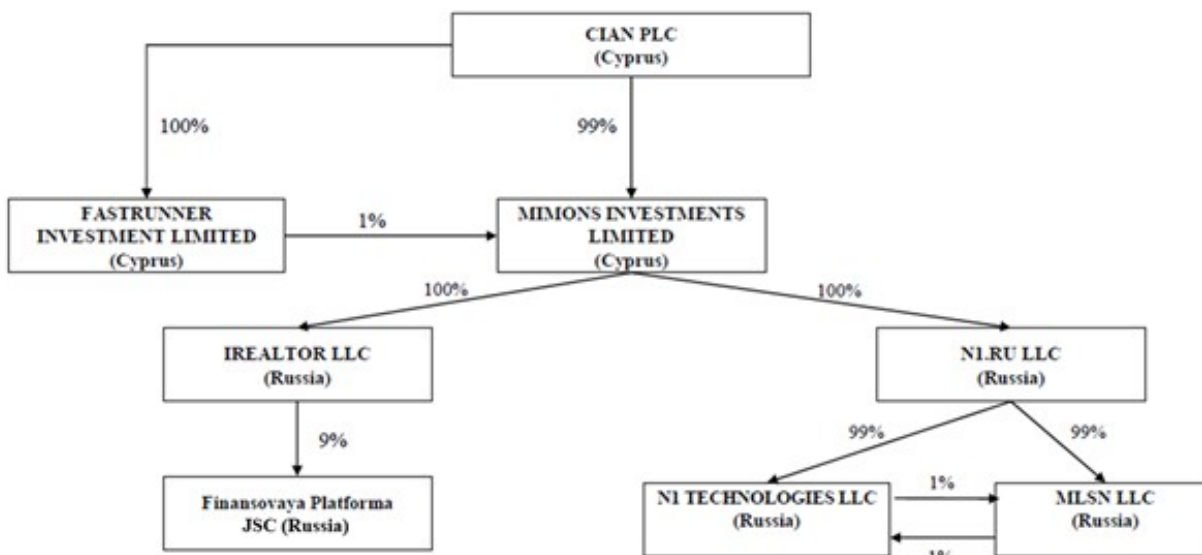
The Competition Law provides for mandatory pre approval by the FAS for mergers, acquisitions, company formations and certain other transactions involving companies that meet certain financial thresholds. Under the Competition Law, if an acquirer has acted in violation of the merger control rules and, for example, acquired shares without obtaining the prior approval of the FAS, the transaction may be invalidated by a court order, if the suit is initiated by the FAS, provided that such transaction has led or may lead to the restriction of competition, for example, by means of strengthening of a dominant position in the relevant market.

The Competition Law, as well as the Advertising Law, restricts unfair competition in terms of information flow such as: (i) dissemination of false, inaccurate, or distorted information that may inflict losses on an entity or cause damage to its business reputation; (ii) misrepresentation with respect to the nature, method, and place of manufacture, consumer characteristics, quality and quantity of a commodity or with respect to its producers; (iii) incorrect comparison of the products manufactured or sold by it with the products manufactured or sold by other entities; (iv) sale of commodities in violation of intellectual property rights, including trademarks and brands; or (v) illegal receipt, use, and disclosure of information constituting commercial, official or other secret protected by law.

More generally, Russian legislation provides for civil and administrative liability for the violation of antimonopoly legislation. It also provides for criminal liability of company managers for violations of certain provisions of antimonopoly legislation.

## C. Organizational Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries, as of the date of this Annual Report. The percentages indicated reflect both the proportion of ownership and the proportion of voting power held.



## D. Property, Plants and Equipment

The principal executive office is located at Elektrozavodskaya Ulitsa, 27, Building 8 Moscow, 107023, Russia. We have leased the certain premises at this property for a term of two years, which we further extended until June 30, 2024. Additionally, we lease office space in certain other cities in Russia, including St. Petersburg.

## 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 our consolidated financial statements and the related notes included elsewhere in this Annual Report. The following discussion is based on our financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board.*

*This discussion contains forward looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in “Item 3. Key Information—D. Risk Factors” of this Annual Report. See “Cautionary Note Regarding Forward Looking Statements.” Our actual results could differ materially from those contained in any forward-looking statements.*

## Overview

We are a leading online real estate classifieds platform in the large, underpenetrated and growing Russian real estate classifieds market, ranking among the top fifteen most popular online real estate classifieds globally, based on the February 2023 SimilarWeb traffic data. We believe that since our founding in 2001, we have become the most recognized and trusted real estate classifieds brand in the most populous Russian regions, and have expanded our business beyond online real estate classifieds listings to offer additional products and services, which turn real estate searches and transactions into a seamless, transparent and efficient experience. Our mission is to use technology and deep insights into the Russian real estate market to help people on the journey to their perfect new place to live or work.

We operate in the Russian real estate market, which, according to our estimation, represented approximately USD 200 billion in 2022 and currently has a high growth potential. Being at the forefront of this digitalization trend and, as we believe, being one of the major driving forces behind it, we see an extensive addressable market, which comprises real estate agents' commissions, developers' advertising budgets as well as adjacent markets, including mortgage advertising and digital services facilitating transactions.

Our networked real estate platform connects millions of our users, the real estate buyers and renters, to millions of high-quality real estate listings of all types — residential and commercial, primary and secondary, urban and suburban, for both sale and rent. By offering a unique combination of products, services and insights, we have become a premier destination for our users as well as tens of thousands of our customers, real estate agents, developers, private sellers, landlords and other partners. Our platform aims to provide an end-to-end experience for customers and users and helps them address multiple pain points on their journey to a successful real estate transaction. We strive for our platform to encompass all stages of such journey, from finding the right property and the right buyer or renter, to financing the purchase and ensuring transaction certainty, while allowing participants to transact with ease and efficiency. We derive revenue:

- In the Core Business segment, from listing fees in the secondary residential and commercial real estate verticals and lead generation fees in the primary residential real estate vertical, as well as fees for value-added services, such as auction and premium and highlighted listings, and other value-added services. In June 2020, we introduced a new subscription-based model for customers, which allows our customers to purchase a monthly subscription with us and combine a number of listings with value-added services, improving efficiency for them and stickiness and monetization for us. For more details, see “—Our Real Estate Platform—Core Classifieds Business—Products and Services We Offer to Customers—Subscription Model.” In 2022, the average share of listing revenue under the subscription model amounted to approximately 54% as compared to approximately 46% in 2021. We also charge fees for providing advertising tools through our platform for various parties, primarily real estate developers and banks, which we refer to as our display advertising revenue. In 2022, we derived 95% of our revenue from our Core Business segment (of which 49% from the secondary residential real estate vertical, 30% from the primary residential real estate vertical and 12% from the commercial real estate vertical).
- In our Mortgage Marketplace segment, from fees charged to our partner banks for distributing their mortgage products through our advanced platform for mortgage price comparison, mortgage pre-approval and origination.
- In our Valuation and Analytics segment, from fees charged to our customers and partners for providing access to our proprietary real estate market research, data analytics and market intelligence services, either through sales of individual reports or on a subscription basis.
- In our End-to-End Offerings segment, from fees charged to our customers and users for services that enable online execution of real estate transactions (including document checking, verification, execution and storage, registration and tax refunds), as well as revenues generated from our Home Swap service that provides an alternative way for users to finance a real estate purchase by facilitating simultaneous sales and purchases of properties. Also, this segment includes revenues from the Agent Finder, a service for matching real estate agents and users.

Users can search our property listings free of charge via our mobile applications and our mobile and desktop websites. They can also benefit from a broad scope of various innovative services that we offer, such as real estate valuation and access to a choice of real estate purchase financing options.

Our networked platform model and our trusted brand allow us, pursuant to Company data, to remain one of the leading online real estate classified platforms by share of leads to real estate agents and individual sellers and by number of listings in Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg, Novosibirsk and Omsk. In 2022, we had approximately 1.9 million listings available through our platform and an average UTM of approximately 17.9 million. In 2021, we had approximately 2.0 million listings available through our platform and an average UTM of approximately 20.5 million. We believe that the quantity and quality of our listings database, as well as our expanding end-to-end value proposition, attract an increasing number of buyers and renters, which results in more transactions conducted based on expressions of interest and inquiries generated through our platform (“leads”), which in turn attracts more real estate agents, developers and landlords posting more listings. We believe that this powerful network effect has allowed us to continuously solidify our position as a market leader in our core regions of Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg and Novosibirsk, and will allow us to continue strengthening and expanding our position in other regions.

Development of new products, services and features is an integral part of our business, and we have a long and successful track record of disrupting the online real estate classifieds market through innovation. This culture of innovation and over 20 years of relevant experience allowed us to move beyond the pure online real estate classifieds model and become a fully-fledged, networked real estate platform enabled by cutting-edge technology, which creates value for all real estate market participants. In our Core Business segment, we provide advanced features that make connecting customers and users through an extensive database of property listings more efficient, such as: for users, AI-powered property search and virtual 3D property tours; for real estate agents, Pro.Tools which are an advanced lead management toolkit offerings to boost productivity (including call tracking, duplicates and competition notifications, push notification for competition price decreases, detailed lead information and others); and enterprise features for real estate agencies (including integration tools and tools for the management of marketing costs, performance and employees). To deliver the end-to-end value proposition and make searching and transacting even easier and more seamless for all real estate market participants, we have also created, and are continuing to add, innovative services, such as Mortgage Marketplace, Agent Finder, Property Valuation, Online Transaction Services, Home Swap and others. We intend to continue staying at the forefront of innovation by developing new solutions that will help users to find their perfect properties to rent or buy and customers to sell or rent out their real estate in the most efficient way.

We are a technology-driven platform and are committed to delivering the most efficient and stress-free experience through the use of cutting-edge technology, especially in view of the rapid pace of technological changes in our industry, such as increasing use of mobile devices in the real estate market and proliferation of new technologies that improve user experience, such as machine learning. We believe that the mobile-first approach, in which we prioritize users’ reliance on the mobile applications and websites, not only makes finding a new home or office more convenient for users, but also increases retention, improves the efficiency and conversion rate of our marketing programs and accelerates the growth of our business. The share of mobile in our average UTM increased to approximately 75% in 2022 from approximately 72% in 2021 and approximately 68% in 2020 (in 2022 we introduced a new algorithm to identify fake accounts, thus, the figures for 2021 (previously: 78%) and 2020 (previously: 71%) have been retrospectively changed). Similarly, our share of mobile in leads to agents and individual sellers increased to approximately 72% in the 2022 from approximately 71% in 2021.

Our revenue was RUB 8,266 million, RUB 6,033 million and RUB 3,972 million in the years ended December 31, 2022, 2021 and 2020, respectively. In the year ended December 31, 2022, we recorded net profit of RUB 480 million, while in the years ended December 31, 2021 and 2020, we recorded net losses of RUB 2,857 million and RUB 627 million, respectively. The change from losses in the previous years to profit for the year ended December 31, 2022 was driven primarily by revenue growth and a decrease of employee-related expenses as there was no recognition of expense relating to our long-term pre-IPO incentive program awards (which were incurred in 2021 and was triggered by our initial public offering). Our Adjusted EBITDA was RUB 1,671 million, RUB 318 million and RUB 181 million for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022 and as of December 31, 2021 we had no debt outstanding, while as of December 31, 2020 the total indebtedness outstanding under the credit facilities was RUB 728 million. Throughout 2022 we launched monetization in a number of additional regions with the total number of monetized regions reaching 52 regions (including our core markets of Moscow, the Moscow region, Saint Petersburg and the Leningrad region) as of December 31, 2022. Despite the unfavorable market environment, we managed to significantly expand our business in 2022. We believe that we are well-positioned to successfully leverage our scale, expertise and experience to continue growing our business and achieve profitability margins enjoyed by our best-in-class international peers.

## Key Factors Affecting Our Results of Operations

Our results of operations in the periods presented were affected, and are expected to continue to be affected, by the following principal factors relating to our business and industry:

### *Macroeconomic Environment and the Real Estate Market in Russia*

Our business model is based on our position as one of the main digital platforms for real estate owners, buyers and tenants in Russia. Real estate platforms, such as ours, are a key part of the real estate search process in Russia, and our business and results of operations may be affected by the macroeconomic environment and the health of the Russian real estate market.

Overall, the Russian real estate classifieds market remains significantly underpenetrated compared to other developed markets, with penetration of the online real estate classifieds services of only 3.3% in 2020, which is approximately 5x, 4x and 3x times lower than that of the United States, the United Kingdom and Germany, respectively (according to the Frost & Sullivan Report). We believe that the monetization of our services is still in its early stages, and we have a strong potential for sustainable growth in the large Russian real estate market, subject to its health in light of the current geopolitical developments and their impact on the macroeconomic environment in Russia discussed in further detail below. We see a significant structural upside in monetization of the secondary residential and commercial real estate verticals, as supported both by the overall penetration of classifieds spend in real estate agents' commissions and by our current monetization levels. Furthermore, we believe that there is a strong monetization potential in the primary residential real estate vertical, which is driven among other things by a structural shift in the developers' advertising budgets from offline to online. We believe that we are well-positioned to capitalize on this structural trend because of our high brand awareness, our experience, the broad size of our user base and our value-added services, which contribute to the strength of our primary real estate business. Generally, we believe that the growing penetration of the online real estate classifieds services will have a positive impact on our revenue and business.

We operate only in Russia and as a result, our business and results of operations are heavily dependent on the economic conditions in Russia. On February 24, 2022, Russian military forces commenced a special military operation in Ukraine and the length, prolonged impact and outcome of this ongoing operation remains highly unpredictable. In response to the military operation in Ukraine, the United States, the United Kingdom, the European Union governments and other countries, have imposed unprecedented sanctions and export-control measures. The imposed sanctions have targeted large parts of the Russian's economy. See "*Item 3. Key Information—D. Risk Factors—Risks Related to the Military Conflict in Ukraine.*" Given the vast scope of the recent sanctions and other measures in response to the conflict in Ukraine, it is hard to predict their full impact on Russian economy or certain sectors thereof, but it is expected to be significant. The conditions and outlook for the Russian economy have already deteriorated significantly since the beginning of the military operation in Ukraine.

The conditions and outlook for the Russian economy deteriorated significantly since the beginning of the military conflict in Ukraine. Russia's GDP contracted by 2.1% in 2022, as compared to a 4.7% increase in 2021. The ruble to U.S. dollar exchange rate of the Central Bank of Russia (CBR) reached RUB 120.37 per U.S.\$1.00 as of March 11, 2022 as compared to RUB 74.29 per U.S.\$1.00 as of December 31, 2021, although as a result of capital control measures introduced by the Russian government and the CBR, as well as significant reductions in import volumes and low internal demand for U.S. dollars, the ruble subsequently strengthened against the U.S. dollar and currently remains close to its 2021 levels. In protest of the Russian government's actions, many U.S., European and other multi-national businesses, have indefinitely suspended their operations and paused all commercial activities in Russia. Further, demand for Russian exports in Western countries has fallen considerably throughout 2022. These developments have resulted in supply-chain disruptions, unavailability or scarcity of certain manufacturing materials, technological and medical goods, have significantly affecting commodity markets, leading to rapid price increases, and amplified the sharp rise in inflation growth. Annual inflation in Russia reached 11.9% in 2022 according to the Federal Service for State Statistics of the Russian Federation (Rosstat).

The uncertainty in the Russian real estate market resulting from the military conflict in Ukraine negatively affected demand. The decrease of demand in 2022 in the real estate market led to decrease of average UTMV by 13% compared to 2021.

Our revenue and results of operations may be affected in particular by Russian real estate market conditions, such as the supply of properties on the real estate market, driven, in part, by the pace of new construction, demand for properties on the real estate market including the availability of credit for real estate buyers as well as prevailing interest rates. In response to high inflation and a depreciating ruble, on February 28, 2022, the CBR increased its key interest rate from 9.5% to 20.0%, which was later gradually decreased to 7.5% in September 2022. As a result of the significant increase in the CBR's key interest rate as well as the overall decline in the Russian economy, the domestic financial and banking markets may experience periodic shortages of liquidity in the domestic money market and may result in banks cutting their exposure limits to both banks and various corporate sectors of the economy. In addition, both the corporate and retail banking sectors saw corresponding increases in lending rates and at the same time banks raised their deposit rates in an effort to obtain additional funding during a period of weakening liquidity. Consequently, funding costs have increased throughout the entire Russian financial system and have put substantial strain on Russian banks' ability to manage interest rate risks, raise financing and prudently allocate available liquidity. The resulting higher interest rates may also have a negative impact on the banking sector's profitability, as well as worsening Russian consumer and corporate creditworthiness. We expect the sharp rise in interest rates caused by the CBR's key interest rate hike to have a materially negative impact on the Russian mortgage market. Decreased availability of mortgage loans and high interest rates will directly impact the volume of mortgage deals on the market.

In particular, we expect that the uncertainty surrounding the development of mortgage loans and mortgage rates as well certain other factors will have a negative impact on real estate transactions in both the secondary and primary markets. In the secondary market buyers may be unable to finance purchases absent affordable mortgage loans and sellers are hesitant to proceed with transactions in the face of uncertain future price dynamics. A significant decline in overall real estate transactions may negatively affect our revenues generated from listing fees. Conversely, we believe that, at least in the short term, suspensions of real estate sale transactions has positively impacted listings for rental real estate, as erstwhile sellers choose to rent out their properties as an alternative to selling.

In the primary market, we believe that these same uncertainties in respect of mortgages affect both demand for primary properties as well as supply by the real estate developers. The currently available mortgage subsidy program, intended to support the construction sector of the economy by offering subsidized mortgages, that was instituted by the Russian government in April 2020 and further extended in 2022 had a strong positive effect on the primary residential real estate market in Russia. If the program is cancelled or further amended in an adverse manner, or if alternative government support measures are not instituted, the demand for primary real estate and mortgage financing may significantly decrease, which, in turn, may affect our revenue generated from the leads to real estate developers, as well as revenues and growth prospects of our Mortgage Marketplace segment. For further details, see *"Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business and results of operations may be affected by the cancellation of, or any changes to, the Russian mortgage subsidy program."* Additionally, we expect construction costs will increase at higher rates, which would add further pressure on new construction projects.

In the mortgage market, demand did not fully recover after the key interest rate hike in late February 2022 and was under pressure since the end of September 2022 after the announcement of the partial military mobilization in Russia. At the end of 2022, the government prolonged the mortgage subsidized program until June 2024 but increased the lowest interest rate from 7% to 8%. Until any additional governmental support measures are announced, we expect a standstill in new mortgage issuances, other than subsidized mortgages.

Furthermore, there are currently various other governmental support programs in the real estate market designed to help real estate development and mortgage uptake by, among others, families, those living in the Russian Far East, and rural communities. We believe that such programs have also impacted the Russian real estate market and its competitive dynamics. We believe that their cancellation, or any significant changes to such programs, could also have a material adverse effect on our business, results of operation, financial condition and prospects, specifically our revenue from lead generation services and the growth of our Mortgage Marketplace segment.

However, generally, if the Russian real estate market experiences a slowdown, property listings tend to stay on our platform longer and our customers may be more prone to use our value-added services to further promote their listings to users. If a listing stays on our platform longer, it correspondingly increases our revenue. As such, a slowdown in the real estate market may not have a directly negative impact on our results. Nevertheless, any significant downturn in the overall Russian economy could result in a reduction in disposable income and purchasing power of our users and customers which, consequently, could negatively impact their ability to continue to pay for the services we offer. Additionally, any significant decline in the supply of properties on the market, due to a general slowdown in the real estate market, a decline in the pace of new construction or otherwise, may result in fewer property listings and, consequently, decreased traffic on our platform and lower number of leads to real estate agents and leads to developers, which could negatively impact our results. For further details, see “*Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be significantly impacted by the health of the Russian real estate market and may be negatively affected by downturns in this industry and general economic conditions.*”

#### ***Market Position, Platform Traffic, Network Effects and Our Strategic Growth Objectives***

Pricing flexibility and the overall ability to monetize a platform in the digital real estate classifieds business largely depend on one’s market position and the value of the product and service offerings to all platform customers, users and other third parties. We generally define leading market positions as No. 1 or No. 2 positions in terms of market share of leads to real estate agents and individual sellers and number of platform listings. Market leaders in the digital real estate classifieds space often benefit from strong network effects, whereby the more quality content is added to the platform, the more attractive the platform becomes for users, which increases user traffic to the platform and, in turn, increases the number of leads generated for customers, which raises the platform’s relevance for customers, driving up the number of listings. For further details regarding our platform, including the definition of leads and their calculation principles, see “*Item 4. Information on the Company—B. Business Overview—Business Model.*”

With respect to platform traffic, our average UMV reached 17.9 million in 2022 compared to 20.5 million on 2021 and 16.5 million in 2020. Average UMV is one of the key metrics of our platform traffic and our user engagement. We believe that a stable growth in our average UMV plays a critical role in our overall platform development, including its network effects. A stable growth in our average UMV is also important for our ability to generate more leads to our customers and partners and to successfully scale our new initiatives and offerings, including as part of our Mortgage Marketplace, Valuation and Analytics and End-to-End Offerings segments. Our average UMVs in the future could be negatively impacted by adverse developments in the macroeconomic environment in Russia or the Russian real estate market. See “*—Macroeconomic Environment and the Real Estate Market in Russia.*”

Furthermore, we believe that pricing flexibility and monetization opportunities in the digital real estate classifieds business are significantly affected by the ability to achieve and maintain strong market positions. Specifically, we believe that, in general, leading market positions, in conjunction with attractive product and service offerings and positive user experience, enable higher operating leverage, allow for greater platform monetization opportunities and lead to higher operating margins. In addition, we also believe that our current leading market positions and the inherent network effects of our platform are essential drivers for our growth and expansion of our business in line with our strategic objectives.

We have leading market positions in most populous Russian regions, such as Moscow and the Moscow region, St. Petersburg and the Leningrad region, Ekaterinburg and Novosibirsk. However, we hold less prominent positions in certain other Russian regions. Our profitability and results depend greatly on our ability to maintain our leading market positions in key Russian regions and our ability to achieve and maintain strong market positions in certain other Russian regions.

Furthermore, our market positions and, therefore, profitability, results and the overall ability to grow and expand our business, have been, and are expected to continue to be, impacted by our competitive environment. For further details on our competition, see “*Item 4. Information on the Company—B. Business Overview—Competition.*” We compete mainly on the basis of platform traffic, which, in turn, is driven by (i) the number and quality of property listings, (ii) user experience and quality of services and (iii) breadth of existing offerings and development of additional product and service offerings for our customers and users. Any future market entrants or new initiatives by our existing competitors could affect our ability to compete successfully, increase or maintain our pricing levels, monetize our platform and generally grow our business. See “*Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The online classifieds market is highly competitive, and we may fail to compete effectively with existing and new industry players, which could have a material adverse effect on our business, results of operations, financial condition and prospects.*”



### ***Changes in Our Pricing Models, Monetization Strategy and Penetration of our Value-Added Services***

Our pricing models and monetization strategy can impact our results of operations, including our profitability. We focus our pricing model on selling listings to our professional real estate customers on a subscription basis, where fees are charged for a package of listings and services. However, we also plan to continue to offer our pay-per-listing model to allow our customers, particularly smaller real estate agencies and individual agents, greater flexibility and convenience. In 2022, the average share of listing revenue under the subscription model amounted to approximately 54% as compared to approximately 46% in 2021. For further details, see “*Item 4. Information on the Company—B. Business Overview—Products and Services We Offer to Customers.*” Our pricing models and monetization strategy could be negatively impacted by adverse developments in the macroeconomic environment in Russia or the Russian real estate market. See “—*Macroeconomic Environment and the Real Estate Market in Russia.*”

Furthermore, our results of operations are also affected by our customers’ use of our value-added services to boost listings. In the years ended December 31, 2022 and 2021, value-added services in both periods accounted for 46% of our listing revenue. We believe that the customers’ acceptance of our value-added services is primarily driven by our marketing and sales efforts, as well as by the overall market conditions. During periods of deteriorating economic activity, our customers may tend to optimize their marketing budgets and cut additional costs. We may therefore experience a decrease in demand for value-added services, which would negatively impact our revenues generally as well as the percentage of listing revenue represented by value-added services. See “—*Macroeconomic Environment and the Real Estate Market in Russia.*”

### ***The Impact of the COVID-19 Pandemic***

Since its outbreak in December 2019 to date, the COVID-19 pandemic has impacted our business operations and demand across all customer and user groups. Similarly to other countries, at several points in 2020 and again in 2021, Russian federal and local government authorities introduced measures aimed at preventing the further spread of COVID-19, including, among others, lockdowns, bans on public events, closures of public places, border controls, travel restrictions and widespread “work-from-home” measures.

In response to the COVID-19 pandemic, we introduced several measures to mitigate its effects on our business as well as customer and user base. Specifically, to support our customers in these unprecedented circumstances, from April 2020, we temporarily offered our listing services free of charge across all cities and regions, including Moscow, the Moscow region, St. Petersburg and the Leningrad region. The monetization of our listings in Moscow, the Moscow region, St. Petersburg and the Leningrad region was reinstated in July 2020, with certain discounts offered in the third quarter of 2020. Throughout 2021 and 2022, we reinstated monetization and expanded it to new regions in accordance with our monetization strategy and principles, with the total number of monetized regions reaching 52 regions (including our core markets of Moscow, the Moscow region, Saint Petersburg and the Leningrad region) as of December 31, 2022. For further information, see “—*Macroeconomic Environment and the Russian Property Market.*”

### ***Taxation***

The Russian Tax Code establishes reduced rates with respect to profits tax, VAT and social security contributions for companies which carry out IT activities, develop and sell own-developed computer programs and databases, and/or render services involving development, adaptation, modification and support of computer programs and databases. Furthermore, to support the Russian economy in response to recent geopolitical events and severe sanctions, the Russian government introduced new tax support measures for IT companies. These measures, among other things, include a zero percent corporate profit tax rate that will apply until December 31, 2024. At the same time, in March 2023, the Russian Ministry of Digital Development, Communication and Mass Media proposed to extend the zero profits tax rate for IT companies without any limit in time; however, as of the date of this Annual Report, this measure was not yet passed. In order to apply the reduced rates, a taxpayer should be officially accredited to perform IT activity, the share of its income related to these activities should comprise 90% of total income (70% starting from January 1, 2022), and the average headcount should be at least seven employees (though this condition is abolished as of January 1, 2022). Historically, N1 Technologies, a subsidiary in our Group, has applied such reduced rates.

## Segment Reporting

We identified our operating segments based on how our chief operating decision-maker (“CODM”), who are our Chief Executive Officer and our Board of Directors, manages the business, allocates resources, makes operating decisions and evaluates operating performance. We have identified the following reporting segments on this basis:

- Core Business, which comprises sales of our listings, lead generation solutions for real estate developers and value-added services as well as display advertising on our platform;
- In our Mortgage Marketplace segment, from fees charged to our partner banks for distributing their mortgage products through our advanced platform for mortgage price comparison, mortgage pre-approval and origination.
- In our Valuation and Analytics segment, from fees charged to our customers and partners for providing access to our proprietary real estate market research, data analytics and market intelligence services, either through sales of individual reports or on a subscription basis.
- In our End-to-End Offerings segment, from fees charged to our customers and users for services that enable online execution of real estate transactions (including document checking, verification, execution and storage, registration and tax refunds), as well as revenues generated from our Home Swap service that provides an alternative way for users to finance a real estate purchase by facilitating simultaneous sales and purchases of properties. Also, this segment includes revenues from the Agent Finder, a service for matching real estate agents and users.

Our users can search our property listings free of charge via our mobile applications and websites. They can also benefit from a broad scope of various innovative services that we offer, such as real estate valuation, and access to a choice of real estate financing options.

The financial reporting is based on a Group-wide organizational and management structure. For further details on these segments, see “Item 4. Information on the Company—B. Business Overview—Our Business Model.”

## Recent Accounting Pronouncements

Certain new accounting standards and interpretations have been issued by the IASB, but are not yet effective for the December 31, 2022 reporting period and have not been early adopted by us. These standards are not expected to have a material impact on us. For additional information, see Note 2.3 (New standards, interpretations and amendments) to our Consolidated Financial Statements.

## Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain financial risks in the ordinary course of our business. These risks primarily consist of market risk, which comprises interest rate risk and foreign currency risk, credit risk and liquidity risk. For further discussion and sensitivity analysis of these risks, see Note 20 (Financial Risk Management) to our Consolidated Financial Statements.

### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates is currently limited because our operating activities are mainly carried out in rubles.

As of December 31, 2022, 33% of the Group's cash and cash equivalents was denominated in U.S. dollars and less than 1% was denominated in euro. As of December 31, 2021 the U.S. dollar and euro exchange rates were 74.2926 rubles and 84.0695 rubles, respectively. Following the commencement of military operations in Ukraine by the Russian Federation in February 2022 and the resulting sanctions imposed by the United States of America, the European Union and the United Kingdom, among others, the ruble initially depreciated significantly against most other currencies. Following the subsequent decrease in imports and restrictions imposed by the CBR as a response to sanctions, the ruble strengthened against foreign currencies in the second and third quarter of 2022. However, in the fourth quarter of 2022, the ruble again deteriorated and as of December 31, 2022, the ruble to U.S. dollar and euro exchange rates were 70.3375 rubles and 75.6553 rubles, respectively, taking into account the limited convertibility of the ruble subsequent to February 24, 2022.

With all other variables held constant, the Group's profit before tax is affected through the impact of fluctuation in U.S. dollar and euro exchange rates, as follows:

	Change in U.S. dollar, euro exchange rates	Effect on profit before tax
<b>Year ended December 31, 2022</b>		
Cash and cash equivalents	+100%/-100%	1,389 / (1,389)
Trade and other payables	+100%/-100%	(90) / 90

### *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily trade receivables) and from our cash and cash equivalents held with banks.

### *Trade receivables*

We perform an impairment analysis at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome. Generally, accounts receivables are written-off if past due for more than three years.

The following table sets out information about the credit risk exposure on our trade receivables using a provision matrix:

	< 30 days	31-60 days	61-90 days	> 90 days	Total
<b>2022</b>					
Expected credit loss rate	0.6%	5.2%	5.5%	75.9%	
Total gross carrying amount	371	12	1	12	396
Expected credit loss	2	1	—	9	12

### *Cash and cash equivalents*

Our cash and cash equivalents were RUB 4,110 million and RUB 2,419 million as of December 31, 2022 and 2021, respectively.

As of December 31, 2022, the Group held 83% of its cash and cash equivalents with Russian banks (December 31, 2021: 22)% which are rated not less than A, based on Expert RA and AKRA ratings. The remaining cash and cash equivalents were held with a Cypriot bank having external credit rating of BB-, based on Standard & Poor's rating.

Following the commencement of military operations in Ukraine by the Russian Federation in February 2022 and the resulting sanctions imposed by the United States of America, the European Union and the United Kingdom, among others, the external credit ratings of Russian banks were initially reduced significantly and ultimately withdrawn entirely by international rating agencies, namely Standard & Poor's, Fitch and Moody's. In the absence of international ratings, the Group used ratings of the local rating agencies, namely Expert RA and AKRA, to assess expected credit losses related to cash and cash equivalents held in Russian banks as of December 31, 2022.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group recognized an impairment reversal of RUB 12 million for the year ended December 31, 2022 (year ended December 31, 2021: allowance of RUB 14 million).

### ***Liquidity risk***

Liquidity risk is the risk that we will not be able to settle all liabilities as they fall due. We manage our liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments:

	Within 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
<b>2022</b>					
Trade and other payables	364	—	—	—	364
Lease liabilities	46	30	—	—	76
<b>Total financial liabilities</b>	<b>410</b>	<b>30</b>	<b>—</b>	<b>—</b>	<b>440</b>

### **JOBS Act**

We are an emerging growth company, as defined in the JOBS Act. We intend to rely on certain reduced reporting and other requirements that are otherwise generally applicable to public companies. As an emerging growth company, we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, which would otherwise be required beginning with our second annual report on Form 20-F, and (ii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis).

### **A. Operating Results**

#### **Explanation of Key Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Certain individual line items of our consolidated statement of profit or loss and other comprehensive income:

#### ***Revenue***

We generate revenue primarily from our offerings of: (i) listings and value-added services for our customers (which we refer to as our listing revenue), (ii) lead generation solutions for real estate developers (which we refer to as our lead generation revenue), (iii) advertising tools for various parties, primarily real estate developers and banks (which we refer to as our display advertising revenue) and (iv) through our Mortgage Marketplace, Valuation and Analytics and End-to-End Offerings segments, new business lines and services for various parties, such as, for example, banks in the context of our Mortgage Marketplace services (which we refer to as our "other revenue").

Listing revenue, lead generation revenue and display advertising revenue primarily relate to the Core Business reporting segment, while other revenue primarily represents lines of business related to our Mortgage Marketplace, Valuation and Analytics and End-to-End Offerings segments.

*Listing revenue, lead generation revenue and display advertising revenue*

**Listing revenue.** Listing revenue represents revenue from offering online listings and related value-added services, such as different listing promotion options, to customers on our websites and mobile applications on a cost-per-time basis (both, under the pay-per-listing, listing package or subscription models). We receive payment prior to the public posting of online listings on our platform and delivery of value-added services. Customers can purchase either individual listings and value-added services, listing packages or subscriptions, which combine a number of listings and value-added services. The average time between receipt of payment from the customer and delivery of online listings is approximately 30 days.

For the year ended December 31, 2022, 46% of our listing revenue comprised revenue from value-added services.

Further, as part of our value proposition we offer our customers a loyalty program, which allows our customers who purchase listings with us to accumulate points that can be redeemed against future purchases on our platform. The loyalty points give rise to a separate performance obligation for us, as they provide a material right to acquire additional services at a discount for a customer, that the customer would not receive without entering into that contract. A portion of transaction price is allocated to the loyalty points awarded to customers based on a stand-alone selling price of points and recognized as deferred revenue (contract liability) in the consolidated statement of financial position. Deferred revenue is recognized as revenue when loyalty points are redeemed, expire or the likelihood of the customer redeeming the points becomes remote. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points.

**Lead generation revenue.** Lead generation revenue represents fees that we charge real estate developers for our establishment and referral of contacts (or leads) based on the number of qualifying calls (validated user connections) received from primary real-estate listing posted primarily through our platform (as part of the “Core Business” segment) or through our partner bank’s site (as part of the “Mortgage Marketplace” segment), i.e., when a user is reviewing a mortgage on our partner bank’s site, this user can access our full database of primary real-estate listings and will be presented with an option to contact a particular developer. We receive payment after the delivery of verification of the number of validated connections. Payment is generally due within 20 to 30 days from our provision of these services. For further details, see “Item 4. Information on the Company—B. Business Overview— Our Business Model.”

**Display advertising revenue.** Display advertising revenue represents fees third parties pay us: (i) when they choose to place advertisements in particular areas of our websites and mobile applications as well as (ii) for certain miscellaneous special projects related to marketing. Advertising revenue is recognized over time based on the upfront monthly fees agreed to in media plans (which include a target for views or clicks during the period of advertisement). Payment is generally due within 20 to 30 days from providing advertising services.

*Other Revenue*

Other revenue primarily consists of fees and earnings from our new business initiatives and new models of monetization of our website and mobile application traffic and content database (including lines of business related to our Mortgage Marketplace, Valuation and Analytics and End-to-End Offerings segments).

Other revenue in Mortgage Marketplace comprises commission fees charged to banks for distributing their mortgage products to our users. Upon sale, we charge the banks a fixed rate commission fee based on the mortgage amount. Our performance obligation with respect to these transactions is to arrange the transaction through our platform. The service is considered to be provided and the Mortgage Marketplace commission is recognized on a net basis at the time of signing of the mortgage agreement between the bank and the individual user. Payment is generally due within 20 to 30 days from providing these services. If an individual user decides not to sign the mortgage agreement immediately following the receipt of the mortgage approval, but the signing of the mortgage agreement nevertheless occurs within six months of the user’s procuring an approval on our platform, our service will be recognized and fees will be collected.

Other revenue in Valuation and Analytics represents fees for providing access to our database of real estate content, either in the form of individual reports or on a subscription basis. Cash collected from sales of subscriptions is initially recorded as deferred revenue in the consolidated statement of financial position and subsequently recognized as revenue over the subscription period. Revenue from sales of individual reports is recognized at the time of delivery of the report to the customer. Payment is generally due within 20 to 30 days from providing an individual report or on a prepayment basis in case of subscription.

Other revenue in End-to-End Offerings primarily comprises Home Swap services revenue, which is derived from resale of properties. Revenue is recognized at the time of the closing of the property sale when title to and possession of the property are transferred to the buyer. The amount of revenue for each property sale is recognized on a gross basis, equal to the full sales price of the property, and does not reflect real estate agent commissions, closing or other costs associated with the transaction. Other revenue in End-to-End Offerings also includes revenues derived from fees charged to customers and users for services that enable online execution of real estate transactions, which are recognized on a net basis.

***Operating expenses***

Our operating expenses consist primarily of: (i) advertising and marketing expenses, (ii) employee-related expenses, (iii) IT expenses (including hosting and technical support expenses and telecommunication services), (iv) depreciation and amortization expenses, and (v) other operating expenses, including office maintenance expenses and other general corporate expenses.

***Finance income***

Finance income comprises income from short-term deposits.

***Finance costs***

Finance costs comprise interest and similar expenses related to the Facility Agreement and lease liabilities. For further details, see “—Credit Facilities.”

***Foreign currency exchange gain / (loss), net***

In 2022, foreign currency exchange loss, net of RUB 108 million was derived from cash and cash equivalents denominated in foreign currency, including the cash balances of our Cypriot companies.

In 2021, foreign currency exchange gain, net of RUB 53 million was derived from cash and cash equivalents denominated in foreign currency, including the cash balances of our Cypriot companies and a one-off effect of a convertible loan received from the Investors under the Investment Agreement in connection with the N1 Acquisition financing. The convertible loan was settled by issuance of 281 ordinary shares (5,566,900 ordinary shares after the share split) in favor of the Investors.

***Other income***

Other income comprises income from the depositary for our ADS program. In connection with the IPO, we are entitled to receive consideration from the depositary based on the number of issued ADSs. We have recorded this consideration as deferred income in the consolidated statement of financial position, as we are obliged to return the unearned portion of the consideration in case of termination of the ADS program before the expiration of the five-year contract term. Income is recognized on a straight-line basis over a five-year contractual term and presented as other income in the consolidated statement of income or loss and other comprehensive income.

***Income tax benefit / (expense)***

Income tax benefit comprises the taxes levied on taxable income in individual countries, including Russia and Cyprus, as well as changes in deferred tax assets and liabilities that are recognized in profit or loss.

## Results of Operations

The following table sets forth our results of operations for the periods indicated (in RUB million, except share and per share data):

	Year Ended December 31,		
	2022	2021	2020
<b>Revenue</b>	<b>8,266</b>	<b>6,033</b>	<b>3,972</b>
Operating expenses			
Marketing expenses	(2,360)	(2,253)	(1,697)
Employee-related expenses	(3,759)	(5,062)	(2,208)
IT expenses	(549)	(527)	(264)
Depreciation and amortization	(269)	(279)	(200)
Other operating expenses	(584)	(726)	(180)
<b>Total operating expenses</b>	<b>(7,521)</b>	<b>(8,847)</b>	<b>(4,549)</b>
<b>Operating profit / (loss)</b>	<b>745</b>	<b>(2,814)</b>	<b>(577)</b>
Finance costs	(23)	(61)	(72)
Finance income	108	19	11
Foreign currency exchange gain / (loss), net	(108)	53	(1)
Other income	45	6	—
<b>Profit / (loss) before income tax</b>	<b>767</b>	<b>(2,797)</b>	<b>(639)</b>
Income tax (expense) / benefit	(287)	(60)	12
<b>Profit / (loss) for the year</b>	<b>480</b>	<b>(2,857)</b>	<b>(627)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>480</b>	<b>(2,857)</b>	<b>(627)</b>
<b>Profit / (loss) per share, in RUB</b>			
Basic profit / (loss) per share attributable to ordinary equity holders of the parent	6.86	(43.89)	(10.55)
Diluted profit / (loss) per share attributable to ordinary equity holders of the parent	6.72	(43.89)	(10.55)

### Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

#### Revenue

Our revenue increased by 37% to RUB 8,266 million for the year ended December 31, 2022 from RUB 6,033 million for the year ended December 31, 2021. The increase was driven by growth in core business revenue, primarily in lead generation and listing revenue.

The following table sets forth a breakdown of our revenue for the periods indicated:

	Year Ended December 31,	
	2022	2021
	(in RUB million)	
Listing revenue	4,812	3,699
Lead generation revenue	2,368	1,332
Display advertising revenue	650	601
Other revenue	436	401
<b>Total revenue</b>	<b>8,266</b>	<b>6,033</b>

#### Listing revenue

Our listing revenue increased by 30% to RUB 4,812 million in 2022 from RUB 3,699 million in 2021. This increase was primarily driven by the expansion of monetization to new regions and listing services price increases.



In 2022, we had approximately 1.9 million listings on our platform, compared to approximately 2.0 million in 2021. In 2022, we had an average of approximately 136.1 thousand paying accounts with an average revenue per paying account of RUB 2,936. In 2021, we had approximately 111.8 thousand paying accounts with an average revenue per paying account of RUB 2,759. In 2022, we changed the approach to calculating average revenue per paying account from daily average to monthly average, thus, the number for 2021 (RUB 746) has been retrospectively changed.

#### *Lead generation revenue*

Our lead generation revenue increased by 78% to RUB 2,368 million in 2022 from RUB 1,332 million in 2021. We believe that this was primarily driven by higher average revenue per lead to developers.

The following table presents the number of leads generated for our real estate developer customers and the average revenue per lead for the periods indicated:

	2022	2021
Leads to developers <sup>(1)</sup> (in thousands)	223.7	229.2
Average revenue per lead to developers <sup>(2)</sup> (in thousands RUB)	10.5	5.8

(1) The number of paid target calls, lasting 30 seconds or longer, made by home searchers through our platform to real estate developers during a particular period of time.

(2) Calculated as lead generation revenue in relation to the number of leads (for developers) during the period.

Increase in the average revenue per lead to developers resulted from price increases in December 2021, March 2022 and September 2022. Since March 2022, there was increased demand from buyers attempting to invest their savings in property and utilize mortgages that were approved prior to the key rate increase. Also, due to the disconnection of international players from the Russian online advertising market, the developers redistributed their advertising budgets to other channels, including classifieds.

#### *Display advertising revenue*

Our display advertising revenue increased by 8% to RUB 650 million in 2022 from RUB 601 million in 2021. This increase was driven primarily by the redistribution of developers' advertising budgets, an increase in tariffs in June 2022 in Moscow and the Moscow region and St. Petersburg and the Leningrad region, as well as by the increased efficiency of traffic sales.

#### *Other revenue*

Our other revenue increased by 9% to RUB 436 million in 2022 from RUB 401 million in 2021. This increase was primarily driven by growth of the End-to-End Offerings segment (Home Swap revenue).

#### **Total operating expenses**

Total operating expenses decreased by 15% to RUB 7,521 million in the year ended December 31, 2022 from RUB 8,847 million in the year ended December 31, 2021, primarily driven by a decrease in employee-related and other operating expenses.

#### *Marketing expenses*

Marketing expenses increased to RUB 2,360 million in the year ended December 31, 2022 from RUB 2,253 million in the year ended December 31, 2021. This increase was primarily driven by business growth.

The following table sets forth a breakdown of our marketing expenses for the periods indicated:

	Year Ended December 31,	
	2022	2021
	(in RUB million)	
Online marketing	(1,079)	(1,631)
Offline marketing	(1,221)	(556)
Other marketing expenses	(60)	(66)
<b>Total marketing expenses</b>	<b>(2,360)</b>	<b>(2,253)</b>

#### *Employee-related expenses*

Employee-related expenses decreased by 26% to RUB 3,759 million in the year ended December 31, 2022 from RUB 5,062 million in the year ended December 31, 2021 due to the decrease of share-based payment expense. Wages, salaries and related taxes and other employee-related expenses were a total of RUB 2,986 million for the year ended December 31, 2022 compared to RUB 2,394 million for the year ended December 31, 2021. This increase was primarily due to headcount growth and salary growth in line with the market level.

Our employee personnel headcount increased by 2% to 812 in 2022 from 796 in 2021. In addition, we also engage independent contractors for certain services, including for IT development services, customer services, moderating services and others. We had a total of 319 independent contractors as of December 31, 2022 and 338 independent contractors as of December 31, 2021.

The following table sets forth a breakdown of our employee-related expenses for the periods indicated:

	Year Ended December 31,	
	2022	2021
	(in RUB million)	
Wages, salaries and related taxes	(2,986)	(2,394)
Share-based payment expense	(657)	(2,549)
Other employee-related expenses	(116)	(119)
<b>Total employee-related expenses</b>	<b>(3,759)</b>	<b>(5,062)</b>

#### *IT expenses*

IT expenses slightly increased by 4% to RUB 549 million in 2022 from RUB 527 million in 2021. This increase was primarily driven by an additional rollout of cloud hosting and growth of hosting tariffs.

#### *Depreciation and amortization*

Our depreciation and amortization decreased by 4% to RUB 269 million in 2022 from RUB 279 million in 2021.

#### *Other operating expenses*

Other operating expenses decreased by 20% to RUB 584 million in 2022 from RUB 726 million in 2021, mainly due to the nonrecurrence of IPO expenses in 2022.

#### *Operating profit*

As a result of the foregoing, we had an operating profit of RUB 745 million in 2022, compared to an operating loss of RUB 2,814 million in 2021. This change from loss to profit was primarily driven by an increase in revenue combined with a decrease in our total operating expenses.

*Finance income and finance costs*

Finance income increased by 468% to RUB 108 million for the year ended December 31, 2022 from RUB 19 million for the year ended December 31, 2021. This increase was primarily due to an increase in free cash available for placement in the bank deposits and the corresponding increase in interest income generated therefrom.

Finance costs decreased by 62% to RUB 23 million for the year ended December 31, 2022 from RUB 61 million for the year ended December 31, 2021, primarily due to the repayment in full of loans under the Facility Agreement in 2021 and the corresponding decrease in related finance costs in 2022.

*Foreign currency exchange gain / (loss), net*

Foreign currency exchange loss, net, amounted to RUB 108 million for the year ended December 31, 2022 in comparison to a gain of RUB 53 million for the year ended December 31, 2021 as a result of the strengthening of the ruble against the U.S. dollar.

*Profit / (loss) before income tax*

Profit before income tax amounted to RUB 767 million for the year ended December 31, 2022 in comparison to loss of RUB 2,797 million for the year ended December 31, 2021, for the reasons outlined above with respect to the various line items comprising loss before income tax.

*Income tax expense*

Our income tax expense increased to RUB 287 million for the year ended December 31, 2022 from RUB 60 million for the year ended December 31, 2021. This increase was primarily driven by an increase of taxable profit due to growth in taxable revenue.

*Total comprehensive income for the year*

Our total comprehensive income for the year amounted to RUB 480 million for the year ended December 31, 2022 from a loss of RUB 2,857 million for the year ended December 31, 2021, for the reasons outlined above with respect to the various line items comprising total comprehensive loss for the year.

***Year Ended December 31, 2021 Compared with Year Ended December 31, 2020***

A comparison of our results of operations for the years ended December 31, 2021 and 2020 has been omitted from this Annual Report, but may be found under the heading “Item 5. Operating and Financial Review and Prospects” of the Form F-20 filed with the SEC on May 2, 2022.

**Non-IFRS Measures**

To provide investors with additional information regarding our results of operations, we have disclosed here and elsewhere in this Annual Report certain non-IFRS financial measures: Adjusted EBITDA, Core Business Adjusted EBITDA for Moscow and the Moscow region, Core Business Adjusted EBITDA for Other regions, Adjusted EBITDA Margin, Core Business Adjusted EBITDA Margin for Moscow and the Moscow region and Core Business Adjusted EBITDA Margin for Other regions.

The non-IFRS financial measures presented herein should not be considered in isolation or as an alternative or a substitute to profit / loss for the period, which is the most directly comparable IFRS measure, or any other measure of financial performance calculated and presented in accordance with IFRS. Adjusted EBITDA, Core Business Adjusted EBITDA for Moscow and the Moscow region, Core Business Adjusted EBITDA for Other regions, Adjusted EBITDA Margin, Core Business Adjusted EBITDA Margin for Moscow and the Moscow region and Core Business Adjusted EBITDA Margin for Other regions have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they exclude depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated may have to be replaced in the future, increasing our cash requirements;
- they do not reflect foreign currency exchange loss (gain), which reduces (increases) cash available to us;

- they do not reflect income tax payments that reduce cash available to us;
- they do not reflect share-based compensation expenses and, therefore, does not include all of our employee-related expenses; and
- other companies, including companies in our industry, may calculate those measures differently, which reduces their usefulness as comparative measures.

	Year Ended December 31,		
	2022	2021	2020
	(RUB in million, unless stated otherwise)		
Core Business Adjusted EBITDA:			
Core Business Adjusted EBITDA for Moscow and the Moscow region <sup>(1)</sup>	3,623	2,397	1,765
Core Business Adjusted EBITDA for Other regions <sup>(1)</sup>	(1,254)	(1,174)	(1,106)
Core Business Adjusted EBITDA <sup>(2)</sup>	2,369	1,223	659
Mortgage Marketplace Adjusted EBITDA <sup>(2)</sup>	(155)	(475)	(246)
Valuation and Analytics Adjusted EBITDA <sup>(2)</sup>	(59)	(69)	(112)
C2C Rental Adjusted EBITDA <sup>(2)</sup>	(5)	(143)	(120)
End-to-End Offerings Adjusted EBITDA <sup>(2)</sup>	(479)	(218)	—
Adjusted EBITDA <sup>(3)</sup>	1,671	318	181
Adjusted EBITDA Margin <sup>(4)</sup>	20.2 %	5.3 %	4.6 %
Core Business Adjusted EBITDA Margin <sup>(4)</sup>	30.2 %	21.7 %	17.2 %
Core Business Adjusted EBITDA Margin for Moscow and the Moscow region <sup>(4)</sup>	62.2 %	58.4 %	58.8 %
Core Business Adjusted EBITDA Margin for Other regions <sup>(4)</sup>	(62.0)%	(76.4)%	(134.5)%

- (1) For the purpose of calculating Core Business Adjusted EBITDA for Moscow and the Moscow region and Core Business Adjusted EBITDA for Other regions: (i) revenues are attributed to the relevant region based primarily on the location of the relevant property listed; and (ii) costs are directly attributed to the relevant region with respect to which they were incurred, when possible. Due to the integrated structure of our business, certain costs may benefit all our regions. These costs primarily include certain headcount-related expenses, certain marketing and advertising costs, product development, IT expenses (including hosting and technical support expenses and telecommunication services), office maintenance expenses and other general corporate expenses, such as finance, accounting, legal, human resources, recruiting and facilities costs. These costs are allocated to Moscow and the Moscow region and Other regions based on the estimated benefit each region receives from such expenses, using specific allocation drivers representing this benefit.
- (2) Core Business Adjusted EBITDA, Mortgage Marketplace Adjusted EBITDA, Valuation and Analytics Adjusted EBITDA, C2C Rental Adjusted EBITDA and End-to-End Offerings Adjusted EBITDA presented in the table above are our segment measures of profit or loss of which Adjusted EBITDA, a non-IFRS financial measure, is comprised. For further details on our segmentation, see Note 5 (Segment Information) to our consolidated financial statements for the years ended December 31, 2022, 2021 and December 31, 2020.
- (3) We define Adjusted EBITDA as profit / (loss) for the period adjusted to exclude income tax (benefit) / expense, finance costs, finance income, foreign currency exchange loss / (gain), net, depreciation and amortization, share-based payments under equity-based incentive program consisting of restricted stock units and phantom share options, IPO-related costs and income from the depository.

Adjusted EBITDA is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We present Adjusted EBITDA in this Annual Report because it is an alternative measure used by the chief operating decision-maker (“CODM”) of the Group, who are the Board of Directors and the Chief Executive Officer, to evaluate the operating performance for the Group. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results.

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The following is a reconciliation of our Adjusted EBITDA to our profit / loss for the period, the most directly comparable IFRS financial measure, for each of the periods indicated:

	Year Ended December 31,		
	2022	2021 (RUB in million)	2020
<b>Profit / (loss) for the period</b>	<b>480</b>	<b>(2,857)</b>	<b>(627)</b>
Income tax expense / (benefit)	287	60	(12)
Foreign currency exchange (gain) / loss, net	108	(53)	1
Finance (income) / expenses, net <sup>(i)</sup>	(85)	42	61
IPO-related costs <sup>(ii)</sup>	—	304	—
Income from depositary <sup>(iii)</sup>	(45)	(6)	—
Depreciation and amortization	269	279	200
Share-based payments <sup>(iv)</sup>	657	2,549	558
<b>Adjusted EBITDA</b>	<b>1,671</b>	<b>318</b>	<b>181</b>

- (i) Comprises finance costs and finance income for the respective periods.
- (ii) Non-recurring items, such as IPO-related costs, are evaluated for adjustment as and when they occur.
- (iii) Non-operating items, such as income from depositary are evaluated for adjustment as and when they occur.
- (iv) For the purposes of CODM's assessment of operating performance, the fair value adjustments related to re-measurement of share-based payments liability are not analyzed.
- (4) We define Adjusted EBITDA Margin, Core Business Adjusted EBITDA Margin, Core Business Adjusted EBITDA Margin for Moscow and the Moscow region and Core Business Adjusted EBITDA Margin for Other regions as Adjusted EBITDA, Core Business Adjusted EBITDA and Core Business Adjusted EBITDA for Moscow and the Moscow region and Core Business Adjusted EBITDA for Other regions divided by revenue, Core Business revenue, Core Business revenue for Moscow and the Moscow region, and Core Business Adjusted EBITDA for Other regions, respectively.

## Key Indicators of Operating and Financial Performance

In addition to operational and financial measures determined in accordance with IFRS, we make use of the following performance indicators and other business metrics in evaluating our past results and future prospects.

	Year Ended December 31,		
	2022	2021*	2020
Average UMV <sup>(1)</sup> (in millions)	17.9	20.5	16.5
Listings <sup>(2)</sup> (in millions)	1.9	2.0	2.1
<i>Thereof: Moscow and the Moscow region</i>	0.4	0.3	0.4
<i>Thereof: Other regions</i>	1.5	1.7	1.8
Average daily revenue per listing <sup>(3)</sup> (in RUB)	7.0	5.1	3.0
<i>Thereof: Moscow and the Moscow region</i>	26.1	22.7	13.7
<i>Thereof: Other regions</i>	2.6	1.9	0.8
Leads to agents and individual sellers <sup>(4)</sup> (in millions)	6.5	9.3	8.0
Paying accounts <sup>(5)</sup> (in thousands)	136.1	111.8	88.6
<i>Thereof: Moscow and the Moscow region</i>	61.1	56.2	54.9
<i>Thereof: Other regions</i>	78.7	51.9	36.2
Average revenue per paying account <sup>(6)</sup> (in RUB)	2,936	2,759	2,241
<i>Thereof: Moscow and the Moscow region</i>	4,550	3,753	2,792
<i>Thereof: Other regions</i>	1,709	1,879	1,250
Leads to developers <sup>(7)</sup> (in thousands)	223.7	229.2	244.8
Average revenue per lead to developers <sup>(8)</sup> (in RUB)	10,535	5,799	4,046

\* Data as of and for the year ended December 31, 2021 includes the N1 Group from the date of the N1 Acquisition, unless stated otherwise.

- (1) The average number of users and customers visiting our platform (websites and mobile applications) per month in a particular period, excluding bots. Average UMV for a particular period is calculated by aggregating the UMV for each month within such period and dividing by the number of months. For 2020 and 2019, Average UMV is calculated based on Google Analytical data; for 2021 and 2022, Average UMV is calculated as a sum of Average UMV for the Cian, excluding the N1 Group, based on Google Analytics data and Average UMV for the N1 Group based on Yandex.Metrica data.

We calculate UMV using cookies and count the first time a computer or mobile device with a unique IP address accesses our platform during a month. If an individual accesses our platform using different IP addresses within a given month, the first access by each such IP address is counted as a separate unique visitor.

In 2022 we introduced a new algorithm to identify fake accounts, thus, the figures for 2021 have been retrospectively changed.

- (2) The daily average number of real estate listings posted on our platform by agents and individual sellers for a particular period.
- (3) Calculated as listing revenue divided (i) by the total number of listings for the corresponding period and (ii) by the number of days during the period.
- (4) The number of times our users clicked to “show” a customer’s phone number on our platform or sent chat messages to agents or property sellers through our platform in a month, calculated as a monthly average for a particular period.
- (5) The number of registered accounts, which were debited at least once during a month for placing a paid listing on our platform or purchasing any value-added services, calculated as a monthly average for a particular period.

We calculate the number of paying accounts to include both individual accounts and master accounts, but excluding subordinated accounts, which can be created under one master account by the real estate agencies for their individual agents as part of our virtual agency offering. For further descriptions of individual accounts, master accounts and subordinated accounts, see “*Business—Core Classifieds Business—Products and Services We Offer to Customers.*”

- (6) Calculated as listing revenue in the secondary residential and commercial real estate verticals divided (i) by the number of paying accounts for the corresponding period and (ii) by the number of months during the period.

In 2022, we changed the approach to calculating average revenue per paying account from daily average to monthly average, thus, the numbers for 2021 and 2020 have been retrospectively changed.

- (7) The number of paid target calls, lasting 30 seconds or longer, made through our platform by home searchers to real estate developers, for a particular period.
- (8) Calculated as lead generation revenue for a period divided by the number of leads (to developers) during such period. Due to rounding, numbers may vary slightly from the numbers presented in our consolidated financial statements included elsewhere in this Annual Report.

All key performance indicators contained in this Annual Report, as of and for the periods prior to 2021, exclude the N1 Group data, unless stated otherwise.

## Selected Segment Information

Our reporting segments comprise Core Business, Mortgage Marketplace, Valuation and Analytics, C2C Rental (discontinued in 2021) and End-to-End Offerings, and they are presented in a manner consistent with the internal reporting provided to the CODM.

The following tables set forth our revenue and Adjusted EBITDA breakdown per segment for the periods indicated.

	Year Ended December 31, 2022					Total
	Core Business	Mortgage Marketplace	Valuation and Analytics (in RUB millions)	C2C Rental	End-to-End Offering <sup>(1)</sup>	
<b>Revenue</b>						
Listing revenue	4,805	7	—	—	—	4,812
Lead generation revenue	2,356	12	—	—	—	2,368
Display advertising revenue	646	4	—	—	—	650
Other revenue	43	206	54	—	133	436
<b>Total revenue.</b>	<b>7,850</b>	<b>229</b>	<b>54</b>	<b>—</b>	<b>133<sup>(2)</sup></b>	<b>8,266</b>
<b>Adjusted EBITDA</b>	<b>2,369</b>	<b>(155)</b>	<b>(59)</b>	<b>(5)</b>	<b>(479)</b>	<b>1,671</b>

- (1) We commenced our operations as part of the End-to-End Offerings segment in the first half of 2021.
- (2) Total revenue comprised (i) net revenues of RUB 23 million derived from fees charged to our customers and users for services that enable online execution of real estate transactions and (ii) gross revenues of RUB 110 million derived from our Home Swap service reflecting the full sales price of the properties sold, before deduction of the purchase cost of properties sold amounting to RUB 100 million.

	Year Ended December 31, 2021					Total
	Core Business	Mortgage Marketplace	Valuation and Analytics (in RUB millions)	C2C Rental	End-to-End Offering <sup>(1)</sup>	
<b>Revenue</b>						
Listing revenue	3,699	—	—	—	—	3,699
Lead generation revenue	1,329	3	—	—	—	1,332
Display advertising revenue	596	5	—	—	—	601
Other revenue	17	287	45	3	49	401
<b>Total revenue.</b>	<b>5,641</b>	<b>295</b>	<b>45</b>	<b>3</b>	<b>49 <sup>(2)</sup></b>	<b>6,033</b>
<b>Adjusted EBITDA</b>	<b>1,223</b>	<b>(475)</b>	<b>(69)</b>	<b>(143)</b>	<b>(218)</b>	<b>318</b>

(1) We commenced our operations as part of the End-to-End Offerings segment in the first half of 2021.

(2) Total revenue comprised (i) net revenues of RUB 13 million derived from fees charged to our customers and users for services that enable online execution of real estate transactions and (ii) gross revenues of RUB 36 million derived from our Home Swap service reflecting the full sales price of the properties sold, before deduction of the purchase cost of properties sold amounting to RUB 33 million.

	Year Ended December 31, 2020					Total
	Core Business	Mortgage Marketplace	Valuation and Analytics (in RUB millions)	C2C Rental	End-to-End Offering <sup>(1)</sup>	
<b>Revenue</b>						
Listing revenue	2,383	—	—	—	—	2,383
Lead generation revenue	991	3	—	—	—	994
Display advertising revenue	439	17	—	—	—	456
Other revenue	9	90	39	1	—	139
<b>Total revenue.</b>	<b>3,822</b>	<b>110</b>	<b>39</b>	<b>1</b>	<b>—</b>	<b>3,972</b>
<b>Adjusted EBITDA</b>	<b>659</b>	<b>(246)</b>	<b>(112)</b>	<b>(120)</b>	<b>—</b>	<b>181</b>

(1) We commenced our operations as part of the End-to-End Offerings segment in the first half of 2021.

The following table sets forth our Core Business revenue by region.

	Year Ended December 31,		
	2022	2021 (RUB in million)	2020
Core Business revenue: Moscow and the Moscow region	5,829	4,104	3,000
Core Business revenue: Other regions	2,021	1,537	822
<b>Core Business revenue</b>	<b>7,850</b>	<b>5,641</b>	<b>3,822</b>

#### *Year Ended December 31, 2022 Compared with Year Ended December 31, 2021*

Our Core Business Adjusted EBITDA increased to RUB 2,369 million in 2022 from a RUB 1,223 million in 2021. This increase was driven primarily by revenue growth of the Core Business segment, including the growth in listing, lead generation and display advertising revenue that outpaced the growth of Core Business operating expenses.

Mortgage Marketplace Adjusted EBITDA was negative RUB 155 million in the year ended December 31, 2022 compared to negative RUB 475 million in the year ended December 31, 2021. The dynamic was primarily driven by a decrease of operating expenses, outpacing the decrease in revenue in this segment.

Our Valuation and Analytics Adjusted EBITDA increased to a negative RUB 59 million in 2022 from a negative RUB 69 million in 2021, which was primarily driven by revenue growth underpinned by streamlining of employee-related expenses.



## Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

A comparison of our results of operations for the years ended December 31, 2021 and 2020 has been omitted from this Annual Report, but may be found under the heading “Item 5. Operating and Financial Review and Prospects” of the Form F-20 filed with the SEC on May 2, 2022.

### B. Liquidity and Capital Resources

#### Liquidity and Capital Resources

Our principal needs for liquidity are operating expenses, capital expenditures and acquisitions. Our long-term capital needs generally result from our need to fund our growth strategy. Our ability to generate cash from our operations depends on future operating performance, which is dependent to some extent on general economic, financial, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in “Item 3. Key Information—D. Risk Factors.”

Our cash and cash equivalents were RUB 4,110 million, RUB 2,419 million and RUB 449 million as of December 31, 2022, 2021 and 2020, respectively. Our cash and cash equivalents primarily consist of cash in the bank and on hand and short-term deposits. Short-term deposits are made for varying periods of between one day and three months, depending on our immediate cash requirements, and earn interest at the respective market short-term deposit rates.

#### Working capital position

Our working capital mainly comprises trade and other receivables, cash, trade payables as well as advances paid and prepaid expenses and, historically, short-term borrowings. As of December 31, 2022, our current assets totaled RUB 4,825 million while our current liabilities totaled RUB 1,702 million, resulting in working capital of RUB 3,123 million, including RUB 554 in contract liabilities. As of December 31, 2021, our current assets totaled RUB 3,230 million while our current liabilities totaled RUB 1,420 million, resulting in working capital of RUB 1,810 million, including RUB 425 in contract liabilities. Our working capital as of December 31, 2020 was affected by a technical breach of a maintenance covenant under the Facility Agreement that was outstanding at the time, which resulted in the non-current portion of our borrowings under the Facility Agreement being reclassified into a current portion as of December 31, 2020. In December 2021 we fully repaid all outstanding indebtedness under the Facility Agreement. For further details see “—Credit Facilities.”

Due to the inherent nature of our business, a significant portion of our customers pay upfront for our products and services, and such upfront payments are recorded as liabilities. We expect that contract liabilities will continue to be significant. As of December 31, 2022 our working capital was positive, as the amount of contract liabilities was offset by the cash and cash equivalents balance generated from operating activities.

We believe that our current cash and cash equivalents and our operating cash flows will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the 12 months following the date of this Annual Report.

#### Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year Ended December 31,		
	2022	2021 (RUB in million)	2020
Net cash (used in)/ generated from operating activities	1,922	(2,064)	230
Net cash used in investing activities	(136)	(1,817)	(109)
Net cash (used in) / generated from financing activities	(42)	5,754	182
<b>Cash and cash equivalents at the end of the period</b>	<b>4,110</b>	<b>2,419</b>	<b>449</b>

### ***Year Ended December 31, 2022 Compared with Year Ended December 31, 2021***

#### ***Net cash generated from (used in) operating activities***

Our cash flow from operating activities is primarily generated from cash received from our customers, payments for operating expenses, finance income and finance costs and changes in working capital. We typically use our cash flows generated from operating activities to provide working capital for current and future operations.

Net cash generated from operating activities was RUB 1,922 million for the year ended December 31, 2022, compared to net cash used in operating activities of RUB 2,064 million for the year ended December 31, 2021, resulting in an overall change of RUB 3,986 million. The change was primarily a result of increase in revenue, decrease in operating expenses and the nonrecurrence in 2022 of payments made to settle liabilities under the phantom share program (PSP) that were exercised in connection with our initial public offering in 2021.

#### ***Net cash used in investing activities***

Our investing activities primarily consist of the purchase of property and equipment and intangible assets, such as office equipment, computer software and development costs.

Net cash used in investing activities decreased to RUB 136 million for the year ended December 31, 2022 from RUB 1,817 million for the year ended December 31, 2021, primarily due to the nonrecurrence in 2022 of the payment of RUB 1,651 million (net of cash acquired) in connection with the N1 Acquisition in 2021.

#### ***Net cash (used in) / generated from financing activities***

Our financing activities primarily consist of receipt or repayment of borrowings and proceeds from the issuance of ordinary shares.

Net cash used in financing activities decreased to RUB 42 million for the year ended December 31, 2022 from net cash generated from financing activities in amount of RUB 5,574 million for the year ended December 31, 2021, primarily due to the nonrecurrence in 2022 of proceeds from our initial public offering recorded in 2021.

### ***Year Ended December 31, 2021 Compared with Year Ended December 31, 2020***

A comparison of our cash flows for the years ended December 31, 2021 and 2020 has been omitted from this Annual Report, but may be found under the heading “*Item 5. Operating and Financial Review and Prospects*” of the Form F-20 filed with the SEC on May 2, 2022.

### **Capital Expenditures**

Our capital expenditures for the year ended December 31, 2022 were RUB 136 million, of which RUB 69 million was attributable to purchases of intangible assets, RUB 51 million was attributable to purchases of property and equipment and RUB 16 million was attributable to loans issued to employees. Our capital expenditures for the year ended December 31, 2021 were RUB 141 million, of which RUB 89 million was attributable to purchases of intangible assets, and RUB 52 million was attributable to purchases of property and equipment. Our capital expenditures for the year ended December 31, 2020 were RUB 111 million, of which RUB 21 million was attributable to purchases of property and equipment, RUB 43 million was attributable to capitalized development costs and RUB 47 million was attributable to purchases of intangible assets. Our capital expenditures mainly include the purchase of property and equipment as well as certain intangible assets.

### **Credit Facilities**

On July 31, 2019, our wholly-owned subsidiary, iRealtor LLC, entered into a syndicated credit facility agreement (the “Facility Agreement”) with Raiffeisenbank as the Original Lender, the Facility Agent, and the Pledge Manager, and Rosbank as the Original Lender for the total amount of up to RUB 800 million.

In December 2021 all amounts outstanding under the Facility Agreement were fully repaid.

There were no new credit facilities entered into in 2022.

### **Contractual Obligations and Commitments**

As of December 31, 2022, we had no material contractual obligations and other commitments except for the lease liabilities of RUB 69 million with the maturity of 1 to 3 years.

#### **C. Research and Development, Patents and Licenses, etc.**

See “*Item 4. Information on the Company—B. Business Overview—Product Development*” and “*Item 4. Information on the Company—B. Business Overview—Intellectual Property and Security.*”

#### **D. Trend Information**

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since December 31, 2022 that are reasonably likely to have a material and adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

#### **E. Critical Accounting Policies and Significant Judgments and Estimates**

Our consolidated financial statements, which are included elsewhere in this Annual Report, comprise our audited consolidated financial statements as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, including the related notes (the “Consolidated Financial Statements”). We have provided a summary of our significant accounting policies, estimates and judgments in Note 2 (Significant Accounting Policies) and Note 3 (Significant Accounting Judgments, Estimates and Assumptions) to our Consolidated Financial Statements. The following critical accounting discussion pertains to the accounting policies, judgments, estimates and assumptions that management believes are most critical to the portrayal of our historical financial condition and results of operations. Other companies in similar businesses may use different estimation policies and methodologies, which may impact the comparability of our financial condition, results of operations and cash flows to those of other companies. For additional information, see Note 2 to our Consolidated Financial Statements.

#### ***Basis of Consolidation***

Control is achieved when we are exposed, or have rights, to variable returns from involvement with the investee and have the ability to affect those returns through our power over the investee. Specifically, we control an investee if, and only if, we have: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power to affect its returns.

We reassess whether or not we control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when we obtain control over the subsidiary and ceases when we lose control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date we gain control until the date we cease to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with our accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to the transactions between members of the Group are eliminated in full on consolidation.

If we lose control over a subsidiary, we derecognize the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### ***Foreign Currencies***

Our Consolidated Financial Statements are presented in Rubles, which is also the Company's functional currency. For each entity, we determine the functional currency and items included in the financial statements of each entity, which are measured using that functional currency. The functional currency of all of our subsidiaries is the ruble.

Transactions in foreign currencies are initially recorded by our subsidiaries in their functional currency at exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at exchange rates prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized within "Foreign currency exchange gain / (loss), net," in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The ruble is not a fully convertible currency outside Russia. Within the Russian Federation, official exchange rates are determined by the Central Bank of the Russian Federation.

### ***Useful lives of Intangible Assets***

The estimation of the useful lives of intangible assets acquired through business combinations or generated internally is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through their use. However, other factors related to the economic environment and market situation often result in the diminution of the economic benefits embodied in the assets. Our management assesses the remaining useful lives in accordance with the current market conditions of the assets and the estimated period during which the assets are expected to earn benefits for the Group.

### ***Compliance with Tax Legislation***

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. However, under certain circumstances a tax year may remain open longer.

This may potentially impact our tax position and create additional tax risks. This legislation and its application is still evolving and the impact of legislative changes should be considered based on the actual circumstances. Our management believes that it has adequately provided for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to the reform of the supreme courts that are resolving tax disputes, could differ, and the effect on our consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table sets forth the name, age and position of each of our executive officers and board members as of the date of this Annual Report:

Name	Age	Position
<b><i>Executive Officers</i></b>		
Dmitriy Grigoriev	36	Chief Executive Officer
Mikhail Lukyanov	35	Chief Financial and Strategy Officer
<b><i>Board Members</i></b>		
Maksim Melnikov	46	Executive Chairperson
Dmitri Krukov	53	Director
Mikhail Zhukov	55	Director
Dmitry Antipov	43	Director
Simon Baker	56	Director
Douglas Gardner	60	Director
Vladimir Verkhoshinskiy	42	Director

Unless otherwise indicated, the current business addresses for our executive officers and the members of our board of directors is at Anna Maria Lena Court, Flat 201, 64 Agiou Georgiou Makri, Larnaca, 6037 Cyprus. Our principal executive office is located at Elektrozavodskaya Ulitsa, 27, Building 8 Moscow, 107023, Russia.

#### Executive Officers

The following is a brief summary of the business experience of our executive officers.

***Dmitriy Grigoriev*** has served as our Chief Executive Officer since May 2022. Prior to assuming the role as our CEO, Mr. Grigoriev long played a vital role at Cian, in particular, its product development function as the Chief Product Officer and formerly, as Product Lead. Mr. Grigoriev has over 15 years of commercial and product managing experience in the classifieds space with over 7 years of experience in real estate classifieds. Before joining Cian, Mr. Grigoriev worked as a CTO at fl.ru, a leading service for remote work search in Russia for 6 years and launched different start up projects in Russia and the United States. Mr. Grigoriev graduated from National Research University of Electronic Technology (MIET) in 2010 with a degree in microdevices and technical cybernetics, computers, complexes, systems and networks.

***Mikhail Lukyanov*** has served as our key operating subsidiary's Chief Financial and Strategy Officer since May 2015. Prior to joining us in March 2014, Mr. Lukyanov served as an investment manager in Media 3 LLC. Mr. Lukyanov holds a Masters in Finance from Financial University under the Government of the Russian Federation. Mr. Lukyanov is responsible, among other things, for development of our strategy, our accounting and financial reporting processes.

#### Board Members

The following is a brief summary of the business experience of our board members.

**Maksim Melnikov** has served as a board member of Cian PLC since November 2021 and as our Executive Chairperson since May 2022. Between February 2014 and May 2022, Mr. Melnikov served as our Chief Executive Officer. Mr. Melnikov served on the board of HeadHunter Group PLC, an online recruitment platform in Russia and the CIS region, since May 2019. From 2010 to 2014, Mr. Melnikov served as Chief Executive Officer and director for Media3 Holding, a large print and digital media holding company focused on selling print media businesses and investing in online media ventures. Mr. Melnikov received a Master in Finance with honors from the Finance Academy under the Government of the Russian Federation, where he focused on banking, securities and public markets. Mr. Melnikov later received a Master of Business Administration from Stanford Graduate School of Business at Stanford University.

**Dmitri Krukov** is the founder and a senior partner at Elbrus Capital, a Russia and CIS-focused private equity business. Currently, Mr. Krukov is a director on the boards for the HeadHunter Group PLC, an online recruitment platform in Russia and the CIS region, and DS Russia Management GmbH, a logistics company. Previously, Mr. Krukov was a managing director in investment banking and finance at Renaissance Capital from 2002 to 2007, and a Vice President in the mergers, acquisitions and restructuring department at Morgan Stanley from 1996 to 2002. Mr. Krukov received a Master of Science in Applied Mathematics from Lomonosov Moscow State University and received a certificate from the Harvard Business School Executive Education program on Making Corporate Boards More Effective. Mr. Krukov also attended the MBA program at the Stanford Graduate School of Business from 1994 to 1995.

**Mikhail Zhukov** has served as chief executive officer of HeadHunter Group PLC (an associate of Elbrus Capital, one of the Company's significant shareholders) since February 2008 (Mr. Zhukov ceased to be chief executive officer of HeadHunter Group PLC on 28.02.2023) and as a member of its board of directors since May 2019. Prior to joining HeadHunter Group PLC, Mr. Zhukov worked for a variety of different Russian IT companies. Mr. Zhukov launched the insource IT company (IT-SK) at Sibur in 2007 and launched the Network Integration Division at IBS (a major Russian systems integrator) in 1994. He holds a Masters in Engineering from Moscow Aviation Institute (National Research University) and a diploma in Economics from Plekhanov Russian Academy of Economics. Mr. Zhukov also holds a certificate for the Program for Executive Development from IMD in Lausanne, Switzerland.

**Dmitry Antipov** is a partner at Elbrus Capital, a Russia and CIS-focused private equity business. Prior to joining Elbrus Capital in 2013, Mr. Antipov was an investment director at Baring Vostok Capital Partners, where he served as an investment manager from 2008 to 2010 and an investment director from 2010 to 2013. From 2004 to 2005, he was a senior manager in the Investment Department at VTB Bank. Before VTB Bank, Mr. Antipov held various positions in corporate finance at Deloitte & Touche and Ernst & Young. Mr. Antipov received a Ph.D. in Economics from Moscow State University in 2004 and an MBA from Stanford Graduate School of Business in 2007.

**Simon Baker** is the founder and Executive Chairman of CAV Investment Group, a private fund investing in a range of global internet-based businesses. He is also the Chairman of PropTech Group Limited and has served as a board member of several listed companies, including REA Group Limited, iProperty Group Limited, Mitula Group Limited and Genesis Growth Tech Acquisition Corp. Mr. Baker previously served as the Chief Executive Officer and Managing Director of the REA Group Limited, a digital advertising company that operates Australia's leading property platforms, as well as real estate platforms in Europe, Asia and the United States. Mr. Baker received a Bachelor of Science in Computer Science from Monash University and an MBA from Melbourne Business School.

**Douglas Gardner** is the founder and Managing Director of CAIGAN Capital, an advisory and director services firm. He currently serves as a board member and the Chairman of Audit & Finance Committee of Kaspi.kz and a board member of MTS Bank (ceased to be a board member of MTS Bank on 24.02.2023), a subsidiary of Mobile TeleSystems PJSC, and has served as a board member of several listed companies, including Chelpipe Group. Mr. Gardner was previously elected as the Managing Partner of Ernst & Young, Russia & CIS and has also served as the Head of Financial Services and Managing Partner for Central Asia at Arthur Andersen. Mr. Gardner received a Bachelor of Business Administration in Accounting and International Business from the University of Oklahoma.

**Vladimir Verkhoshinskiy** serves as chief executive officer and a member of the board of directors of Alfa-Bank. He has over 15 years of experience at top positions in banking and finance. Prior to joining the Alfa Group, Mr. Verkhoshinskiy held various positions at the VTB Group, including Head of Strategy at VTB Bank, and was Deputy CEO at the Bank of Moscow responsible for retail, SME and private banking. He also worked at the Moscow offices of Citibank, VR Capital Investment Fund and McKinsey&Co. Mr. Verkhoshinskiy was a member and chaired several supervisory boards. Mr. Verkhoshinskiy graduated with honors from the Financial Academy under the Government of the Russian Federation and holds a Master of Business Administration and a Public Management Program degrees from Stanford University.

## **Family Relationships**

There are no family relationships among any of our directors or executive officers.

## **Director Appointments**

Pursuant to its appointment rights set forth in our articles of association, Elbrus Capital has appointed three members of our board of directors. See “*Item 10. Additional Information—B. Memorandum and Articles of Association—Board of Directors.*” Specifically, Elbrus Capital has appointed each of Dmitri Krukov, Mikhail Zhukov and Dmitry Antipov as members of our board of directors.

## **B. Compensation**

### **Executive Officer and Board Member Compensation**

Prior to our initial public offering, the compensation for each of our executive officers comprised the following elements: base salary, bonuses, and grants under our pre-initial public offering equity-based incentive program consisting of phantom share options (the “Phantom Share Program”). In connection with our initial public offering, we discontinued the Phantom Share Program and adopted a new long-term incentive plan (the “2021 Plan”). For further details, see “—*Long-Term Incentive Plans*”). Accordingly, as of our initial public offering, the compensation for each of our executive officers comprises base salary, bonuses and grants under the 2021 Plan.

The total amount of compensation paid and benefits in kind provided to our executive officers and members of our board for the year ended December 31, 2022 was RUB 391 million, including RUB 74 million of short-term employee benefits and RUB 317 million of share-based payment expense. We do not currently maintain any bonus or profit-sharing plan for the benefit of our executive officers; however, certain of our executive officers are eligible to receive annual bonuses (including in the form of grants of restricted stock units under the 2021 Plan) pursuant to the terms of their employment agreements and, from time to time, our employees may participate in incentive programs related to performance of specific business units (including in the form of grants of restricted stock units under the 2021 Plan).

At the Company’s annual general meeting held on September 30, 2022, the following resolution regarding changes to the remuneration of non-executive members of the Company’s board of directors was approved:

- (i) the remuneration of the members of the audit committee of the board of directors of the Company shall be increased and set at a gross annual fee of USD 40,000 (forty thousand U.S. dollars) payable in cash;
- (ii) the remuneration of the chairperson of the audit committee of the board of directors of the Company shall be set at a gross annual fee of USD 50,000 (fifty thousand U.S. dollars) payable in cash;
- (iii) cash remuneration of the chairperson of a strategic committee of the board of directors of the Company shall be introduced at a gross annual fee of USD 10,000 (ten thousand U.S. dollars) payable in cash;



- (iv) an annual grant of restricted stock units in respect of the Company's ordinary shares having an aggregate award value of USD 100,000 (one hundred thousand U.S. dollars) shall be issued and transferred to the members of the board of directors on or about the date that falls 3 (three) years after the award date, provided that if by the end of the relevant lock-up period (i) there is no trading of the ordinary shares on the NYSE or MOEX or any other international stock exchange, as the case may be, or (ii) there is trading of the ordinary shares on any of the above-mentioned stock exchanges, but no technical availability for a director to sell the ordinary shares at any exchange exists, the administrator of the 2021 Plan shall be and is herewith entitled to decide on a way the ordinary shares could be sold by the directors subject to applicable legislation as at the date of such sale.

If the actual ordinary share price, being the 30-day average price on NYSE prior to November 5, 2022 or, in case of no NYSE trading, the 60-day average price on MOEX prior to November 5, 2022, of each ordinary share granted at the Company's initial public offering and of any other share granted prior to November 5, 2022 shall be less than USD 16.00 (sixteen U.S. dollars), then for each ordinary share granted 50 (fifty) percent of difference between the USD 16.00 and the actual ordinary share price shall be compensated by allotment of new ordinary shares, based on the actual ordinary share price, to the member of the board of directors pursuant to the 2021 Plan as adopted by the Company and as amended from time to time on the terms approved by the administrator of the 2021 Plan.

In case no trading of ordinary shares is available on NYSE and/or MOEX, the actual ordinary share price shall be determined by an independent appraiser engaged by the board of directors.

In case no trading of ordinary shares is available on NYSE and/or MOEX, the actual ordinary share price shall be determined by an independent appraiser engaged by the board of directors.

The price per new ordinary share used for calculation of such number of ordinary shares to be granted to the member of the board of directors after November 5, 2022 date shall be calculated based on a 30-day average price on NYSE or 60-day average price on MOEX in case no trading on NYSE is available for the ordinary shares. No partial ordinary shares shall be allotted.

In case no trading of ordinary shares is available on NYSE and /or MOEX, such price shall be determined by an independent appraiser engaged by the board of directors;

- (v) other components of director's remuneration, as approved in the annual general meeting dated November 4, 2021, shall remain unchanged.

#### **Executive Officer and Board Member Employment Agreements**

Each of our executive officers currently has an employment agreement for an indefinite period of time, with the exception of our CEO, who has an agreement for a term of one year. These agreements each contain customary provisions regarding confidentiality of information and assignment of inventions. The agreement with our CEO contains a noncompetition clause.

Furthermore, we have entered into indemnification agreements with our board members and executive officers. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Indemnification Agreements."

#### **Long-Term Incentive Plans**

##### ***Phantom Share Program***

Prior to our initial public offering we had a long-term incentive program for certain senior employees, which provided for cash payments based on the value of our ordinary shares. We refer to an award with respect to one ordinary share as a "phantom share". Phantom shares typically vest over a four- or five-year period following the grant date, subject to the participant's continued employment through each vesting date. The program provided that its participants are entitled to a cash payment with respect to their phantom shares upon occurrence of certain liquidity events, such as our initial public offering. The amount of the cash payment in respect of a vested phantom share is determined based on the increase in our ordinary share price between the grant date and the time of payment. As a condition of receiving an allocation of phantom shares, participants were required to agree to restrictions on competitive activity, solicitation of our employees, and use of our confidential information, which apply at all times during the participant's employment and for two years thereafter.

In connection with our initial public offering, we amended the terms of the long-term incentive program, such that the employees could choose to receive payment for vested phantom shares in cash or in ordinary shares upon the completion of the offering, at which time the Phantom Share Program was terminated. Accordingly, Maksim Melnikov, the Company's CEO at the time of our initial public offering and the current Executive Chairperson of the Company's board of directors, who held 1,635,794 vested phantom shares at the time of our initial public offering, received a cash settlement payment of \$21.6 million (based on an average share price of \$16 per ADS) upon completion of our initial public offering. The Company's CFO, who held 297,165 vested phantom shares at the time of our initial public offering, received a cash settlement payment of \$0.8 million (based on an average share price of \$16 per ADS) and 200,741 ADSs upon completion of our initial public offering.

The share-based awards provided in Note 16 of our audited consolidated financial statements for the years ended December 31, 2022, 2021 and 2020 include all share-based awards granted. Since some of those grants were downsized upon termination of employment agreements, the number of share-based awards differs from the actual granted and vested amounts outlined above.

### **2021 Restricted Stock Units Plan**

In connection with our initial public offering, we adopted a new long-term incentive plan (the “2021 Restricted Stock Units Plan” or the “2021 Plan”) to help align the interests of our management, employees and directors with those of our shareholders. In accordance with the 2021 Plan, we may grant the restricted stock units (the “RSU”) or other share-based awards. The 2021 Plan is scheduled to expire on December 31, 2031, although previously granted awards not exercised by the expiration date will be forfeited in accordance with their terms. The material terms of the 2021 Plan are summarized below.

*Plan administration.* The 2021 Plan will be administered by our compensation governance and nominating committee, including determination of terms and conditions of all RSUs, approval of amendments to any RSU in accordance with the 2021 Plan, amendment and repeal of administrative rules, guidelines and practices relating to the 2021 Plan.

*Available pool.* We may grant the RSUs or other share-based awards under the 2021 Plan for up to a maximum number of ordinary shares equal to 6.5% of the aggregate number of our ordinary shares issued and outstanding (by number) as of the date of adoption of the 2021 Plan. Each RSU carries the right to receive one share upon satisfaction of the applicable vesting conditions. Subject to certain conditions, awards in the form of RSUs or any other share-based awards issued under the 2021 Plan shall reduce the available pool by one share for each granted RSU.

*Eligibility.* We may grant RSUs to our employees, officers, directors and our contractors. The administrator of the 2021 Plan shall select recipients of the RSUs (the “Participants”). Members of the board are eligible to receive the RSUs under the 2021 Plan subject to stockholders approval to the extent, if any, such approval is required by the applicable law or the our articles of association.

*Terms and conditions; Vesting schedule.* The administrator of the 2021 Plan shall determine the terms of all RSUs and shall furnish to each Participant the award agreement (the “Award Agreement”) setting forth the terms applicable to the Participant’s RSU. Awards under the 2021 Plan generally vest in four equal installments over a four-year period, with 1/4 vesting on the first anniversary of the grant and an additional 1/4 vesting each calendar year thereafter. RSUs that have not become vested as of the date of termination of the Participant’s employment or service, shall be forfeited upon such termination.

*Delivery of shares.* As the RSUs vest, the Participant will receive ordinary shares free of all restrictions under the 2021 Plan.

*Adjustment of awards.* In the event of any stock split or combination of shares (including a reverse stock split), reorganization, recapitalization, merger, exchange of stock, redemption, repurchase, consolidation, other change in the capital structure of the Company, sale of assets or other similar event which requires adjustment in the good faith determination of the board of directors or the administrator of the 2021 Plan in order to avoid the enlargement or dilution of rights thereunder, the administrator of the 2021 Plan shall make adjustments to the maximum number ordinary shares that may be delivered under the 2021 Plan and also make such changes in the number and kind of shares of stock, securities or other property (including cash) covered by outstanding RSUs, and the terms thereof, as the board of directors or the administrator of the 2021 Plan determines to be appropriate.

*Change of control.* The administrator of the 2021 Plan may, in its sole and absolute discretion, at any time as long as any of the RSU under the 2021 Plan remain outstanding, amend the 2021 Plan and any respective Award Agreements to implement provisions regarding a change of control over the Company as may be reasonably necessary to grant Participants reasonable protection from any materially adverse changes which may result from the change of control over the Company.

*No assignment; Transferability of awards.* Except for any transfer of RSU resulting from the laws of descent and distribution upon the death or incapacity of the Participant, no RSU granted under the 2021 Plan may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, nor may a Participant enter into any derivative agreement or other similar hedging arrangement relating to any RSU without prior written consent of the Company.

*Forfeiture and claw-back provisions.* In the event that (i) the Company's financial results are materially restated or (ii) there is a significant adverse legal finding by a court or regulator against the Company in which any Participant is found to have culpability, the administrator of the 2021 Plan may review the circumstances surrounding the restatement or adverse legal finding and determine whether to (a) cancel any outstanding RSU granted to any Participant, in whole or in part, whether or not vested and/or (b) require any Participant to repay to the Company any gain realized or value received upon the receipt of any RSU during the Lookback Period (as defined below) determined by the administrator of the 2021 Plan to have been inappropriately received by the Participant (with such gain or value received valued as of the date of receipt). The Lookback Period is defined as the five (5) completed fiscal years immediately preceding the date on which the Company files such restatement or the date of the adverse legal finding.

*Amendment and termination.* The 2021 Plan provides that the board of directors or the compensation governance and nominating committee, as applicable, may amend, modify or terminate the 2021 Plan at any time and from time to time; provided that, no amendment, suspension or termination of the 2021 Plan shall, without the consent of the holder, materially and adversely affect any rights or obligations under any award theretofore granted or awarded, unless the award itself otherwise expressly so provides or such action is to comply with the requirements of any applicable claw-back policy or applicable law.

#### **RSUs Granted Under the 2021 Plan**

The following executive officers and directors of the Company were granted RSUs in the year ended December 31, 2022:

<b>Participant</b>	<b>Total Number of RSUs</b>	<b>Grant Date</b>
<b>Executive Officers</b>		
Dmitriy Grigoriev	165,072	December 10, 2022
Mikhail Lukyanov	125,000	December 10, 2022
<b>Board Members</b>		
Maksim Melnikov	17,737	November 5, 2022
Dmitri Krukov	17,737	November 5, 2022
Dmitry Antipov	17,737	November 5, 2022
Simon Baker	21,910	November 5, 2022
Douglas Gardner	17,737	November 5, 2022
Mikhail Zhukov	10,097	6,250 on April 14, 2022 3,829 on November 5, 2022
Vladimir Verkhoshinskiy	10,097	6,250 on July 22, 2022 3,829 on November 5, 2022

#### **Insurance and Indemnification**

Our articles of association provide that, subject to certain limitations, we will indemnify our directors and officers against any losses or liabilities which they may sustain or incur in or about the execution of their duties including liability incurred in defending any proceedings whether civil or criminal in which judgment is given in their favor or in which they are acquitted. In addition, we have entered into indemnification agreements with our board members and executive officers which provide for indemnification of this type. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Indemnification Agreements.”

Insofar as the Securities Act permits executive officers, board members and our controlling persons (pursuant to the foregoing provisions) to be indemnified with respect to liabilities arising under the Securities Act, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

## **C. Board Practices**

### **Board Members**

Pursuant to our articles of association, unless and until otherwise determined by the Company in a general meeting, our board will comprise nine directors (including at least three independent directors), but not fewer than seven directors. See “*Item 10. Additional Information—B. Memorandum and Articles of Association—Board of Directors.*” At the Company’s Annual General Meeting held on September 30, 2022, the Company determined that its board will comprise seven directors.

Following their election by the board of directors or appointment (as the case may be), each board member may serve for an indefinite term, provided that at each annual general meeting, any director (other than a director that Elbrus Capital is entitled to appoint and, until the Rights Expiry Date, Maksim Melnikov as director) then in office for whom it is the fourth annual general meeting following (i) his or her initial appointment by the board of directors or (ii) his or her last re-election by the annual general meeting (as the case may be), shall retire from office, but shall be eligible for re-appointment. If Maksim Melnikov is a director at the time of the fourth Annual General Meeting following the Rights Expiry Date, he shall retire from office as director, but shall be eligible for re-appointment.

Our board members do not have a retirement age requirement under our articles of association.

### **Corporate Governance**

The Cyprus Securities and Exchange Commission has issued corporate governance guidelines pursuant to Public Offer and Prospectus Law of 2005, together with certain related disclosure requirements pursuant to Transparency Requirements Law of 2007 (the “Prospectus Law”). The proposed regulations are recommended as “best practices” for issuers to follow. As we will not be listed in a “regulated market” in accordance with the Prospectus Law, such guidelines will not apply to us.

### **Board Committee Composition**

The board has established an audit committee; a compensation, governance and nominating committee; and a strategy committee. Under our articles of association, for as long as Elbrus Capital holds the power to appoint at least one director, the director(s) appointed by it shall have the right to appoint, remove and substitute one of their number as a member of any one committee other than the audit committee.

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

The audit committee, which consists of Douglas Gardner, Simon Baker and Vladimir Verkhoshinskiy, assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Douglas Gardner serves as Chairperson of the committee. The audit committee consists exclusively of members of our board who are financially literate, and Douglas Gardner is considered an “audit committee financial expert” as defined by the SEC. Our board has determined that Douglas Gardner, Simon Baker and Vladimir Verkhoshinskiy satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act. The audit committee is governed by a charter that complies with NYSE rules.

The audit committee is responsible for:

- the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- pre-approving the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services;

- evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions to the full board on at least an annual basis;
- reviewing and discussing with the board and the independent auditor our annual audited financial statements and quarterly financial statements prior to the filing of the respective annual and quarterly reports;
- reviewing our compliance with laws and regulations, including major legal and regulatory initiatives and also reviewing any major litigation or investigations against us that may have a material impact on our financial statements; and
- approving or ratifying any related person transaction (as defined in our related person transaction policy) in accordance with our related person transaction policy.

The audit committee meets as often as one or more members of the audit committee deem necessary, but in any event meets at least four times per year. The audit committee meets at least once per year with our independent accountant, without our executive officers being present.

#### ***Compensation, Governance and Nominating Committee***

The compensation, governance and nominating committee assists the board in: (i) determining executive officer compensation, (ii) developing our corporate governance principles and (iii) identifying individuals qualified to become members of our board consistent with criteria established by our board. The committee is composed of Maksim Melnikov, Dmitry Antipov and Mikhail Zhukov, with Maksim Melnikov serving as Chairperson. The committee also recommends to the board for determination the compensation of each of our executive officers.

Under SEC and the NYSE rules, there are heightened independence standards for members of the compensation committee, including a prohibition against the receipt of any compensation from us other than standard board member fees. As a foreign private issuer, we are permitted to, and intend to follow home country practice in lieu of the above requirements.

The compensation, governance and nominating committee is responsible for:

- identifying, reviewing and approving corporate goals and objectives relevant to executive officer compensation;
- analyzing the possible outcomes of the variable remuneration components and how they may affect the remuneration of our executive officers;
- evaluating each executive officer's performance in light of such goals and objectives and determining each executive officer's compensation based on such evaluation;
- determining any long-term incentive component of each executive officer's compensation in line with the remuneration policy and reviewing our executive officer compensation and benefits policies generally;
- periodically reviewing, in consultation with our Chief Executive Officer, our management succession planning;
- reviewing and assessing risks arising from our compensation policies and practices for our employees and whether any such risks are reasonably likely to have a material adverse effect on us;
- drawing up selection criteria and appointment procedures for board members;
- reviewing and evaluating the composition, function and duties of our board;
- recommending nominees for selection to our board and its corresponding committees;

- making recommendations to the board as to determinations of board member independence;
- leading the board in a self-evaluation, at least annually, to determine whether it and its committees are functioning effectively;
- overseeing and recommending, for adoption by the general meeting of shareholders the compensation for our board members; and
- developing and recommending to the board our rules governing the board and code of business conduct and ethics and reviewing and reassessing the adequacy of such rules governing the board and Code of Business Conduct and recommending any proposed changes to the board.

### ***Strategy Committee***

The strategy committee assists our board in overseeing our strategic initiatives. The committee consists solely of Simon Baker, who serves as Chairperson.

The strategy committee is responsible for:

- reviewing and making recommendations on the Group's long-term strategic goals and objectives;
- reviewing business strategies and strategic development plans;
- reviewing and making recommendations on material strategic transactions, including major financing and investment proposals;
- meeting with management periodically to monitor and advise on the Group's strategic goals;
- advising the Group's management on potential strategic initiatives, business strategies and goals; and
- discussing and making recommendations to the Board on the implementation of the Group's strategy and any other matters relating to the strategic planning.

### **Duties of Board Members and Conflicts of Interest**

Under Cyprus law, our directors each owe fiduciary duties at common law, including a duty to act honestly, in good faith and in what the director believes are the best interests of our Company. When exercising powers or performing duties as a director, the director is required to exercise the care, diligence and skill that a responsible director would exercise in the same circumstances taking into account, without limitation, the nature of the company, the nature of the decision and the position of the director and the nature of the responsibilities undertaken by him. The directors are required to exercise their powers for a proper purpose and must not act or agree to the Company acting in a manner that contravenes our amended and restated memorandum and articles of association or Cyprus law.

A director who is in any way, directly or indirectly, interested in a contract or proposed contract with us must declare the nature of his or her interest at a meeting of the directors in accordance with the Cyprus Companies Law. Directors who have an interest in any contract or arrangement will not have the right to vote (and shall not be counted in the quorum).

## D. Employees

Our management believes that a superior user experience can only be created with an engaged and motivated workforce. For our business model to work, we believe that we must retain and attract talented people who can drive the platform and continue to refine, improve and develop our offerings. Hence, we strive to hire the best top-level management talent as well as talented software developers, sales, marketing, content, financial and administrative staff. It is important for us to be a workplace where employees are satisfied, motivated and want to stay, and where talented people are attracted to join. In line with our corporate culture focused on productivity and further development, we offer certain performance-based bonuses to certain employees, such as sales teams and certain members of the management, including in the form of grants of RSUs under our 2021 Restricted Stock Units Plan.

As of December 31, 2022, 2021 and 2020, we had a total of 812, 796 and 551 employees, respectively. The table below sets out the number of employees by category:

Department	As of December 31,		
	2022 <sup>(1)</sup>	2021 <sup>(1)</sup>	2020
Commercial	208	218	165
Finance	52	45	26
General administration	32	33	28
Human resources	34	29	22
Information Technology	345	334	219
Legal	7	5	2
Marketing	53	54	26
Product	80	78	63
<b>Total</b>	<b>812</b>	<b>796</b>	<b>551</b>

(1) Including the N1 Group and JVSC Finansovaya Platforma.

As of December 31, 2022, women comprised 44% of our total employee headcount. In addition, we also engage independent contractors for certain services, including for IT development services, customer services, moderating services and others. As of December 31, 2022, we had a total of 319 independent contractors.

As required by Russian laws and regulations, we contribute to mandatory employee social benefits plans, including pension and unemployment insurance.

We typically enter into employment agreements, which include confidentiality clauses, with our employees.

## E. Share Ownership

Information regarding the ownership of our ordinary shares by our directors and executive officers is set forth in “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”



## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

#### Beneficial Ownership

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of February 14, 2023 and as adjusted to reflect the sale of the ADSs in this offering by:

- each person, or group of affiliated persons, known by us to beneficially own 5% or more of our outstanding ordinary shares;
- each of our executive officers and our directors; and
- all of our executive officers and our board of directors as a group.

For further information regarding material transactions between us and principal shareholders, see “—B. Related Party Transactions.”

The number of ordinary shares beneficially owned by each entity, person, executive officer or board member is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of February 14, 2023 through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, we believe that each shareholder identified in the table possesses sole voting and investment power over all common stock shown as beneficially owned by the shareholder.

The percentage of shares beneficially owned is based on 69,959,548 ordinary shares outstanding as of February 14, 2023. Ordinary shares that a person has the right to acquire within 60 days of such date are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all executive officers and board members as a group. Unless otherwise indicated below, the address for each beneficial owner listed is 64 Agiou Georgiou Makri, Anna Maria Lena Court, Flat 201, 6037, Larnaca, Cyprus.

Name of beneficial owner	Number of Ordinary Shares	Percent of Ordinary Shares
<b>5% or Greater Shareholders</b>		
Elbrus Capital Funds <sup>(1)</sup>	31,526,388	45.1 %
Broomfield International Limited <sup>(2)</sup>	6,572,901	9.4 %
MPOC Technologies Ltd <sup>(3)</sup>	5,558,292	7.9 %
<b>Executive Officers and Board Members</b>		
Dmitriy Grigoriev <sup>(4)</sup>	155,555	<1 %
Mikhail Lukyanov <sup>(5)</sup>	200,741	<1 %
Maksim Melnikov	4,376,004	6.3 %
Dmitri Krukov	—	—
Mikhail Zhukov	—	—
Dmitry Antipov	—	—
Simon Baker <sup>(6)</sup>	19,133	<1 %
Douglas Gardner	—	—
Vladimir Verkhoshinskiy	—	—
All executive officers and board members as a group (seven persons)	4,595,878	6.6 %

- (1) Based on information reported on a Schedule 13G filed on February 14, 2023. Includes 13,807,496 ordinary shares directly held by Ronder HK Limited, an investment vehicle associated with Elbrus Capital Fund II L.P. and Elbrus Capital Fund IIB L.P.; 13,263,436 ordinary shares directly held by Speedtime HK Limited, an investment vehicle associated with Elbrus Capital Fund II L.P. and Elbrus Capital Fund IIB L.P.; and 4,455,456 ordinary shares directly held by Dias Holdings Limited, an investment vehicle associated with Elbrus Capital Fund III A.S.C.SP (together with Elbrus Capital Fund II L.P. and Elbrus Capital Fund IIB L.P., the “Elbrus Capital Funds”). Elbrus Capital General Partner II Limited is the general partner of Elbrus Capital Fund II L.P. and Elbrus Capital Fund IIB L.P. Cadian Drummond and Kimbert Solomon are the directors of Elbrus Capital General Partner II Limited. Ms. Drummond and Mr. Solomon disclaim beneficial ownership of the investments held by Elbrus Capital General Partner II Limited. Elbrus Capital Fund III GP S.à r.l. is acting as the general partner of Elbrus Capital Fund III A.S.C.SP. Elmira Askerova is the director of Elbrus Capital Fund III GP S.à r.l. Ms. Askerova disclaims beneficial ownership of the investments held by Elbrus Capital Fund III GP S.à r.l. The Senior Partners of the Elbrus Capital Funds are Dmitri Krukov, Alexander Savin and Rob Thielen. Each of Mr. Krukov, Mr. Savin and Mr. Thielen disclaims beneficial ownership of these shares except to the extent of any pecuniary interest therein. The address for each of Ronder HK Limited and Speedtime HK Limited is Office A, 16/F, Heng Shan Centre 145, Queens Road East, Wan Chai, Hong Kong. The address for Dias Holdings Limited is Office A, 16/F, Heng Shan Centre 145, Queens Road East, Wan Chai, Hong Kong. The business address for each of Elbrus Capital General Partner II Limited, Elbrus Capital Fund II L.P. and Elbrus Capital Fund IIB L.P. is Amicorp Cayman Fiduciary Limited, 2nd Floor, Regatta Office Park, West Bay Road, P.O. Box 10655, Grand Cayman KY1-1006. The business address for each of Elbrus Capital Fund III GP S.à r.l. and Elbrus Capital Fund III A.S.C.SP is 25C, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg.
- (2) Based on information reported on a Schedule 13 filed on December 1, 2022. The principal business office address for Broomfield International Limited is 1<sup>st</sup> Floor, # 5, DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahé, Republic of Seychelles.
- (3) Based on information reported on a Schedule 13G filed on February 14, 2022. MPOC Technologies Ltd is an investment vehicle associated with our founder Dmitry Demin. MPOC Technologies Ltd is controlled by Dmitry Demin, who may be deemed to have beneficial ownership of the shares held by MPOC Technologies Ltd. The address for MPOC Technologies Ltd. is Vistra Tortola, British Virgin Islands.
- (4) Represents 77,370 ordinary shares, 28,668 ordinary shares issuable in respect of RSUs that have been granted and have vested, and 49,517 ordinary shares in respect of RSUs will be granted (with immediate vesting) within 60 days of the date of this Annual Report.
- (5) Represents 200,741 ordinary shares, 11,913 ordinary shares issuable in respect of RSUs that have been granted and have vested, and 20,577 ordinary shares in respect of RSUs will be granted (with immediate vesting) within 60 days of the date of this Annual Report.
- (6) Represents 19,133 ordinary shares issuable in respect of RSUs that have been granted and have vested.

### **Difference in Voting Rights**

All of the Company’s ordinary shares have the same voting rights and no major shareholder of the Company has different voting rights.

### **Securities Held in the Host Country**

As of December 31, 2022, 69,959,548 ordinary shares of the Company were issued and outstanding, of which 19,603,136, or 28.0%, were held by one registered holder in the United States, BNY Nominees Limited in its capacity as nominee of the custodian under our ADS program.

### **Arrangements for Change in Control**

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of the Company.

### **B. Related Party Transactions**

The following is a description of related party transactions we have entered into since January 1, 2022 with any of our members of our board or executive officers and the holders of more than 5% of our ordinary shares.

## **Relationship with Shareholders**

### ***Arrangements with HeadHunter, an associate of Elbrus Capital***

We place our advertising with, among other sources, the website operated by HeadHunter LLC (“HeadHunter”). Headhunter is an associate of Elbrus Capital, one of our significant shareholders. Furthermore, Maksim Melnikov, the Executive Chairperson of our board of directors, serves as a non-executive director of Headhunter and Dmitri Krukov, a member of our board of directors, serves as chairperson of Headhunter’s board of directors. In addition, we also use HeadHunter’s informational, consulting and other services available on its website. For the years ended December 31, 2022, 2021 and 2020, our purchases from HeadHunter totaled RUB 2 million, RUB 4 million and RUB 3 million, respectively. Our relations with HeadHunter are governed by two framework service agreements, which have indefinite duration and may be terminated by each party by prior written notice.

## **Agreements with Board Members and Executive Officers**

### ***Employment Agreements***

For a description of our agreements with our board members and executive officers, please see “*Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Executive Officer and Board Member Employment Agreements.*”

## **Rights of Certain Principal Shareholders to Nominate and Appoint Directors**

For a description of the rights of Elbrus Capital and Maksim Melnikov with respect to the nomination and appointment of our directors, please see “*Item 10. Additional Information—B. Memorandum and Articles of Association—Board of Directors—Appointment of Directors.*”

## **Indemnification Agreements**

We have entered into indemnification agreements with our board members and executive officers. Our articles of association provide that, subject to certain limitations, we will indemnify our directors and officers against any losses or liabilities which they may sustain or incur in or about the execution of their duties including liability incurred in defending any proceedings whether civil or criminal in which judgment is given in their favor or in which they are acquitted. See “*Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Insurance and Indemnification*” for a description of these indemnification agreements.

## **Related Party Transaction Policy**

We have adopted a written related person transaction policy, which sets forth the policies and procedures for the review and approval, or ratification of, related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, where the amount involved exceeds a certain threshold and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person.

## **Other Related Party Transactions**

For additional information on related party transactions, see Note 19 (*Related parties*) to the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2022, 2021 and 2020, contained in this Annual Report.

## **C. Interests of Experts and Counsel**

Not applicable.

## ITEM 8. FINANCIAL INFORMATION

### A. Consolidated Statements and Other Financial Information

#### Financial Statements

See “*Item 18. Financial Statements*,” which contains our financial statements prepared in accordance with IFRS.

#### Legal Proceedings

We are not currently involved in any material litigation or regulatory actions, the outcome of which would, in our management’s judgment, have a material adverse effect on our financial condition or results of operations, nor are we aware of any such material litigation or regulatory actions threatened against us.

#### Dividends and Dividend Policy

We have not declared or paid cash dividends on our ordinary shares in recent years. In the medium term, we intend to retain all available liquidity sources and future earnings, if any, to fund the development and growth of our business. Any future determination to declare cash dividends would be subject to the discretion of our board of directors and would depend on various factors, including our strategy, results of operations, financial condition, cash flow, working capital requirements, our capital expenditures, applicable provisions of our articles of association, restrictions that may be imposed by applicable law or our credit facilities, and other factors deemed relevant by our board of directors.

Further, we may enter into credit agreements or other borrowing arrangements in the future that will restrict our ability to declare or pay cash dividends or make distributions on our ordinary shares.

### B. Significant Changes

For information regarding the suspension of trading of our ADSs on the NYSE, our receipt of notice of their delisting from the NYSE and our request for review thereof, see “*Item 9—A. Offer and Listing Details*.”

On April 13, 2023, we were granted access to the status of a financial platform operator as stipulated under the recently adopted Federal Law No. 211-FZ “On Performing Financial Transactions Using a Financial Platform” dated July 20, 2020 (“Financial Platform Law”). Through inclusion in a specialized register maintained by the CBR, such status affords the Company access to certain standardized customer information on government-run electronic systems and databases and allows the relevant transactions (in particular, obtaining of a mortgage loan) to be carried out on our platform.

## ITEM 9. THE OFFER AND LISTING

### A. Offer and Listing Details

See “—*C. Markets*.”

On February 28, 2022, the NYSE suspended trading of our ADSs amid escalation of the conflict between Russian and Ukraine and the rapidly evolving situation around sanctions. On March 15, 2023, we received a written notice from the staff of the NYSE Regulation (the “Staff”) notifying us that it has determined to delist the our ADSs from the NYSE. We have a right to a review of the Staff’s determination by a Committee of the Board of Directors of the NYSE and, accordingly, on March 28, 2023, we submitted a written request therefor. Neither the notice of delisting nor our request for review has any effect upon the suspension of the ADSs from trading on the NYSE, though it is expected that a delisting of the Company’s ADSs will be stayed pending the conclusion of the review process. We aim to protect our shareholders’ rights and interests, but there can be no assurance that the Company’s securities will not be delisted from the NYSE.

We have had a secondary listing of our ADSs on MOEX. Trading in our shares on the Moscow Exchange was suspended on February 28, 2022 and resumed on March 29, 2022. The trading of our ADSs on the MOEX is unaffected by the NYSE notice of delisting and our request for review.

Under recently adopted legislation, certain non-Russian shareholders are not permitted to sell shares on MOEX. Moreover, because the international settlement systems remain closed for trading in any securities of Russian businesses, it is currently not possible for trades to settle between shareholders that acquired our shares on NYSE and investors on MOEX, and the volume of our ADSs available for trading on MOEX is limited. The trading value of our shares on MOEX may therefore be different from the value at which they would trade if all of our ADSs shares were available for trading. We can provide no assurance as to when or whether non-Russian shareholders will be permitted to effect trades on MOEX or when or whether the settlement systems will permit trading in all of our ADSs. Accordingly, the trading liquidity for our ADSs remains severely reduced, which could impair, or even render impossible, the ability of our investors to dispose of their securities.

While the Company is currently considering alternatives to its NYSE listing to facilitate trading in its securities outside MOEX or to otherwise permit its investors to recover some value for their ADSs, a delisting from the NYSE could significantly constrain the Company's available options in this regard, which could severely impact the ability of investors to recover any value for their investment in the Company. Furthermore, even if the Company is able to find a means to allow investors to preserve some value for their investment, there is no assurance that those means will not result in adverse tax or other consequences for the Company's investors.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs, each representing one ordinary share, commenced trading on the NYSE and MOEX on November 5, 2021 under the symbol "CIAN". For information regarding the suspension of trading of our ADSs on the NYSE, our receipt of notice of their delisting from the NYSE and our request for review thereof, see "*A. Offer and Listing Details.*"

**D. Selling Shareholders**

Not Applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

A copy of our amended and restated memorandum and articles of association is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item is set forth in Exhibit 2.5 to this Annual Report and is incorporated by reference into this Annual Report.

## C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are or have been a party, for the two years immediately preceding the date of this Annual Report.

The following summary excludes the agreement that we entered in connection with the Credit Facility, which is summarized under “*Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Credit Facilities.*”

### ***SmartDeal Acquisition***

On December 27, 2021, we entered into a preliminary share purchase agreement (the “Preliminary Share Purchase Agreement”) for the acquisition of the entire share capital of SmartDeal (Praktika Uspekha LLC), a company which provides e-registration services for various types of property deals and operates under the “SmartDeal” brand (“SmartDeal”), with two private individuals, Aleksey Makarov and Valeriy Popandopulo, each owning 50% of share capital of SmartDeal. Under the Preliminary Share Purchase Agreement, a definitive share purchase agreement was required to be entered into by December 31, 2022, subject to fulfillment of all conditions precedent, in order to complete the acquisition. No definitive share purchase agreement was entered into prior to such date and, consequently, our acquisition of SmartDeal was not consummated in 2022. As of the date of this Annual Report, we remain in discussions with the counterparties regarding a potential acquisition of SmartDeal.

## D. Exchange Controls

There are currently no exchange control regulations in Cyprus that would affect the import or export of capital or the remittance of dividends, interest or other payments to non-resident holders of our securities other than any controls resulting from the imposition of restrictive measures/sanctions against persons pursuant to the applicable EU and UN Regulations.

## E. Taxation

The following summary contains a description of the material Cyprus, Russian and U.S. federal income tax consequences of the acquisition, ownership and disposition of ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ADSs. The summary is based upon the tax laws of Cyprus and regulations thereunder, the tax laws of Russia and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

### **Material Cyprus Tax Considerations**

The following discussion is a summary of the material Cyprus tax considerations relating to the purchase, ownership and disposition of the ADSs.

#### ***Tax Residency***

As a rule, a company is considered to be a resident of Cyprus for tax purposes if its management and control is exercised in Cyprus.

The Cyprus Tax Authorities have published guidelines which indicate the minimum requirements that need to be satisfied for a company to be considered a tax resident of Cyprus and be eligible to obtain a tax residency certificate. Such requirements include the following: (i) the company is incorporated in Cyprus and is a tax resident only in Cyprus; (ii) the company’s board of directors has a decision making power that is exercised in Cyprus in respect of key management and commercial decisions necessary for the company’s operations and general policies and, specifically, whether the majority of the meetings of the board of directors take place in Cyprus and the minutes of the meetings of the board of directors are prepared and kept in Cyprus, and, also, whether the majority of the board of directors are tax residents of Cyprus; (iii) the shareholders’ meetings take place in Cyprus; (iv) the terms and conditions of the general powers of attorney issued by the company do not prevent the company and its board of directors from exercising control and making decisions; (v) the corporate seal and all statutory books and records are maintained in Cyprus; (vi) the corporate filings and reporting functions are performed by representatives located in Cyprus; (vii) the agreements relating to the company’s business or assets are executed or signed in Cyprus.

As from 2023, a company incorporated and registered in Cyprus and which has its management and control outside of Cyprus will by default be considered a tax resident of Cyprus provided it is not a tax resident in any other jurisdiction.

With respect to an individual holder of ADSs, he/she may be considered to be a resident of Cyprus for tax purposes in a tax year (which is the calendar year) if he/she is physically present in Cyprus for a period or periods exceeding in aggregate more than 183 days in that calendar year. As of January 1, 2017, an individual can elect to be a tax resident of Cyprus even if he/she spends less than or equal to 183 days in Cyprus provided that he/she spends at least 60 days in Cyprus and satisfies all of the following criteria within the same tax year:

- the individual does not stay in any other country for one or more periods exceeding, in aggregate, 183 days in the same tax year;
- the individual is not a tax resident in any other country for the same tax year;
- the individual exercises any business in Cyprus and/or is employed in Cyprus and/or is an officer of a Cyprus tax resident person at any time during the relevant tax year provided that such is not terminated during the tax year; and
- the individual maintains a permanent residence in Cyprus (by owning or leasing such residence).

#### ***Corporate income tax rate***

A company which is considered a resident of Cyprus for tax purposes is subject to income tax in Cyprus on its worldwide income, subject to certain exemptions. The rate of the corporate income tax is currently 12.5%.

#### ***Personal income tax rate***

An individual who is considered a resident of Cyprus for tax purposes is subject to income tax in Cyprus on its worldwide income, subject to certain exemptions. The personal income tax rates are currently as follows:

<b>Taxable Income</b>	<b>Tax Rate</b>	<b>Cumulative Tax</b>
<b>Euro</b>	<b>%</b>	<b>Euro</b>
0 – 19.500	0	0
19.501 – 28.000	20	1.700
28.001 – 36.300	25	3.775
36.301 – 60.000	30	10.885
60.001 and over	35	

#### ***Taxation of income and gains of the Company***

##### ***Gains from the disposal of securities***

Subject to the following paragraph, any gain from disposal by the Company of securities (the definition of securities includes, among others, shares, ADRs and bonds of companies and options thereon) shall be exempt from taxation in Cyprus.

In the case of a Cyprus company which is the direct or indirect (subject to conditions for indirect ownership) owner of immovable property situated in Cyprus that does not have its shares listed on any recognized stock exchange, any gain from the disposal of such shares will be subject to capital gains tax at the rate of 20%, but only if the value of the immovable property is more than 50% of the value of the assets of the company whose shares are sold. The Company is not the owner of immovable property situated in Cyprus.



### *Dividend income*

Dividend income (whether received from Cyprus resident or non-Cyprus resident companies) is exempt from income tax in Cyprus.

Dividend income received by a tax resident of Cyprus is subject to a special contribution for defense (the “SDC”) at a rate of 17%. In the case the recipient of dividend is a company that is tax resident of Cyprus, such as the Company:

- It is exempt from the SDC on dividends if it receives the dividend from another company, which is a tax resident of Cyprus.
- It is exempt from the SDC on dividends if it receives the dividend from another company which is not a tax resident of Cyprus. This exemption will not apply if: (i) the payer engages directly or indirectly more than 50% in activities which lead to investment income and (ii) the foreign tax burden of the payer is substantially lower than the tax burden of the recipient. A circular has been issued by the Cyprus Tax Authorities clarifying that “significantly lower” means an effective tax rate of less than 6.25% on the profit distributed.

Foreign tax paid or withheld on dividend income received by a Cyprus tax resident company can be credited against Cypriot tax payable on the same income provided proof of payment can be furnished.

### *Interest income*

The tax treatment of interest income of any company which is a tax resident of Cyprus, such as the Company, will depend on whether such interest income is treated as “active” or “passive.”

Interest income which consists of interest which has been received by a company which is a tax resident of Cyprus in the ordinary course of its business, including interest which is closely connected with the ordinary course of its business (i.e., “active”) will be subject to income tax at the rate of 12.5%, after the deduction of any allowable business expenses.

Any other interest income, that is interest received not in the recipient’s ordinary course of business or in close relation to it (i.e., “passive”), will be subject to the SDC at a rate of 30% which is levied on the gross interest received. It should be noted, however, that as of June 8, 2022, “passive” interest income earned from Cyprus government bonds, Cyprus and foreign corporate bonds listed on a recognized stock exchange, and bonds issued by Cyprus state organizations or by Cyprus or foreign local authorities listed on a recognized stock exchange shall be subject to SDC at the reduced rate of 3% instead of 30%.

Specifically, interest income arising in connection with the provision of loans to related or associated parties should be generally considered as income arising from activities closely connected with the ordinary carrying on of a business and should, as such, be exempt from the SDC and only be subject to income tax.

### ***Taxation of income and gains of the holders of the ADSs***

#### *Individual Non-Cyprus tax resident holders of the ADSs*

Under Cyprus legislation there is no withholding tax on dividends and interest paid to non-Cyprus tax residents.

Non-Cyprus tax residents are not subject to tax on the disposal of securities (including ADSs) in Cyprus.

*Individual Cyprus tax resident holders of the ADSs*

Gains from disposal of ADSs

Any gain from the disposal by a Cyprus tax resident individual of securities (including ADSs) shall be exempt from the SDC and income tax. The term “securities” is defined as shares, bonds, debentures, founders’ shares and other securities of companies or other legal persons incorporated in Cyprus or abroad and options thereon. Circulars have been issued by the Cyprus Tax Authorities clarifying that the term also includes among others, options on securities, short positions on securities, futures/forwards on securities, swaps on securities, depositary receipts on securities (including ADSs), rights of claim on bonds and debentures (rights on interest of these instruments are not included), index participations only if they result on securities, repurchase agreements or repos on securities, units in open-end or close-end collective investment schemes.

Such gains are also not subject to capital gains tax provided that the Company the shares of which are disposed of does not directly or indirectly own any immovable property situated in Cyprus or such shares are listed on any recognized stock exchange. The Company is not the owner of immovable property situated in Cyprus.

Dividend income

Cyprus tax resident individual holders of ADSs are exempt from income tax on dividend income, but are subject to the SDC on dividends at the rate of 17% provided that they are also Cyprus domiciled. The tax is withheld prior to payment by the company to the shareholder.

An individual is considered to have his domicile in Cyprus if:

- subject to certain exceptions, if he/she has his/her domicile of origin in Cyprus based on the provisions of the Cyprus Wills and Succession Law, Cap. 195; or
- has been a tax resident of Cyprus for at least 17 years out of the last 20 years prior to the tax year.

Individuals holders of ADSs must consult their own tax advisors on the consequences of their residence or domicile in relation to the taxes applied to the payment of dividends.

The distribution of dividend income to individual holders of ADSs which are Cypriot tax resident individuals (irrespective of their domicile status) is subject to contributions to the General Healthcare Scheme (GHS) at the rate of 2.65%.

*Corporate Non-Cyprus tax resident holders of ADSs*

No withholding tax applies in Cyprus with respect to payment of dividends by the Company to non-Cyprus tax resident holders of ADSs.

It is noted, however, that as from December 31, 2022, withholding taxes apply on dividend payments made to companies which: (a) are tax resident in jurisdictions included in the EU list of non-cooperative jurisdictions for tax purposes (the “EU Blacklist”); or (b) have been incorporated/registered in a jurisdiction included in the EU Blacklist and is not tax resident in any other jurisdiction that is not included in the EU Blacklist. It should be noted that on February 14, 2023, Russia has been added to the EU Blacklist.

Non-Cyprus tax residents are not subject to tax on the disposal of securities (including ADSs) in Cyprus.

*Corporate Cyprus tax resident holders of ADSs*

Gains from disposal of the ADSs

Any gain from disposal by a Cyprus tax resident company of securities (including ADSs) shall be exempt from the SDC and income tax. The term “securities” is defined as shares, bonds, debentures, founders’ shares and other securities of companies or other legal persons incorporated in Cyprus or abroad and options thereon. Circulars have been issued by the Cyprus Tax Authorities clarifying that the term also includes among others, options on securities, short positions on securities, futures/forwards on securities, swaps on securities, depository receipts on securities (including ADSs), rights of claim on bonds and debentures (rights on interest of these instruments are not included), index participations (only if they result on securities), repurchase agreements or repos on securities, units in open-end or close-end collective investment schemes.

Such gains are also not subject to capital gains tax, provided that the company the shares in which are disposed of does not directly or indirectly own any immovable property situated in Cyprus or such shares are listed on any recognized stock exchange. The Company is not the owner of immovable property situated in Cyprus.

***Dividend income***

Dividend income received by a Cyprus tax resident company, holder of ADSs, is exempt from income tax in Cyprus.

Dividend income received or deemed to be received by a Cyprus tax resident company, is exempt from the SDC, except in the event that the payer is not a Cyprus tax resident company in which case the SDC is levied at the rate of 17% provided the following conditions are met:

- the payer engages, directly or indirectly, in activities, more than 50% of which lead to investment income; and
- the foreign tax burden of the payer is substantially lower than the tax burden of the recipient. A circular has been issued by the Cyprus Tax Authorities clarifying that “significantly lower” means an effective tax rate of less than 6.25% on the profit distributed.

Foreign tax paid or withheld on dividend income received by the Cyprus tax resident company can be credited against Cypriot tax payable on the same income provided proof of payment can be furnished.

***Deemed distribution rules***

If the Company does not distribute at least 70% of its after-tax profits within two years of the end of the year in which the profits arose, the Company would be deemed to have distributed this amount as a dividend two years after that year end. On such amount of deemed dividend the SDC, currently at a rate of 17%, is imposed to the extent that the ultimate direct/indirect shareholders of the Company are individuals who are both Cyprus tax resident and Cyprus tax domiciled.

The SDC may also be payable on deemed dividends in case of liquidation or capital reduction of the company.

***Tax Deductibility of Expenses, Including Interest Expense***

The deductibility of the interest expenses by the Company is subject to the interest limitation rules. More specifically:

- The interest limitation rule limits the deductibility of exceeding borrowing costs of the Cyprus tax resident company/Cyprus group to up to 30% of adjusted taxable profit (taxable EBITDA).
- The interest limitation rule contains an annual EUR 3 million safe-harbor threshold. This means that borrowing costs up to and including EUR 3 million are, in any case, not limited by this rule (the EUR 3 million threshold would apply in cases where ‘30% of taxable EBITDA’ results in an amount below EUR 3 million).

- In the case of a Cyprus group the EUR 3 million applies for the aggregate exceeding borrowing costs of the Cyprus group and not per taxpayer. The interest limitation rule applies to exceeding borrowing costs, irrespective of whether the financing is with related parties or third parties.

### ***Arm's length principles***

Cyprus legislation contains principles that require transactions to be conducted on an arm's length basis and enables the authorities to ignore transactions which do not satisfy the arm's length principles

We cannot exclude the possibility that the respective tax authorities may challenge the arm's length principle applied to transactions with our related parties and, therefore, additional tax liabilities may accrue. If additional taxes are assessed with this respect, they may be material.

### ***Stamp duty***

Cyprus levies stamp duty on every instrument if:

- it relates to any property situated in Cyprus; or
- it relates to any matter or thing which is performed or done in Cyprus.

There are documents which are subject to stamp duty in Cyprus at a fixed fee (ranging from EUR 0.05 to EUR 35) and documents which are subject to stamp duty based on the value of the document. The above obligation arises irrespective of whether the instrument is executed in Cyprus or abroad.

If payable, (a) the maximum amount of stamp duty would be EUR 20,000 and (b) if not paid (i) this does not affect the validity of the relevant document and (ii) before the document is presented before any authority in Cyprus or is produced in evidence in a Cyprus court, the stamp duty together with a penalty of up to EUR 4,100 would have to be paid.

In cases where the stamp duty Commissioner can estimate the value of a document, he or she has the authority to impose stamp duty as per the above rates. Any transactions involving ADSs between parties not resident in Cyprus will not be subject to stamp duty. There are no applicable stamp duties with respect to the purchase and sale of ADSs.

### ***Withholding Taxes on Interest***

No withholding taxes shall apply in Cyprus with respect to payments of interest by the company to non-Cyprus tax resident lenders (both corporations and individuals).

It is noted, however, that as from December 31, 2022, withholding taxes apply on interest payments made to companies which: (a) are tax resident in jurisdictions included in the EU Blacklist; or (b) have been incorporated/registered in a jurisdiction included in the EU Blacklist and is not tax resident in any other jurisdiction that is not included in the EU Blacklist. It should be noted that on February 14, 2023, Russia has been added to the EU Blacklist.

### ***Capital Duty***

Capital duty is payable to the Registrar of Companies, and amounts to a €20 flat duty on every issue, whether the shares are issued at their (par) nominal value or at a (share) premium.

### ***Material Russian Tax Considerations***

The following discussion is a summary of the material Russian tax considerations relating to the purchase, ownership and disposition of the ADSs.

## **General**

The following is a summary of certain Russian tax considerations relevant to the purchase, ownership and disposal of ADSs by Russian residents and non-resident investors, as well as the taxation of dividend income, and is based on the laws of the Russian Federation in effect at the date hereof, which are subject to change (possibly with retroactive effect).

The summary does not seek to address the applicability of, and procedures in relation to, taxes levied by the regions, municipalities or other non-federal authorities of the Russian Federation. Nor does the summary seek to address the availability of double tax treaty relief in respect of the ADSs, and it should be noted that there may be practical difficulties, including satisfying certain documentation requirements, involved in claiming relief under an applicable double tax treaty. Prospective holders should consult their own professional advisers regarding the tax consequences of investing in the ADSs. The summary does not seek to make representations with respect to the Russian tax consequences for any particular holder.

The provisions of the Tax Code applicable to holders of, and transactions involving, the ADSs are ambiguous and lack interpretive guidance. Both the substantive provisions of the Tax Code applicable to financial instruments, and the interpretation and application of those provisions by the Russian tax authorities, may be subject to more rapid and unpredictable change and inconsistency than in jurisdictions with more developed capital markets or more developed taxation systems. In particular, the interpretation and application of such provisions will, in practice, rest substantially with local tax inspectorates.

In practice, interpretation by different tax inspectorates may be inconsistent or contradictory and may involve the imposition of conditions, requirements or restrictions not provided for by the existing legislation. Similarly, in the absence of binding precedents, different Russian court rulings on tax or related matters relating to the same or similar circumstances may also be inconsistent or contradictory.

For the purposes of this section, a “Russian Resident Holder” means a holder of ADSs who is:

- a Russian legal entity or organization (including international companies registered in accordance with Federal Law No. 290-FZ “On International Companies” dated August 3, 2018);
- a foreign legal entity or organization, in each case organized under a foreign law, that is recognized as a Russian tax resident based on Russian domestic law;
- a foreign legal entity or organization, in each case organized under a foreign law, that is, in the case of conflicting tax residency statuses based on the relevant foreign law and Russian law, recognized as a Russian tax resident based on the provisions of an applicable double tax treaty (for the purposes of the application of such double tax treaty);
- a foreign legal entity or organization which purchases, holds and/or disposes of ADSs through its permanent establishment in Russia;
- a legal entity or an organization, in each case organized under a foreign law, which has voluntarily recognized itself as a Russian tax resident; or
- an individual actually present in Russia for an aggregate period of 183 calendar days (including days of arrival to the Russian Federation and including days of departure from the Russian Federation) or more in any period comprised of 12 consecutive months (days of medical treatment and education outside the Russian Federation are also counted as days spent in the Russian Federation if the individual departed from the Russian Federation for these purposes for less than six months). The interpretation of this definition by the Russian Ministry of Finance states that, for tax withholding purposes, an individual’s tax residence status should be determined on the date of the actual income payment (based on the number of days in Russia in the 12-month period preceding the date of the payment). Given that the tax residency status of an individual may change, an individual’s final tax liability in the Russian Federation for any reporting calendar year should be determined based on the number of days spent in Russia in such calendar year, and may require a reassessment.

For the purposes of this section, a “Non-Resident Holder” is a holder of ADSs who does not fall under the definition of a Russian Resident Holder.

ADS holders should consult their own tax advisors regarding their tax status in Russia.

### ***Taxation of Acquisition of the ADSs***

Generally, no Russian tax implications should arise for Russian Resident Holders and Non-Resident Holders upon purchase of the ADSs.

However, in certain circumstances, taxable income in the form of a material benefit (deemed income) may arise for individual holders if the ADSs are purchased at a price below market value. If the acquisition price of the ADSs is below the lower threshold of the range of fair market value calculated under a specific procedure for the determination of market prices of securities for tax purposes, the difference may be subject to the Russian personal income tax at a rate of 30% for individuals who are Non-Resident Holders (arguably, this would be subject to reduction or elimination under an applicable double tax treaty) and at a rate from 13% to 15% under the progressive personal income tax scale for individuals who are Russian Resident Holders. Starting from January 1, 2021, the annual income for a Russian tax resident individuals within RUB 5 million should be taxed at the rate of 13%, while the annual income (with certain exceptions) exceeding this threshold should be taxed at the rate of 15%.

Under Russian tax legislation, the taxation rate of the income of individuals who are considered Non-Resident Holders will depend on whether this income would be assessed as received from Russian or non-Russian sources. Although Russian tax legislation does not contain any provisions on how the relevant material benefit should be sourced, the tax authorities may infer that such income should be considered as Russian source income if the ADSs are purchased “in the Russian Federation.” In the absence of any additional guidance as to what should be considered as the purchase of securities “in the Russian Federation,” the Russian tax authorities may apply various criteria in order to determine the source of the related material benefit, including consideration of the place of the conclusion of the acquisition transaction, the location or tax residency of the issuer, location of the custodian or other similar criteria.

Income in the form of material benefit received by individual holders of ADSs as discussed above which was received in 2021-2023 is temporary exempt from taxation.

Also, in certain circumstances, Russian Resident Holders that are legal entities or organizations acquiring the ADSs must fulfill the responsibilities of a Russian tax agent (i.e., a legal entity that is a resident in the Russian Federation for tax purposes paying taxable Russian source income to non-resident legal persons and organizations being responsible for withholding Russian tax) with respect to withholding tax from the sales proceeds for the ADSs to be transferred to a Non-Resident Holder that is a legal entity disposing of ADSs (see “—*Taxation of Capital Gains*”). Starting from January 1, 2020, in certain circumstances, Russian Resident Holders that are legal entities or organizations acquiring the ADSs from Russian Resident and Non-resident Holders who are individuals under sale or barter agreements must fulfill the responsibilities of a Russian tax agent. Holders of ADSs should consult their own tax advisers with respect to the tax consequences of acquiring the ADSs.

### ***Taxation of Dividends***

#### ***Non-resident Holders***

Generally, Non-Resident Holders of ADSs should not be subject to any Russian taxes in respect of distributions made by the Group with respect to the ADSs.

However, in case the Company is recognized by the Russian tax authorities as a Russian tax resident (see “*Risk Factors—Risks Relating to Russian Taxation—The Company may be exposed to taxation in Russia if the Company is treated as having a permanent establishment in Russia or as Russian tax resident*”) Russian tax implications could arise as described below. While the Group does not anticipate such a scenario, it believes it is reasonable to assume that the Russian tax authorities may try to challenge the Company’s tax residency status.

Payments of dividends on shares of a foreign legal entity recognized as a Russian tax resident to foreign legal entities or organizations are generally subject to Russian withholding tax at a rate of 15% and are likely to be treated as Russian source income taxed at 15% if made to non-resident individuals. Such Russian withholding tax may be subject to reduction pursuant to the terms of any applicable double taxation treaty between the Russia and the country of tax residence of the income recipient to the extent such income recipient is entitled to benefit from a double taxation treaty and the corresponding taxation treaty reliefs provided by such treaty.

Due to the specifics of the ADS structure, it may be unclear from the standpoint of Russian tax legislation who should act as a tax agent with respect to dividend income payable on the ADSs in case of recognition of the issuer of the underlying shares as a Russian tax resident. As a conservative position, once becoming a Russian tax resident, the Company would be required to act as a tax agent. In this case holders of the ADSs would be required to provide the tax agent with the relevant information in order to apply the reduced tax rates pursuant to double taxation treaties. However, the Company may reserve the right to withhold the tax at the general rate of 15% and pay the dividends net of this amount pursuant to the provisions of the Tax Code.

A recipient of dividend income who is entitled to reduced tax rates on dividends from the ADSs according an applicable double taxation treaty may apply for a refund in accordance with the general tax refund procedure envisaged by the Tax Code. However, there can be no assurance that double taxation treaty relief (or refund of any taxes withheld) will be available for such Non-Resident Holders.

#### *Russian Resident Holders*

Payments of dividends by the Company to a Russian Resident Holder who is an individual, a legal entity or organization resident in the Russian Federation for tax purposes should generally be subject to Russian income tax. Such tax generally should not exceed 13% in respect of dividend payments made to a Russian Resident Holder that is a legal entity or organization (from 2023 - 5% in respect of dividend payments made to a Russian Resident Holder that is a legal entity or organization that is regarded as international holding company in accordance with the Tax Code under certain conditions). Where a dividend payment is made to an individual that is a Russian Resident Holder, such tax effectively should not exceed 13% of the gross dividend income which falls within the annual progressive income tax scale threshold of RUB 5 million in respect of the relevant tax basket on dividends and should not exceed 15% of the gross dividend payment received by each individual Russian Resident Holder in excess of such annual progressive dividends income tax scale threshold. Russian Resident Holders should determine the amount of tax to be paid on their own, based on the amount of dividends received.

However, in case the Company is recognized by the Russian tax authorities as a Russian tax resident (see “*Risk Factors—Risks Relating to Russian Taxation—The Company may be exposed to taxation in Russia if the Company is treated as having a permanent establishment in Russia or as Russian tax resident*”) certain specifics and uncertainty surrounding the withholding tax mechanism in Russia may lead to taxation of dividends at source at a 15% tax rate, normally applicable to Russian non-resident holders. The Russian Resident Holders will have to apply for tax refund of excessively withheld tax in accordance with the general tax refund procedure envisaged by the Tax Code (see “*—Material Russian Tax Considerations—Refund of Tax Withheld*”).

Russian Resident Holders should therefore consult their own tax advisers with respect to the tax consequences of their receipt of dividend income with respect to the holding of the ADSs.

#### ***Taxation of Capital Gains***

The following sections summarize the taxation of capital gains in respect of the disposition of the ADSs.

##### *Taxation of Legal Entities and Organizations*

##### Russian Resident Holders

Capital gains arising from the sale or other disposal of ADSs by a Russian Resident Holder, which is a legal entity or an organization, will be taxable at the regular Russian corporate profits tax rate of 20%. Russian Resident Holders that are legal entities may be able to offset losses incurred on operations in the quoted shares against other types of income (excluding income from non-quoted securities and derivatives). Special tax rules apply to Russian organizations that hold a broker and/or dealer license as well as certain other licenses related to the securities market. The Tax Code also establishes special rules for the calculation of the tax base for the purposes of transactions with securities, which are subject to TP control in Russia.



The Tax Code contains a certain exemption from capital gains taxation on the shares where immovable property located in the Russian Federation constitutes, directly or indirectly, less than 50% of assets, determined based on financial accounts data as of the end of the month preceding the date of disposal, provided that such shares are owned by the taxpayer for a period of more than five years. Specific conditions to apply the above exemption are envisaged for Russian organizations qualified as international holding companies under the Russian tax law (the holding period should not be less than 365 days and the participation share should be not less than 15 %, subject to some additional conditions). Since these exemptions refer to capital gains on shares and do not directly mention depository receipts, there is ambiguity whether such exemptions could be applied to disposal of ADSs.

Russian Resident Holders of the ADSs who are legal entities or organizations should, in all events, consult their own tax advisers with respect to the tax consequences of gains derived from the disposal of the ADSs.

#### Non-Resident Holders

A Non-Resident Holder that is a legal entity or organization generally should not be subject to any Russian taxes in respect of any gain or other income realized on the sale, exchange or other disposal of the ADSs unless more than 50% of assets of shares represented by the ADS directly or indirectly consist of immovable property situated in Russia. Otherwise, it is possible that any proceeds from the sale, exchange or other disposal of ADSs may be regarded as Russian source income received by Non-Resident Holders that are legal entities or organizations, subject to Russian income tax at a rate of 20%. The above tax may be reduced or eliminated under an applicable double tax treaty, provided that the recipient of the income is its beneficial owner, such income is not attributable to a permanent establishment in Russia, the necessary requirements to qualify for the treaty relief and the appropriate administrative requirements under the Russian tax legislation have been met.

Capital gains that are received by a Non-Resident Holder that is a legal entity or an organization, from the sale or other disposal of the shares that are recognized as quoted securities under the requirements of the Tax Code, generally should not be subject to profits tax in Russia. However, there is uncertainty regarding whether the above exemption may be applied to depository receipts which represent shares of a company that has more than 50% of its that assets consist of immovable property situated in Russia.

Non-Resident Holders that are legal entities or organizations should consult their own tax advisors with respect to the tax consequences of the sale, exchange or other disposal of the ADSs.

#### *Taxation of Individuals*

#### Russian Resident Holders

Capital gains arising from the sale, exchange or other disposal of the ADSs by individuals who are Russian Resident Holders must be declared on the holder's tax return and are subject to personal income tax at a rate from 13% to 15% (according to the progressive personal income tax scale) unless the tax was properly withheld by a tax agent. The income in respect of sale of the ADSs by an individual is calculated as the sale proceeds less expenses proved by documentary evidence related to the purchase of these ADSs (including the cost of the securities and the expenses associated with the purchase, keeping and sale of these ADSs and amounts on which personal income tax was accrued and paid on acquisition (receipt) of the ADSs and the amount of tax paid).

Russian tax legislation contains a requirement that a financial result in respect of activities connected with securities quoted on a stock exchange, must be calculated separately from a financial result in respect of trading in non-quoted securities. Amount of loss from transactions with securities quoted on a stock exchange may be deducted against tax base for operations with derivatives quoted on a stock exchange where the underlying assets are securities, stock indexes or derivatives.

Russian Resident Holders may carry forward losses arising from dealing with quoted securities to offset future capital gains from the sale, exchange or other disposal of other quoted securities for the period of up to ten years. No loss carry-forward is available for non-quoted securities and derivatives.

The Tax Code contains a certain exemption from capital gains taxation for shares where immovable property located in the Russian Federation constitutes directly or indirectly less than 50% of assets determined based on financial accounts data as of the end of the month preceding the date of disposal, provided that such shares are owned by the taxpayer for a period of more than five years. Since this exemption refers to capital gains on shares and does not directly mention depository receipts, there is ambiguity whether such exemption could be applied to disposal of depository receipts.

The Tax Code also contains certain tax deductions that may be applied by Russian Resident Holders who are individuals in respect of income from the sale of the ADSs given that, at the moment of sale, the ADSs qualify as quoted and are held by a Russian Resident Holder for at least three years. The amount of such deduction is determined using a specific formula and depends on how long the ADSs were held by a Russian Resident Holder.

Resident Holders should consult their own tax advisors with respect to their tax position regarding the ADSs.

#### Non-Resident Holders

A Non-Resident Holder who is an individual should not generally be subject to Russian taxes in respect of any gains realized on the sale, exchange or other disposal of ADSs, provided that the proceeds of such sale, exchange or disposal are not received from a source within Russia.

However, in the event that the proceeds from a sale, exchange or other disposal of ADSs are deemed to be received from a source within Russia, a Non-Resident Holder that is an individual may be subject to Russian tax in respect of such proceeds at a rate of 30% of the gain (such gain being computed as the sales price less any available documented cost deduction, including the acquisition price of the ADSs and other documented expenses, such as depository expenses and brokers' fees), subject to any available double tax treaty relief, provided that the necessary requirements to qualify for the treaty relief and the appropriate administrative requirements under the Russian tax legislation have been met.

According to Russian tax legislation, income received from the sale, exchange or other disposal of the ADSs should be treated as having been received from a Russian source if such sale, exchange or other disposal occurs in Russia. Russian tax law gives no clear indication as to how to identify the source of income received from the sale, exchange or other disposal of securities except that income received from the sale of securities "in Russia" will be treated as having been received from a Russian source. In the absence of any guidance as to what should be considered as the sale, exchange or other disposal of securities "in Russia," the Russian tax authorities may apply various criteria in order to determine the source of the sale or other disposal, including looking at the place of conclusion of the transaction, the location or tax residency of the issuer, location of the custodian or other similar criteria. There is no assurance, therefore, that the proceeds received by Non-Resident Holders (individuals) from a sale, exchange or other disposal of the ADSs will not become subject to tax in Russia.

The tax may be withheld at the source of payment if the individual acts via a professional intermediary that is registered in Russia for tax purposes (such as an asset manager, licensed broker or other intermediary that carries out operations under a brokerage service agreement, agency agreement, asset management agreement, commission agreement or commercial mandate agreement), otherwise the Non-Resident Holder (individual) shall be liable to file a tax return and pay the tax due to the Russian budget.

Starting from January 1, 2020, in absence of a licensed broker or an asset manager as mentioned above, Russian tax agent responsibilities should also be fulfilled by Russian legal entities or organizations acquiring the ADSs from the Non-Resident Holders (individuals) under sale or barter agreements.

Non-Resident Holders who are individuals should consult their own tax advisors with respect to the tax consequences arising from the acquisition, sale, exchange or other disposal of the ADSs and the receipt of the proceeds from sources within Russia in their respect.

### ***Double Tax Treaty Procedures***

Where a Non-Resident Holder of ADSs receives income from a Russian source, the Russian tax (if applicable under Russian domestic tax law) may be reduced or eliminated in accordance with the provisions of a double tax treaty. Advance treaty relief should be available for those eligible, subject to the requirements of Russian laws. In order for a Non-Resident Holder to benefit from the applicable double tax treaty, documentary evidence is required to confirm the applicability of the double tax treaty under which benefits are claimed.

Currently, a Non-Resident Holder that is a legal entity or an organization is required to provide a tax residence confirmation issued by the competent tax authority of the relevant treaty country (duly apostilled or legalized, translated into Russian and notarized). The tax residency confirmation needs to be renewed on an annual basis and provided before the first payment of income in each calendar year. For a Non-Resident Holder that is a legal entity or organization, this should be a tax residency certificate for the relevant year.

In order to benefit from the applicable double tax treaty, the person claiming such benefits must be the beneficial owner of the relevant income. In addition to a certificate of tax residency, the tax agent is obliged to obtain a confirmation from the Non-Resident Holder that is a legal entity or organization, that it is the beneficial owner of the relevant income. Russian tax law provides neither the form of such confirmation nor the precise list of documents which can demonstrate the beneficial owner status of the recipient with respect to the received income. Thus, there can be no assurance that treaty relief at source will be available in practice. According to the recent clarifications of the Russian tax authorities, a foreign company may not benefit from a double tax treaty if its activity does not have a real business purpose, if such company does not bear any risks that are normal for business activity, such company does not benefit from the use of such income and its employees actually do not control/manage such company. If activities of the company are limited to investments and/or financing of a group of companies, it cannot be considered as an independent business activity and it is not enough to confirm the beneficial owner status of the recipient of income. In addition, it is unclear how the beneficial ownership concept will evolve in the future.

A Non-Resident Holder who is an individual willing to obtain the advance double tax treaty relief at source should confirm to a tax agent that he or she is tax resident in a relevant foreign jurisdiction having a double tax treaty with Russia by providing the tax agent with (i) a passport of a foreign resident, or (ii) another document envisaged by an applicable federal law or recognized as a personal identity document of a foreign resident in accordance with the double taxation treaty, and (iii) upon request of the tax agent, a tax residency certificate issued by the competent authorities of his or her country of residence for tax purposes. A notarized Russian translation of the certificate is required. The law, however, does not clearly establish how the tax agent shall determine whether a passport is sufficient to confirm the individual's eligibility to double taxation treaty benefits. There are no requirements under the Tax Code for the individuals to provide evidence that they can be deemed as actual recipients (beneficial owners) of income from the Russian sources.

Non-Resident Holders should consult their own tax advisors regarding possible tax treaty relief and procedures for obtaining such relief with respect to any Russian taxes imposed on any payments received with respect to the ADSs.

### ***Refund of Tax Withheld***

If Russian withholding tax on income derived from Russian sources by a Non-Resident Holder has been withheld at the source of payment and such Non-Resident Holder is entitled to benefits of an applicable double tax treaty allowing such Non-Resident Holder not to pay the tax in Russia or pay the tax at a reduced rate in relation to such income, an application for the refund of the tax withheld may be made within three years from the end of the tax period in which the tax was withheld.

In order to obtain a refund, the Non-Resident Holder, that is a legal entity or an individual, is required to file certain documents with the Russian tax authorities, along with the tax refund claim. The list of such documents is stipulated by the Tax Code in respect of legal entities.

The Russian tax authorities may, in practice, require a wide variety of documentation confirming the right to benefits under a double tax treaty. Such documentation, in practice, may not be explicitly required by the Tax Code. Obtaining a refund of Russian tax withheld may be a time-consuming process and can involve considerable practicable difficulties, depending to a large extent on the position of the local tax inspectorates. No assurance can be given that a refund of Russian tax withheld will be granted in practice.

Non-Resident Holders should consult their own tax advisors should they need to obtain a refund of Russian taxes withheld on any payments received with respect to the ADSs.

### **Material U.S. Federal Income Tax Considerations for U.S. Holders**

The following is a description of the material U.S. federal income tax consequences for the U.S. Holders (as defined below) of owning and disposing of ADSs.

This summary applies only to U.S. Holders that hold ADSs as capital assets within the meaning of Section 1221 of the Code (as defined below) and have the U.S. dollar as their functional currency.

This discussion is based on the tax laws of the United States as in effect on the date of this Annual Report, including the Internal Revenue Code of 1986, as amended (the “Code”), and U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Annual Report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the U.S. federal income tax consequences described below. The statements in this Annual Report are not binding on the U.S. Internal Revenue Service (the “IRS”) or any court, and thus we can provide no assurances that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below.

Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-U.S. tax consequences or any other tax consequences other than U.S. federal income tax consequences.

The following discussion does not describe all of the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker-dealers;
- traders that elect to mark to market;
- tax-exempt entities or governmental organizations;
- individual retirement accounts or other tax-deferred accounts;
- persons liable for alternative minimum tax or the Medicare contribution tax on net investment income;
- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding ADSs as part of a straddle, hedging or other risk reduction strategy, constructive sale, conversion or integrated transaction or investment;
- persons that actually or constructively own 10% or more of our stock by vote or value;

- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired ADSs pursuant to the exercise of any employee share option or otherwise as compensation; and
- partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) or other pass-through entities and persons holding ADSs through partnerships or other pass-through entities.

**HOLDERS OF OUR ADSs ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL INCOME TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF ADSs.**

As used herein, the term “U.S. Holder” means a beneficial owner of ADSs that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds ADSs generally will depend on such partner’s status, the activities of the partnership and certain determinations made at the partner level. Partnerships that hold the ADSs and U.S. Holders that are partners in such partnership should consult their tax advisors regarding the tax consequences to them of the ownership and disposition of ADSs.

***Treatment of ADSs***

Generally, we expect that holders of ADSs should be treated for U.S. federal income tax purposes as holding the ordinary shares represented by the ADSs and the following discussion assumes that such treatment will be respected. If so, no gain or loss will be recognized upon an exchange of ordinary shares for ADSs or an exchange of ADSs for ordinary shares. The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying shares. Accordingly, the creditability of foreign taxes and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, if any, as described below, could be affected by actions taken by intermediaries in the chain of ownership between the holder of an ADS and us.

***Dividends and Other Distributions on ADSs***

If we make distributions of cash or property on our ordinary shares, subject to the PFIC rules discussed below, the gross amount of distributions made by us with respect to ADSs (including the amount of any non-U.S. taxes withheld therefrom, if any) generally will be includible as dividend income in a U.S. Holder’s gross income in the year actually or constructively received by the U.S. Holder, to the extent such distributions are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts, if any, not treated as dividend income will constitute a return of capital and will first be applied to reduce a U.S. Holder’s tax basis in its ADSs, but not below zero, and then any excess will be treated as capital gain realized on a sale or other disposition of the ADSs. Because we do not maintain calculations of earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect to treat all cash distributions as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Dividends received by non-corporate U.S. Holders may be “qualified dividend income,” which is taxed at the lower applicable long-term capital gains rate, provided that (1) either the ADSs are readily tradable on an established securities market in the United States or we are eligible for the benefits of the income tax treaty between the United States and Cyprus; (2) we are not a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the immediately preceding taxable year and (3) certain other requirements are met. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to ADSs.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. dollars at that time. If dividends received in foreign currency are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

Dividends on ADSs generally will constitute foreign source income for foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, foreign taxes withheld at the rate applicable to the U.S. Holder on any distributions on ADSs, if any, may be eligible for credit against a U.S. Holder's federal income tax liability. If a refund of the tax withheld is available under the laws of the applicable foreign jurisdiction or income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income), even though the procedures for claiming refunds for such taxes and the practical likelihood such refunds will be made available in a timely fashion are uncertain. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to ADSs will generally constitute "passive category income." The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemized deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

#### ***Sale or Other Taxable Disposition of ADSs***

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of ADSs, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in such ADSs (generally the cost of such ADSs to the U.S. Holder). Any such gain or loss generally will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the ADSs exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations. Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of ADSs generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes. The use of any foreign tax credits relating to any Russian taxes imposed upon such sale may be limited. U.S. Holders are strongly urged to consult their tax advisors as to the availability of tax credits for any Russian taxes withheld on the sale of ADSs.

#### ***Passive Foreign Investment Company Rules***

We will be classified as a PFIC for any taxable year if either: (a) at least 75% of our gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of our assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. For these purposes, passive income includes interest, dividends and other investment income, with certain exceptions. For these purposes, cash and other assets readily convertible into cash are considered passive assets, and the company's goodwill and other unbooked intangibles are generally taken into account. The PFIC rules also contain a look-through rule whereby the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Under the PFIC rules, if we were considered a PFIC at any time that a U.S. Holder holds ADSs, we would continue to be treated as a PFIC with respect to such investment unless (i) we cease to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules.

Based on our operations, the composition of our income and assets, and the value of our assets, and those of our subsidiaries, we do not expect to be treated as a PFIC for the taxable year ending December 31, 2022. This is a factual determination, however, that depends on, among other things, the composition of our income and assets, and the market value of our assets, and those of our subsidiaries, from time to time, and thus the determination can only be made annually after the close of each taxable year. Because the value of our assets for the purposes of the asset test will generally be determined by reference to the aggregate value of our outstanding ADSs, our PFIC status will depend in large part on the fair market value (which is generally reflected in trading price) of the ADSs, which may fluctuate significantly. Therefore there can be no assurances that we will not be classified as a PFIC for the current taxable year or for any future taxable year.

If we are considered a PFIC at any time that a U.S. Holder holds ADSs, any gain recognized by the U.S. Holder on a sale or other disposition of the ADSs, as well as the amount of any “excess distribution” (defined below) received by the U.S. Holder, would be allocated ratably over the U.S. Holder’s holding period for the ADSs. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) 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. For the purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on ADSs exceeds 125% of the average of the annual distributions on the ADSs received during the preceding three years or the U.S. Holder’s holding period, whichever is shorter.

If we are treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own equity in any of the foreign corporations in which we directly or indirectly own equity that are also PFICs (“lower-tier PFICs”). In such case, a U.S. Holder may also be subject to the adverse tax consequences described above with respect to any gain or “excess distribution” realized or deemed realized in respect of a lower-tier PFIC.

A U.S. Holder may, in certain circumstances, avoid certain of the tax consequences generally applicable to holders of stock in a PFIC by electing to mark the ADSs to market, provided the ADSs are “marketable stock.” If such an election is made, in any taxable year that we are a PFIC, a U.S. Holder would generally be required to report gain or loss to the extent of the difference between the fair market value of the ADSs at the end of the taxable year and such U.S. Holder’s tax basis in such ADSs at that time. Any gain under this computation, and any gain on an actual disposition of the ADSs, in a taxable year in which we are a PFIC, would be treated as ordinary income. Any loss under this computation, and any loss on an actual disposition of the ADSs in a taxable year in which we are a PFIC, would be treated as ordinary loss to the extent of the cumulative net-mark-to-market gain previously included. Any remaining loss from marking the ADSs to market will not be allowed, and any remaining loss from an actual disposition of the ADSs generally would be capital loss. A U.S. Holder’s tax basis in the ADSs would be adjusted annually for any gain or loss recognized under the mark-to-market election. There can be no assurances that the ADSs will be marketable stock for these purposes. In addition, an election for mark-to-market treatment would likely not be available with respect to any lower-tier PFICs. A mark-to-market election is made on a shareholder-by-shareholder basis, applies to all of the ADSs held or subsequently acquired by an electing U.S. Holder and can only be revoked with consent of the IRS (except to the extent the ADSs no longer constitute “marketable stock”).

We do not intend to supply U.S. Holders with the information needed to make a qualified electing fund election with respect to the ADSs if we were a PFIC.

If we are considered a PFIC, a U.S. Holder will also be subject to annual information reporting requirements. Failure to comply with such information reporting requirements may result in significant penalties and may suspend the running of the statute of limitations. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in ADSs.

#### ***Information Reporting and Backup Withholding***

Dividend payments with respect to ADSs and proceeds from the sale, exchange or redemption of ADSs may be subject to information reporting to the IRS and U.S. backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding if the U.S. Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

#### ***Information with Respect to Foreign Financial Assets***

Certain U.S. Holders who are individuals (and certain entities) that hold an interest in “specified foreign financial assets” (which may include the ADSs) are required to report information relating to such assets, subject to certain exceptions (including an exception for ADSs held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this and any other information reporting requirement on their acquisition, ownership and disposition of the ADSs.



**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH HOLDER OF OUR ADSS SHOULD CONSULT ITS TAX ADVISORS ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN ADSS UNDER ITS OWN CIRCUMSTANCES.**

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file with, or furnish to, the SEC reports and other information, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

We also maintain an Internet website at [www.cian.ru](http://www.cian.ru). Through our website, we will make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC: our annual reports on Form 20-F; our reports on Form 6-K; amendments to these documents; and other information as may be required by the SEC. The information contained on, or that can be accessed through, our website is not a part of, and shall not be incorporated by reference into, this Annual Report. We have included our website for inactive textual reference purposes only.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

**I. Subsidiary Information**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to the market risks described in “*Item 3. Key Information—D. Risk Factors*,” “*Cautionary Note Regarding Forward-Looking Statements*” and elsewhere in this Annual Report. We are also exposed to a variety of risks in the ordinary course of our business, including foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. The information pertaining to quantitative and qualitative disclosures about market risk is set forth in “*Item 5. Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosure about Market Risk*” of this Annual Report and Note 20 (Financial Risk Management) to the Consolidated Financial Statements.

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**A. Debt Securities**

Not applicable.

**B. Warrants and Rights**

Not applicable.

## C. Other Securities

Not applicable.

## D. American Depositary Shares

### Depository

The Bank of New York Mellon acts as our depository (the “Depository”) in relation to the American Depositary Shares, also referred to as ADSs. The ADSs are deposited with The Bank of New York Mellon, acting through an office located in the United Kingdom, as custodian for the Depository. The Depository’s office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

### Fees and Expenses

#### *Persons depositing or withdrawing shares or ADS holders must pay:*

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depository

Taxes and other governmental charges the depository or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depository or its agents for servicing the deposited securities

#### *For:*

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property  
Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depository to ADS holders

Depository services

Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares

Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)  
Converting foreign currency to U.S. dollars

As necessary

As necessary

The Depository collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depository may collect its annual fee for depository services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depository may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The Depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

### Direct and Indirect Payments

From time to time, the Depository may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the Depository or share revenue from the fees collected from ADS holders.

### Other Information

See Exhibit 2.1 to this Form 20-F for the form of deposit agreement between us and the Depository and Exhibit 2.5 to this Form 20-F for a description of the rights of holders of the ADSs.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

On November 4, 2021, in connection with our initial public offering, we amended and restated our memorandum and articles of association. A copy of our amended and restated memorandum and articles of association is filed as Exhibit 1.1 to this Annual Report. See “Item 10. Additional Information—B. Memorandum and Articles of Association.”

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

### ITEM 15. CONTROLS AND PROCEDURES

#### A. Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the Company’s reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

#### B. Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act.

Our 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. 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 because the degree of compliance with policies or procedures may deteriorate.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in “Internal Control—Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2022.

#### C. Attestation Report of Registered Public Accounting Firm

This Annual Report does not include an attestation report of our registered public accounting firm due to an exemption established by the JOBS Act for “emerging growth companies.”

#### **D. Changes in Internal Control Over Financial Reporting**

As disclosed in our Annual Report on Form 20-F for the year ended December 31, 2021, we identified significant deficiencies in our internal controls over financial reporting. A “significant deficiency” is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the Company’s financial reporting. In particular, we identified significant deficiencies in relation to change management and access management processes in our IT systems, whereby the related controls were not operating effectively.

To address the above mentioned significant deficiencies, in the year ended December 31, 2022, we (i) attracted and retained sufficient qualified personnel with appropriate skills and knowledge, (ii) reviewed and formalized our change management and access management procedures, (iii) implemented controls over access management and improved the process for changes in access rights and permissions, and (iv) enhanced segregation of duties throughout the change management process.

As a result of these actions, management considers that the significant deficiencies relating to access management and change management in our IT systems identified as of December 31, 2021 have been remediated as of December 31, 2022. However, completion of remediation procedures for the significant deficiencies does not provide assurance that our modified controls will continue to operate properly or that our financial statements will be free from error.

Except for the remediation efforts described above taken to address the significant deficiencies, during the year ended December 31, 2022, there were no other changes in our internal control over financial reporting that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **ITEM 16. [RESERVED]**

##### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that Douglas Gardner, the Chairman of our audit committee, is a “financial expert,” as defined in Item 16A of Form 20-F. Mr. Gardner is “independent,” as defined in Rule 10A-3 under the Exchange Act. For a description of Mr. Gardner’s experience, see “*Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Members—Douglas Gardner.*”

##### **ITEM 16B. CODE OF ETHICS**

We have adopted a Code of Business Conduct that applies to all employees, officers and board members of the Cian Group, including our principal executive, principal financial and principal accounting officers. Our Code of Business Conduct addresses, among other things, graft and corruption; conflicts of interest; corporate opportunities; compliance with laws, regulations and rules; insider trading; financial crimes, financial reporting and accounting; personal investment; confidentiality and competition, as well as the process for reporting violations of the Code of Business Conduct. Our Code of Business Conduct is intended to meet the definition of “code of ethics” under Item 16B of Form 20-F under the Exchange Act.

We intend to disclose on our website any amendment to, or waiver from, a provision of our Code of Business Conduct that applies to our directors or executive officers to the extent required under the rules of the SEC or the NYSE. Our Code of Business Conduct is available on our website at [www.investor.cian.com](http://www.investor.cian.com). The information contained on our website is not incorporated by reference in this Annual Report.

##### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The consolidated financial statements of Cian PLC as of December 31, 2022 and 2021, and for each of the years in the period ended December 31, 2022, included in this Annual Report, have been audited by AO “Business Solutions and Technologies” (formerly, AO Deloitte & Touche CIS), Moscow, Russia (PCAOB ID 1341), an independent registered public accounting firm, as stated in their report appearing herein.

The table below sets out the total amount of services rendered by AO “Business Solutions and Technologies”, our independent registered public accounting firm, for services performed in the years ended December 31, 2022 and 2021, and breaks down these amounts by category of service:

	Year ended December 31,	
	2022	2021
	(in thousands of Russian rubles)	
Audit Fees	33,275	32,172
Audit-Related Fees	—	29,462
Tax Fees	—	336
All Other Fees	—	—
<b>Total</b>	<b>33,275</b>	<b>61,970</b>

#### ***Audit Fees***

Audit fees for the years ended December 31, 2022 and 2021 were related to the audit of our consolidated financial statements and other audit or interim review services provided in connection with statutory and regulatory filings or engagements.

#### ***Audit-Related Fees***

Audit related fees for the year ended December 31, 2021 were primarily related to services in connection with our initial public offering.

#### ***Tax Fees***

Tax fees for the year ended December 31, 2021 were related to the tax compliance services.

#### ***Audit Committee Pre-Approval Policies and Procedures***

Pursuant to our audit committee charter, the audit committee, or the Chairman of the audit committee, must pre-approve any audit and non-audit service provided to the Company by the independent auditor, unless the engagement is entered into pursuant to appropriate preapproval policies established by the audit committee or if such service falls within available exceptions under SEC rules.

All services rendered by our independent auditor since the establishment of our audit committee were pre-approved by either the audit committee or the chair of the audit committee, in accordance with the audit committee’s pre-approval policy.

#### **ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

#### **ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

During the year ended December 31, 2022, no purchases of our equity securities were made by or on behalf of us or any affiliated purchaser.

#### **ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Not applicable.

## **ITEM 16G. CORPORATE GOVERNANCE**

As a foreign private issuer whose ADSs are listed on the NYSE, we have the option to follow certain Cypriot corporate governance practices rather than those of the NYSE, except to the extent that such laws would be contrary to U.S. securities laws and provided that we disclose the practices we are not following and describe the home country practices we are following. We rely on this “foreign private issuer exemption” with respect to the following NYSE requirements:

- We follow home country practice that permits our independent directors to constitute less than the majority of the directors on our board of directors, rather than NYSE corporate governance rule 303A.01, which requires that a majority of the board be independent (although all members of the audit committee must be independent under the Exchange Act);
- We follow home country practice that permits us not to hold regular executive sessions where only non-management directors are present, rather than the NYSE corporate governance rule 303A.03, which requires an issuer to have regularly scheduled meetings at which only non-management directors attend;
- We follow home country practice that permits our nominating, compensation and corporate governance committee not to consist entirely of independent directors, rather than NYSE corporate governance rules 303A.04 and 303A.05, which requires boards to have a nominating and corporate governance committee and compensation committee consisting entirely of independent directors;
- We follow home country practice that does not require our board of directors to be nominated by the nominating and corporate governance committee, rather than NYSE corporate governance rule 303A.04, which requires director nominees for the next annual general meeting of shareholders to either be selected, or recommended for the board’s selection, by the nominating and corporate governance committee comprised solely of independent directors;
- We follow home country practice that does not require us to have an internal audit function, rather than NYSE corporate governance rule 303A.7(c), which requires NYSE listed companies to maintain an internal audit function to provide management and the audit committee with ongoing assessments of the listed company’s risk management processes and system of internal control;
- We follow home country practice that generally permits the board of directors, without shareholder approval, to establish or materially amend any equity compensation plans, rather than NYSE corporate governance rule 303A.08, which requires that our shareholders’ approve the establishment of, or any material amendments to any equity compensation plan;
- We follow home country practice, and not the NYSE corporate governance rules, relating to matters requiring shareholder approval. Under Cyprus law and our articles of association, the business of the Company shall be managed by the Board. The Board of directors is consequently authorized to take any decisions that are not reserved to the shareholders either by law or the articles of association. According to Cyprus law, the matters to be decided by the shareholders include, among others: (i) amendments to the articles of association, (ii) changes to the company’s name, (iii) purchase of the company’s own shares; (iv) liquidation of the company, (v) reduction of the company’s capital, (vi) increase of the company’s authorized capital and others.

Except as stated above, we intend to comply with the rules generally applicable to U.S. domestic companies listed on the NYSE. We may, in the future, decide to use other foreign private issuer exemptions with respect to some or all of the other NYSE listing requirements.

## **ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

## **ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## **PART III**

### **ITEM 17. FINANCIAL STATEMENTS**

See “*Item 18. Financial Statements.*”

### **ITEM 18. FINANCIAL STATEMENTS**

The audited consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this Annual Report. The audit report of AO “Business Solutions and Technologies” (formerly, AO Deloitte & Touche CIS), an independent registered public accounting firm, is included herein preceding the audited consolidated financial statements.



## ITEM 19. EXHIBITS

The following documents are filed as part of this Annual Report or incorporated by reference herein:

Exhibit No.	Description	Incorporation by Reference			
		Form	File Number	Exhibit No.	Filing Date
1.1	<a href="#">Articles of Association of the Company.</a>	F-1	333-260218	3.1	October 13, 2021
2.1	<a href="#">Form of Deposit Agreement, dated November 4, 2021, among the Company, The Bank of New York Mellon, as depositary, and the owners and holders, from time to time, of the American Depositary Shares issued thereunder.</a>	F-1	333-260218	4.1	October 13, 2021
2.2	<a href="#">Form of American Depositary Receipt (included in Exhibit 2.1).</a>				
2.3	<a href="#">Form of Registration Rights Agreement, dated as of November 4, 2021, among the Registrant and certain shareholders of the Company.</a>	F-1	333-260218	4.3	October 13, 2021
2.4	<a href="#">Form of Coordination Agreement, dated as of November 4, 2021, among certain shareholders of the Company.</a>	F-1	333-260218	4.4	October 13, 2021
2.5	<a href="#">Description of Securities.</a>	20-F	001-40986	2.5	May 2, 2022
4.1+	<a href="#">2021 Restricted Stock Units Plan.</a>	20-F	001-40986	4.1	May 2, 2022
4.2++	<a href="#">English translation of the Facility Agreement, dated as of July 31, 2019, among, iRealtor LLC, as borrower, Raiffeisenbank JSC, as credit manager, original creditor and pledge manager, and Rosbank JSC, as original creditor, among others.</a>	F-1	333-260218	10.3	October 13, 2021
4.3++	<a href="#">Agreement for the Sale and Purchase of the Share Capital of LLC “N1.RU”, dated as of December 22, 2020, among Mimons Investments Limited, Hearst Shkulev Digital Regional Network B.V., HS Holding B.V. and Limited Liability Company “HS Publishing”, Limited Liability Company “Hearst Shkulev Media” and Limited Liability Company “InterMediaGroup”, acting as guarantors, among others.</a>	F-1	333-260218	10.4	October 13, 2021
4.4++	<a href="#">English translation of the Service Agreement, dated as of July 27, 2017, between HeadHunter LLC and iRealtor LLC.</a>	F-1	333-260218	10.5	October 13, 2021
4.5++	<a href="#">English translation of the Service Agreement, dated as of October 7, 2014, with HeadHunter LLC.</a>	F-1	333-260218	10.6	October 13, 2021
4.6	<a href="#">Form of Deed of Indemnification and Advancement.</a>	20-F	001-40986	4.6	May 2, 2022
8.1	<a href="#">List of Subsidiaries of the Company.</a>	20-F	001-40986	8.1	May 2, 2022
12.1*	<a href="#">Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
12.2*	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
13.1*	<a href="#">Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
13.2*	<a href="#">Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
15.1*	<a href="#">Consent of AO “Business Solutions and Technologies”.</a>				
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				
*101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
*101.DEF	Inline XBRL Taxonomy Definition Linkbase Document.				
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
*104	Cover Page Interactive Data File (embedded within the InLine XBRL document).				

\* Filed herewith.

+ Indicates management contract or compensatory plan.

++ Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.

**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.

**CIAN PLC**

Date: April 27, 2023

By: /s/ Dmitry Grigoriev

Name: Dmitry Grigoriev

Title: Chief Executive Officer

## **CIAN Group**

Consolidated Financial Statements as of December 31, 2022 and  
December 31, 2021 and for the years ended December 31, 2022,  
December 31, 2021 and December 31, 2020

**CIAN GROUP**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Cian PLC

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Cian PLC and subsidiaries (the “Group”) as of December 31, 2022 and 2021, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and the financial statement listed in schedule I (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group 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. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion.

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.

/s/ AO “Business Solutions and Technologies”

Moscow, Russia

March 29, 2023, except for schedule I, as to which the date is April 27, 2023

We have served as the Group’s auditor since 2018.

**CIAN GROUP**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
(in millions of Russian Rubles, unless otherwise stated)

	Note	2022	2021	2020
<b>Revenue</b>	4	<b>8,266</b>	<b>6,033</b>	<b>3,972</b>
Operating expenses:				
Marketing expenses	7	(2,360)	(2,253)	(1,697)
Employee-related expenses	8	(3,759)	(5,062)	(2,208)
IT expenses		(549)	(527)	(264)
Depreciation and amortization		(269)	(279)	(200)
Other operating expenses		(584)	(726)	(180)
<b>Total operating expenses</b>		<b>(7,521)</b>	<b>(8,847)</b>	<b>(4,549)</b>
<b>Operating profit/ (loss)</b>		<b>745</b>	<b>(2,814)</b>	<b>(577)</b>
Finance costs		(23)	(61)	(72)
Finance income		108	19	11
Foreign currency exchange gain / (loss), net		(108)	53	(1)
Other income	18	45	6	—
<b>Profit/ (loss) before income tax</b>		<b>767</b>	<b>(2,797)</b>	<b>(639)</b>
Income tax (expense) / benefit	9	(287)	(60)	12
<b>Profit/ (loss) for the year</b>		<b>480</b>	<b>(2,857)</b>	<b>(627)</b>
<b>Total comprehensive income/ (loss) for the year</b>		<b>480</b>	<b>(2,857)</b>	<b>(627)</b>
<b>Profit/ (loss) per share, in RUB</b>				
Basic profit/ (loss) per share attributable to ordinary equity holders of the parent		6.86	(43.89)	(10.55)
Diluted profit/ (loss) per share attributable to ordinary equity holders of the parent		6.72	(43.89)	(10.55)
Basic weighted average number of ordinary shares		69,920,715	65,092,557	59,433,100
Diluted weighted average number of ordinary shares		71,448,605	65,092,557	59,433,100

The accompanying notes are an integral part of these consolidated financial statements

**CIAN GROUP**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021**  
*(in millions of Russian Rubles)*

	Note	December 31, 2022	December 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		68	49
Right-of-use assets	10	74	98
Goodwill	6,11	785	785
Intangible assets	6,11	1,077	1,197
Deferred tax assets	9	137	226
Other non-current assets		8	15
<b>Total non-current assets</b>		<b>2,149</b>	<b>2,370</b>
<b>Current assets</b>			
Inventories	12	30	108
Advances paid and prepaid expenses		99	93
Trade and other receivables	13	414	408
Prepaid income tax		3	4
Cash and cash equivalents	14	4,110	2,419
Other current assets		169	198
<b>Total current assets</b>		<b>4,825</b>	<b>3,230</b>
<b>Total assets</b>		<b>6,974</b>	<b>5,600</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	15	2	2
Share premium	15	7,702	7,614
Equity-settled employee benefits reserves	16	648	110
Accumulated losses		(3,343)	(3,854)
<b>Total equity</b>		<b>5,009</b>	<b>3,872</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	10	28	48
Deferred tax liabilities	9	127	135
Deferred income	18	108	125
<b>Total non-current liabilities</b>		<b>263</b>	<b>308</b>
<b>Current liabilities</b>			
Contract liabilities	4	554	425
Trade and other payables	17	642	619
Income tax payable		66	59
Other taxes payable		366	241
Lease liabilities	10	41	43
Deferred income	18	33	33
<b>Total current liabilities</b>		<b>1,702</b>	<b>1,420</b>
<b>Total liabilities</b>		<b>1,965</b>	<b>1,728</b>
<b>Total liabilities and equity</b>		<b>6,974</b>	<b>5,600</b>

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on March 29, 2023 and signed by management:

Dmitriy Grigoryev  
Chief Executive Officer

Mikhail Lukyanov  
Chief Financial and Strategy Officer

The accompanying notes are an integral part of these consolidated financial statements



**CIAN GROUP**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
(in millions of Russian Rubles)

	Note	Share capital	Share premium	Equity-settled employee benefits reserves	Accumulated losses	Total equity
<b>Balance at January 1, 2020</b>		—	125	—	(370)	(245)
Loss and total comprehensive loss for the year		—	—	—	(627)	(627)
<b>Balance at December 31, 2020</b>		—	125	—	(997)	(872)
<b>Balance at January 1, 2021</b>		—	125	—	(997)	(872)
Loss and total comprehensive loss for the year		—	—	—	(2,857)	(2,857)
Effect arising from the share split	15	2	—	—	—	2
Issue of ordinary shares, net of transaction costs	15	—	7,489	—	—	7,489
Share-based payments	16	—	—	110	—	110
<b>Balance at December 31, 2021</b>		2	7,614	110	(3,854)	3,872
<b>Balance at January 1, 2022</b>		2	7,614	110	(3,854)	3,872
Profit and total comprehensive income for the year		—	—	—	480	480
Issue of ordinary shares	15	—	88	(88)	—	—
Share-based payments	16	—	—	657	—	657
Cancellation of the share-based payments by the employees	16	—	—	(31)	31	—
<b>Balance at December 31, 2022</b>		2	7,702	648	(3,343)	5,009

The accompanying notes are an integral part of these consolidated financial statements

**CIAN GROUP**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**
*(in millions of Russian Rubles)*

	Note	2022	2021	2020
<b>Cash flows from operating activities</b>				
Profit/ (loss) before income tax		767	(2,797)	(639)
<b>Adjusted for:</b>				
Depreciation and amortization		269	279	200
Employee share-based payment expense	16	657	2,549	558
Finance income		(108)	(19)	(11)
Finance costs		23	61	72
Foreign currency exchange (gain) / loss, net		108	(53)	1
(Reversal) / allowance for expected credit losses		(14)	16	—
<b>Working capital changes:</b>				
Increase in trade and other receivables		(1)	(238)	(61)
(Increase) / decrease in advances paid and prepaid expenses		2	(9)	(32)
(Increase) / decrease in other assets		122	(232)	(13)
Increase / (decrease) in trade and other payables		(18)	235	(4)
Increase in contract liabilities and deferred income		87	230	148
Increase / (decrease) in other liabilities		127	(2,017)	98
<b>Cash generated from/ (used in) operating activities</b>		<b>2,021</b>	<b>(1,995)</b>	<b>317</b>
Income tax paid		(199)	(26)	(28)
Interest received		106	16	11
Interest paid		(6)	(59)	(70)
<b>Net cash generated from/ (used in) operating activities</b>		<b>1,922</b>	<b>(2,064)</b>	<b>230</b>
<b>Cash flows from investing activities</b>				
Acquisition of a subsidiary, net of cash acquired	6	—	(1,651)	—
Purchase of property and equipment		(51)	(52)	(21)
Purchase of intangible assets		(69)	(89)	(90)
Loan issued to a related party	19	—	(25)	—
Loans issued to employees		(16)	—	—
Loans collected from employees		—	—	2
<b>Net cash used in investing activities</b>		<b>(136)</b>	<b>(1,817)</b>	<b>(109)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of ordinary shares	15	—	6,520	—
Proceeds from borrowings		—	—	320
Repayment of borrowings		—	(728)	(71)
Payment of principal portion of lease liabilities		(42)	(38)	(67)
<b>Net cash (used in) / generated from financing activities</b>		<b>(42)</b>	<b>5,754</b>	<b>182</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,744</b>	<b>1,873</b>	<b>303</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,419</b>	<b>449</b>	<b>148</b>
Effect of exchange rate changes on cash and cash equivalents		(65)	111	(2)
Effect of a reversal/ (allowance) for expected credit losses		12	(14)	—
<b>Cash and cash equivalents at the end of the year</b>		<b>4,110</b>	<b>2,419</b>	<b>449</b>

The accompanying notes are an integral part of these consolidated financial statements

**CIAN GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
*(in millions of Russian Rubles, unless otherwise stated)*

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## 1. GENERAL INFORMATION

The consolidated financial statements of Cian PLC and its subsidiaries (collectively, the “Cian Group” or the “Group”) as of and for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on March 29, 2023.

Cian PLC (formerly Solaredge Holdings Limited) (the “Company” or the “Parent”) is a public liability company incorporated and domiciled in Cyprus. The registered office is located at Agiou Georgiou Makri, 64, Anna Maria Lena Court, flat/office 201, 6037, Larnaca, Cyprus. The Group’s principal place of business is Elektrozavodskaya street 27/8, premise I, floor 5, Moscow, 107023, Russian Federation.

The Group is principally engaged in online real estate classifieds business within the Russian Federation through the Group’s websites and mobile application.

Subsidiaries of the Company, all of which have been included in these consolidated financial statements, are as follows:

Subsidiary	Principal activity / Country of incorporation	% equity interest	
		December 31, 2022	December 31, 2021
iRealtor LLC	Online real estate classifieds (Russia)	100 %	100 %
N1.ru LLC	Online real estate classifieds (Russia)	100 %	100 %
MLSN LLC	Online real estate classifieds (Russia)	100 %	100 %
N1 Technologies LLC	IT services and development (Russia)	100 %	100 %
Financial Platform JSC	Financial platform operator (Russia)	9 %*	9 %*
Fastrunner Investment Limited	Holding (Cyprus)	100 %	100 %
Mimons Investments Limited	Holding (Cyprus)	100 %	100 %

\* See Note 19 for more details.

On November 9, 2021, the Company completed an initial public offering (“IPO”) of 4,042,400 newly issued American Depositary Shares (“ADSs”), each representing one ordinary share of the Company, on the New York Stock Exchange (“NYSE”).

The ultimate controlling party of the Group are Elbrus Capital Fund II L.P., Elbrus Capital Fund II B L.P. and Elbrus Capital Fund III A S.C.Sp. (together “Elbrus Capital”), which own an aggregate of 45.1% of the Group’s ordinary shares as of December 31, 2022.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Group’s consolidated financial statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for share-based payment reserves (Note 16) which are measured at the grant date fair value for the equity-settled employee benefits reserves and at fair value on each reporting date for the cash-settled share-based payment liability.

The consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future (Note 21).

**CIAN GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
*(in millions of Russian Rubles, unless otherwise stated)*

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**2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2022 and 2021, respectively. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if any facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year, are included in the consolidated financial statements from the date the Group gains control over the subsidiary until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to the transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

**2.3 New standards, interpretations and amendments**

The Group applied for the first-time all standards, interpretations and amendments, relevant for its operations, which are effective for annual periods beginning on or after January 1, 2022. These standards, interpretations and amendments do not have a material impact on the Group's consolidated financial statements.

- Reference to the Conceptual Framework – Amendments to IFRS 3.
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16.
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.
- IAS 41 Agriculture – Taxation in fair value measurements.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements:

- IFRS 17 Insurance Contracts (effective date – January 1, 2023).
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective date – January 1, 2023).
- Definition of Accounting Estimates – Amendments to IAS 8 (effective date – January 1, 2023).
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective date – January 1, 2023).

**CIAN GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
*(in millions of Russian Rubles, unless otherwise stated)*

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**2.4 Summary of significant accounting policies**

**a) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized, but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

**b) Foreign currencies**

The Group's consolidated financial statements are presented in Russian Rubles ("RUB"), which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of all of the Company's subsidiaries is the RUB.

Transactions in foreign currencies are initially recorded by the Group's subsidiaries in their functional currency at exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at exchange rates prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized within "Foreign currency exchange gain / (loss), net", in the consolidated statement of profit and loss and other comprehensive income.

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***(in millions of Russian Rubles, unless otherwise stated)***

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The RUB is not a fully convertible currency outside Russia. Within the Russian Federation, official exchange rates are determined by the Central Bank of the Russian Federation.

**c) Revenue from contracts with customers**

Revenue from contracts with customers is recognized when control of products or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products or services.

**i. Listing revenue**

Listing revenue is derived from offering online listings and related value-added services, such as different listing promotion options, to the Group's customers on its websites and mobile applications based on a cost-per-time basis. Customers can purchase either individual listings and value-added services, listing packages or subscriptions, which combine a number of listings and value-added services. The cash collected from the sale of online listings and related value-added services (both under the pay-per-listing, listing package model or the subscription model) is initially recorded as contract liability (deferred revenue) in the consolidated statement of financial position and subsequently recognized as revenue over time as customers receive and consume the benefits of the access to online listings and related value-added services over the contractual period. The average time period between receipt of payment from the customer and delivery of online listings is 30 days.

**ii. Lead generation revenue**

Lead generation revenue represents fees charged to real estate developers for establishing and referring contacts (or leads) based on the number of qualified calls (validated user connections) received from primary real-estate listing posted primarily through Group's platform (as part of the "Core Business" segment) or through our partner banks' sites (as part of the "Mortgage Marketplace" segment). Performance obligation is satisfied at a point in time of occurrence of each qualified call. Payment is received after the delivery of validated connections. Payment is generally due within 20 to 30 days from providing these services.

**iii. Display advertising revenue**

The Group's advertising services allow third parties to place advertisements in particular areas of the Group's websites and mobile application. Advertising revenue is recognized over time based on upfront monthly fees agreed in media plans, which also include targeted number of views or clicks during the period of advertisement. Payment is generally due within 20 to 30 days from providing advertising services.

**iv. Loyalty program**

The Group has a loyalty points program which allows listing revenue customers to accumulate points that can be redeemed against future purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to acquire additional services at a discount to the customer, that it would not receive without entering into that contract. A portion of transaction price is allocated to the loyalty points awarded to customers based on a stand-alone selling price of points and recognized as deferred revenue (contract liability) in the consolidated statement of financial position. Deferred revenue is recognized as revenue when loyalty points are redeemed, expire or the likelihood of the customer redeeming the points becomes remote. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points.

**CIAN GROUP**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020**

*(in millions of Russian Rubles, unless otherwise stated)*

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**v. Other revenue**

The Group explores new ways of monetization of its website and mobile application traffic and content database and develops new business initiatives, primarily Mortgage Marketplace, Data Analytics Services and Home Swap Services.

Mortgage Marketplace revenue comprises commission fees charged to banks for selling their mortgage products to the Group's websites and mobile application users. Upon sale, the Group charges the banks a fixed rate commission fee based on the mortgage amount ("Marketplace commission"). The Group's performance obligation with respect to these transactions is to arrange the transaction through its websites or mobile application. Marketplace commission is recognized on a net basis at the point of signing the mortgage agreement between the bank and the individual user. Payment is generally due within 20 to 30 days from providing these services.

Data Analytics Services revenue represents fees derived from the Group's customers for providing access to the Group's database of real estate content. The access can be provided either in the form of an individual report or on a subscription basis. The cash collected from the sales of subscription is initially recorded as deferred revenue in the consolidated statement of financial position and subsequently recognized as revenue over the subscription period. Revenue from sales of individual reports is recognized at the point of delivery of the report to the customer. Payment is generally due within 20 to 30 days from providing an individual report or a prepayment basis in a case of subscription.

Home Swap services revenue is derived from resale of properties. Revenue is recognized at the time of the closing of the property sale when title to and possession of the property are transferred to the buyer. The amount of revenue recognized for each property sale is equal to the full sales price of the property and does not reflect real estate agent commissions, closing or other costs associated with the transaction.

**d) Operating expenses**

Operating expenses consist primarily of advertising and marketing costs, employee-related expenses including payroll, IT expenses including hosting, technical support and telecommunication services, depreciation and amortization expenses and other expenses such as office maintenance, consulting and other general corporate expenses. Operating expenses are expensed as incurred.

**e) Income taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Income taxes are computed in accordance with the laws of the Company's and its subsidiaries' jurisdictions. Taxable income of the Group's companies incorporated in Russia and Cyprus is subject to local income tax at rates of 20.0% (N1 Technologies LLC – 0.0% from January 1, 2022 to December 31, 2024) and 12.5%, respectively.

**Deferred tax**

Deferred income taxes are accounted for under the balance sheet method and reflect the tax effect of temporary differences between the tax basis of assets and liabilities and their carrying amounts in the accompanying consolidated financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



**CIAN GROUP****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020*****(in millions of Russian Rubles, unless otherwise stated)***

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Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets are derecognized when it is no longer probable that sufficient taxable profit will be available against which the deductible temporary differences can be recognized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**f) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property and equipment items that extend the useful lives of assets or increase their revenue-generating capacities are capitalized and the replaced part is retired.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Useful lives in years
Office equipment	1–5

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

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Property and equipment are also subject to impairment. Refer to the accounting policies in section (i) Impairment of non-financial assets excluding goodwill.

**g) Leases**

**Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term as follows:

	Lease term in years
Offices	3 – 4

Right-of use assets are also subject to impairment. Refer to the accounting policies in section (i) Impairment of non-financial assets excluding goodwill.

**Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Presentation in the consolidated statement of cash flows**

The Group classifies cash payments for the principal portion of lease liabilities within financing activities and cash payments for the interest portion of the lease liabilities within operating activities.

**h) Intangible assets**

Intangible assets acquired separately are measured upon initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset is reviewed at least at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The amortization of intangible assets is recorded in depreciation and amortization within the consolidated statements of profit or loss and other comprehensive income.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Useful lives in years
Trademarks	7-9
Customer base	15-18
Computer software	1-3
Video and audio rights	1
Development costs	5

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

**i) Impairment of non-financial assets excluding goodwill**

At each reporting date, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, valuation multiples and the Company's share price are taken into account.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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**i) Inventories**

Inventories are comprised of properties acquired through the Home Swap service and are stated at the lower of cost or net realizable value. Properties are removed from inventories based on a specific identification of individual costs when they are resold. These costs comprise the purchase price and state duties.

The Group reviews the value of properties held in inventories for indicators that net realizable value is lower than cost at the end of each reporting period. When evidence exists that the net realizable value of inventories is lower than its cost, the difference is recognized in other operating expenses.

**j) Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

**k) Share-based payments**

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee-related expenses, together with a corresponding increase in equity (equity-settled employee benefits reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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**Cash-settled transactions**

Certain senior level employees of the Group have received remuneration in the form of share-based payments (“phantom shares”), which are settled in cash (cash-settled transactions). For cash-settled share-based payments, a liability is recognized initially at the fair value. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in employee-related expenses.

**l) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**m) Value added tax**

Expenses and assets are recognized net of the amount of value added tax (“VAT”), except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of the VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**n) Profit / (loss) per share**

Basic and diluted net profit / (loss) per ordinary share for all periods presented has been determined in accordance with IAS 33 “Earnings per Share”, by dividing income available to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. The Group did not have any dilutive instruments as of December 31, 2021 and 2020. As of December 31, 2021 the Group had equity-settled share-based awards (Note 16) that were antidilutive as of reporting date. As of December 31, 2022 the Group considered these equity-settled share-based awards (Note 16) in the calculation of the diluted earnings per share, as the Group earned profit for the year ended December 31, 2022.

**o) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components, and for which discrete financial information is available. The Group’s operating results (Note 5) are reviewed regularly by the Group’s Board of Directors (BOD) and Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance. Segment results are reported to the BOD and CEO and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**p) Financial instruments**

**Initial recognition and measurement**

In accordance with IFRS 9, financial assets are classified, at initial recognition, as amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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In accordance with IFRS 9, financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost, as appropriate.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group's financial assets include cash and cash equivalents, rent security deposits, trade and other receivables. The Group's financial liabilities include trade and other payables, lease liabilities and borrowings.

**Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value of traded financial instruments is determined on each reporting date on the basis of market quotations or dealers' quotations without transaction costs deduction. For the financial instruments which are not traded on the market, fair value is determined with the use of appropriate valuation methods. These methods include use of market transactions data, use of data on the current fair value of other similar financial instruments, analysis of discounted cash flows or other valuation methods.

The Group uses the following structure for determination and disclosure of valuation methods of fair value of financial instruments:

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

*Level 2* inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

*Level 3* inputs are unobservable inputs for the asset or liability.

**Subsequent measurement**

**Financial assets and financial liabilities at amortized cost**

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the consolidated statement of profit or loss and other comprehensive income.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or is cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

**Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (ECLs) for all financial assets measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset in case of long-term assets.

Under IFRS 9, ECLs are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies a simplified approach in calculating lifetime ECLs for accounts receivable. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.



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The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default – when the counterparty has an external credit rating of ‘investment grade’ in accordance with the globally understood definition (rating BBB- or higher, based on Standard & Poor’s and Fitch ratings or a corresponding rating of a Russian rating agency when international rating is not available);
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Allowances for expected credit losses for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group’s consolidated financial statements requires management to make judgments; estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities; and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgments**

In the process of applying the Group’s accounting policies, no judgments were made by management, which had a material effect on the amounts recognized in the consolidated financial statements.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on the parameters available at the time of consolidated financial statements preparation. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***Useful lives of intangible assets***

The estimation of the useful lives of intangible assets acquired through business combinations or generated internally is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through their use. However, other factors related to the economic environment and market situation often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current market conditions of the assets and the estimated period during which the assets are expected to earn benefits for the Group.

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***Compliance with tax legislation***

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. However, under certain circumstances a tax year may remain open longer.

This may potentially impact the Group's tax position and create additional tax risks. This legislation and practice of its application is still evolving and the impact of legislative changes should be considered based on the actual circumstances. Management believes that it has adequately provided for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to the reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

**4. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**4.1 Disaggregated revenue information**

Set out below is the disaggregation of the Group's revenue from contracts with customers by type and timing of revenue recognition:

**For the year ended December 31, 2022**

	At a point in time	Over time	Total revenue
Listing revenue	—	4,812	4,812
Lead generation revenue	2,368	—	2,368
Display advertising revenue	—	650	650
Other revenue	397	39	436
<b>Total revenue</b>	<b>2,765</b>	<b>5,501</b>	<b>8,266</b>

**For the year ended December 31, 2021**

	At a point in time	Over time	Total revenue
Listing revenue	—	3,699	3,699
Lead generation revenue	1,332	—	1,332
Display advertising revenue	—	601	601
Other revenue	353	48	401
<b>Total revenue</b>	<b>1,685</b>	<b>4,348</b>	<b>6,033</b>

**For the year ended December 31, 2020**

	At a point in time	Over time	Total revenue
Listing revenue	—	2,383	2,383
Lead generation revenue	994	—	994
Display advertising revenue	—	456	456
Other revenue	101	38	139
<b>Total revenue</b>	<b>1,095</b>	<b>2,877</b>	<b>3,972</b>

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Listing, lead generation and display advertising revenues relate to the “Core Business” operating segment, while other revenue represents operating segments “Mortgage Marketplace”, “Valuation and Analytics”, “C2C Rental” and “End-to-End Offerings” (Note 5).

#### **4.2 Contract balances**

The following table provides information about the Group’s trade receivables and contract liabilities from contracts with customers:

	December 31, 2022	December 31, 2021
Trade receivables (Note 13)	384	225
Contract liabilities (including 39 of loyalty points (2021: 37))	(554)	(425)

Contract liabilities represent the transaction price allocated to unsatisfied performance obligations, advances received from customers before the Group transfers the related products or services and loyalty points not redeemed. Contract liabilities are recognized as revenue when the Group transfers control over the related products or services to the customer. The outstanding balances of contract liabilities increased in 2022 due to the continuous increase in the Group’s revenue. The total amount of contract liabilities as of each year end has been or to be recognized as revenue in the subsequent year.

#### **5. SEGMENT INFORMATION**

Since the IPO, the chief operating decision-maker (CODM) of the Group are the Board of Directors and the Chief Executive Officer. The CODM reviews the Group’s internal reporting based on the management accounts in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

In evaluating the performance of the Group’s operating segments and allocating resources, the CODM reviews selected items of each segment’s statement of profit or loss and other comprehensive income including revenue and Adjusted EBITDA (an operating profit / (loss) for the period before depreciation and amortization and other adjustments described in the table “Reconciliation of Adjusted EBITDA to Profit / (loss) before income tax”). All other financial information is presented on a consolidated basis. Assets and liabilities are not allocated to different operating segments for internal reporting purposes.

The Group identifies its operating segments based on how the CODM manages the business, allocates resources, makes operating decisions and evaluates operating performance. The Group has identified the following operating segments on this basis, as these segments are analyzed separately by the CODM:

- Core Business;
- Mortgage Marketplace;
- Valuation and Analytics;
- C2C Rental; and
- End-to-End Offerings.

The “Core Business” segment represents the mature main service line of real estate online classifieds and related advertising services provided on the Group’s platform (websites cian.ru, n1.ru, mlsn.ru and mobile application). This segment relates to the online real estate classified platform, where clients like real estate agencies and agents, developers and individual property owners place their property listings and related advertising materials.

Each of the other operating segments represents the Group’s new offerings focused on developing different transactional business models:

- Mortgage Marketplace represents a platform for mortgage price comparison, mortgage pre-approval and origination, where the Group earns commissions from its partner banks for distributing their mortgage products;

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- Valuation and Analytics – services where the Group earns fees derived from the customers for providing access to the Group’s proprietary real estate market research, data analytics and market intelligence services;
- C2C Rental – a service intended to facilitate seamless rental transactions, where the Group earned revenue for providing an end-to-end solution in property rentals. The Group decided to cease development of this service in the fourth quarter of 2021 due to a combination of factors, such as insufficient market perspectives and lower than planned performance;
- End-to-End Offerings – a new operating segment which emerged in 2021. The CODM does not review the service offerings of this segment individually and thus End-to-End Offerings represents a single operating segment comprising the following:
  - Home Swap service – a service, where the Group acquires and resells properties. This service was launched in the fourth quarter of 2021 as part of the pilot project, and
  - Online Transaction Services – a service, that enables online execution of real estate transactions (including document checking, verification, signing and storage, notary services, registration and tax refunds) and facilitates simultaneous sales and purchases for our customers and users.

Revenue in all periods presented in the financial statements is derived from third parties and there is no inter-segment revenue. The Group operates only in Russia.

Revenue and costs are directly attributed to the Group’s segments when possible. However, due to the integrated structure of the Group’s business, certain costs incurred by one segment may benefit the other segments. These costs primarily include headcount-related expenses, marketing and advertising costs, product development, IT expenses (including hosting and technical support expenses and telecommunication services), office maintenance expenses and other general corporate expenses such as finance, accounting, legal, human resources, recruiting and facilities costs. These costs are allocated to each segment based on the estimated benefit each segment receives from such expenses, using specific allocation drivers representing this benefit. Substantially all assets and liabilities relate to the “Core Business” operating segment.

Management reporting is different from IFRS, the differences are IFRS adjustments listed below, which are not analyzed by the CODM in assessing the operating performance of the business:

- *Share-based payments* – for the purposes of CODM’s assessment of operating performance the fair value adjustments related to measurement of equity-settled employee benefits reserves are not analyzed; and
- *Income from the depositary* – for the purposes of CODM’s assessment of operating performance income from the depositary is not analyzed, as this is not an operating income stream and it relates purely to the Group’s public status and its ADSs program;

as well as non-recurring items, such as IPO costs, that occur from time to time and are evaluated for adjustment as and when they occur.

Starting from 2022 the Group changed its management reporting to be more convergent with IFRS. The following differences were eliminated:

- *Reclassification of lease related amortization and interest* – for the purposes of CODM’s assessment of operating performance rental expenses were previously considered operating expenses included in Adjusted EBITDA, rather than depreciation and interest expense, thus, IFRS 16 ‘Leases’ was not applied in internal reporting;
- *Reclassification of operating expense related to software licenses to amortization* – for the purposes of CODM’s assessment of operating performance, expenses related to software licenses were considered operating expenses included in Adjusted EBITDA, rather than amortization of intangible assets.
- *Capitalized development costs* – for the purposes of CODM’s assessment of operating performance expenses none of the expenses were capitalized;

The corresponding information for the years ended December 31, 2021 and 2020 is restated accordingly.

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Information on each of the reportable segments and reconciliation to Profit / (loss) before income tax is as follows:

	For the year ended December 31, 2022					
	Core Business	Mortgage Marketplace	Valuation and Analytics	C2C Rental	End-to-End Offerings	Total
<b>Revenue, including:</b>	<b>7,850</b>	<b>229</b>	<b>54</b>	<b>—</b>	<b>133</b>	<b>8,266</b>
Listing revenue	4,805	7	—	—	—	4,812
Lead generation revenue	2,356	12	—	—	—	2,368
Display advertising revenue	646	4	—	—	—	650
Other revenue	43	206	54	—	133	436
<b>Adjusted EBITDA</b>	<b>2,369</b>	<b>(155)</b>	<b>(59)</b>	<b>(5)</b>	<b>(479)</b>	<b>1,671</b>
<b>Reconciliation of Adjusted EBITDA to Profit before income tax</b>						
<b>Adjusted EBITDA</b>						<b>1,671</b>
Depreciation and amortization						(269)
Finance income, net						85
Foreign currency exchange loss, net						(108)
Income from the depositary						45
Share-based payments						(657)
<b>Profit before income tax</b>						<b>767</b>

	For the year ended December 31, 2021					
	Core Business	Mortgage Marketplace	Valuation and Analytics	C2C Rental	End-to-End Offerings	Total
<b>Revenue, including:</b>	<b>5,641</b>	<b>295</b>	<b>45</b>	<b>3</b>	<b>49</b>	<b>6,033</b>
Listing revenue	3,699	—	—	—	—	3,699
Lead generation revenue	1,329	3	—	—	—	1,332
Display advertising revenue	596	5	—	—	—	601
Other revenue	17	287	45	3	49	401
<b>Adjusted EBITDA</b>	<b>1,223</b>	<b>(475)</b>	<b>(69)</b>	<b>(143)</b>	<b>(218)</b>	<b>318</b>
<b>Reconciliation of Adjusted EBITDA to Loss before income tax</b>						
<b>Adjusted EBITDA</b>						<b>318</b>
Depreciation and amortization						(279)
Finance expenses, net						(42)
Foreign currency exchange gain, net						53
IPO-related costs						(304)
Income from the depositary						6
Share-based payments						(2,549)
<b>Loss before income tax</b>						<b>(2,797)</b>

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	For the year ended December 31, 2020				
	Core Business	Mortgage Marketplace	Valuation and Analytics	C2C Rental	Total
<b>Revenue, including:</b>	<b>3,822</b>	<b>110</b>	<b>39</b>	<b>1</b>	<b>3,972</b>
Listing revenue	2,383	—	—	—	2,383
Lead generation revenue	991	3	—	—	994
Display advertising revenue	439	17	—	—	456
Other revenue	9	90	39	1	139
<b>Adjusted EBITDA</b>	<b>659</b>	<b>(246)</b>	<b>(112)</b>	<b>(120)</b>	<b>181</b>
<b>Reconciliation of Adjusted EBITDA to Loss before income tax</b>					
<b>Adjusted EBITDA</b>					<b>181</b>
Depreciation and amortization					(200)
Finance expenses, net					(61)
Foreign currency exchange loss, net					(1)
Share-based payments					(558)
<b>Loss before income tax</b>					<b>(639)</b>

**6. BUSINESS COMBINATION**

On February 5, 2021, the Group completed its acquisition of 100% of N1.ru LLC (together with its subsidiaries, the “N1 Group”), a real estate-focused classifieds business that primarily operates in regional cities in Russia, such as Novosibirsk, Ekaterinburg and Omsk, for a total cash consideration of 1,785. The primary reason for the business combination was to enhance the Group’s position in Russia’s regions outside Moscow and Saint-Petersburg. The acquisition has been accounted for using the acquisition method. The Group’s consolidated financial statements include the results of the N1 Group from February 5, 2021.

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The purchase price has been allocated based on the fair values assigned to the assets acquired and liabilities assumed as of February 5, 2021, as follows:

	February 5, 2021
<b>Assets</b>	
Customer base	753
Trademarks	254
Other intangible assets	39
Right-of-use assets	18
Property and equipment	7
Cash and cash equivalents	134
Other assets	49
<b>Total assets</b>	<b>1,254</b>
<b>Liabilities</b>	
Contract liabilities	(21)
Trade and other payables	(51)
Lease liabilities	(18)
Deferred tax liabilities	(130)
Other liabilities	(34)
<b>Total liabilities</b>	<b>(254)</b>
<b>Total identifiable net assets at fair value</b>	<b>1,000</b>
Goodwill arising from the acquisition	785
<b>Purchase consideration transferred</b>	<b>1,785</b>
<i>Analysis of cash flows from the acquisition:</i>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	134
Cash paid	(1,785)
<b>Net cash flow from the acquisition</b>	<b>(1,651)</b>

Deferred tax liabilities represent the tax effect of temporary differences arising on identifiable assets recognized at their fair values.

The goodwill recognized is primarily attributed to the expected synergies from combining the activities of the N1 Group with those of the Cian Group. The goodwill is not deductible for income tax purposes.

*Planned acquisition of SmartDeal*

On December 27, 2021, the Group entered into a binding preliminary agreement for acquisition of 100% in SmartDeal (Praktika Uspekha LLC), a company which provides e-registration and adjacent services for various types of property deals. Completion of the acquisition is subject to customary closing conditions and among other things, regulatory clearance by the Government Commission on Monitoring Foreign Investment. The acquisition was not completed by the date of these financial statements.



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**7. MARKETING EXPENSES**

	2022	2021	2020
Online marketing	(1,079)	(1,631)	(1,498)
Offline marketing	(1,221)	(556)	(139)
Other marketing expenses	(60)	(66)	(60)
<b>Total marketing expenses</b>	<b>(2,360)</b>	<b>(2,253)</b>	<b>(1,697)</b>

Marketing expenses are only purchased advertising exclusive of any employee-related expenses.

**8. EMPLOYEE-RELATED EXPENSES**

	2022	2021	2020
Wages, salaries and related taxes	(2,986)	(2,394)	(1,610)
Share-based payment expense (Note 16)	(657)	(2,549)	(558)
Other employee-related expenses	(116)	(119)	(40)
<b>Total employee-related expenses</b>	<b>(3,759)</b>	<b>(5,062)</b>	<b>(2,208)</b>

**9. INCOME TAX**

The major components of income tax (expense) / benefit for the years ended December 31, 2022, 2021 and 2020 are:

	2022	2021	2020
Current income tax expense	(206)	(71)	(18)
Adjustments in respect of current income tax of previous years	—	—	(1)
Deferred tax (expense) / benefit	(81)	11	31
<b>Income tax (expense) / benefit</b>	<b>(287)</b>	<b>(60)</b>	<b>12</b>

The major part of the Group's pre-tax losses and income tax expenses / benefits is generated in Russia. Pre-tax gains or losses of the Group's companies in Cyprus mainly relate to foreign exchange gains and losses and other items which are generally non-taxable (non-deductible) in that jurisdiction. These items affect pre-tax loss but do not have any impact on income tax expense / benefit.

Below is a reconciliation of theoretical income tax based on the Russian statutory income tax rate of 20% to the actual tax recorded in the consolidated statement of profit or loss and other comprehensive income:

	2022	2021	2020
<b>Profit/ (loss) before income tax</b>	<b>767</b>	<b>(2,797)</b>	<b>(639)</b>
Income tax (expense) / benefit calculated at Russia's statutory income tax rate	(153)	559	128
Effect of a lower tax rate in a subsidiary	7	(4)	—
Adjustments in respect of current income tax of previous years	—	—	(1)
Share-based payments	(131)	(510)	(112)
Other non-deductible expenses	(10)	(105)	(3)
<b>Income tax (expense) / benefit for the year</b>	<b>(287)</b>	<b>(60)</b>	<b>12</b>

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Set out below is the summary of deferred tax assets and liabilities as of December 31, 2022 and 2021:

	Consolidated statement of financial position as of December 31,		Consolidated statement of profit or loss	
	2022	2021	2022	2021
<b>Deferred tax assets arising from:</b>				
Tax losses carried forward	—	113	(113)	(36)
Revenue recognition	85	71	14	12
Lease liabilities	14	17	(3)	(6)
Employee benefits	40	24	16	—
Intangible assets	12	23	(11)	8
Trade receivables	3	2	1	1
Trade payables	2	—	2	—
<b>Total deferred tax assets before set-off</b>	<b>156</b>	<b>250</b>	<b>(94)</b>	<b>(21)</b>
Set-off of tax	(19)	(24)	—	—
<b>Net deferred tax assets</b>	<b>137</b>	<b>226</b>	<b>—</b>	<b>—</b>
<b>Deferred tax liabilities arising from:</b>				
Intangible assets	(127)	(138)	11	24
Right-of-use assets	(15)	(18)	3	7
Property and equipment	(2)	(2)	—	—
Other items	(2)	(1)	(1)	1
<b>Total deferred tax liabilities before set-off</b>	<b>(146)</b>	<b>(159)</b>	<b>13</b>	<b>32</b>
Set-off of tax	19	24	—	—
<b>Net deferred tax liabilities</b>	<b>(127)</b>	<b>(135)</b>	<b>—</b>	<b>—</b>
<b>Net deferred tax asset</b>	<b>10</b>	<b>91</b>	<b>—</b>	<b>—</b>
<b>Deferred tax (expense) / benefit</b>	<b>—</b>	<b>—</b>	<b>(81)</b>	<b>11</b>

## 10. LEASES

The Group leases several office buildings to provide employees with comfortable working conditions. Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	Lease liabilities
<b>As of January 1, 2021</b>	<b>125</b>	<b>(113)</b>
Additions	—	—
Acquisition of a subsidiary (Note 6)	18	(18)
Depreciation expense	(45)	—
Interest expense	—	(9)
Set-off	—	2
Payments	—	47
<b>As of December 31, 2021</b>	<b>98</b>	<b>(91)</b>
Additions	30	(29)
Disposals	(8)	9
Depreciation expense	(46)	—
Interest expense	—	(6)
Payments	—	48
<b>As of December 31, 2022</b>	<b>74</b>	<b>(69)</b>

The maturity analysis of lease liabilities based on contractual undiscounted payments is disclosed in Note 20.

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**11. INTANGIBLE ASSETS AND GOODWILL**

	Trademarks	Customer base	Computer software	Video/ audio rights	Development costs	Goodwill	Total
<b>Cost</b>							
<b>At January 1, 2021</b>	<b>76</b>	<b>186</b>	<b>111</b>	<b>118</b>	<b>69</b>	<b>—</b>	<b>560</b>
Additions	—	—	51	38	—	—	89
Acquisition of a subsidiary (Note 6)	254	753	39	—	—	785	1,831
Disposals	—	—	—	(109)	—	—	(109)
<b>At December 31, 2021</b>	<b>330</b>	<b>939</b>	<b>201</b>	<b>47</b>	<b>69</b>	<b>785</b>	<b>2,371</b>
<b>At January 1, 2022</b>	<b>330</b>	<b>939</b>	<b>201</b>	<b>47</b>	<b>69</b>	<b>785</b>	<b>2,371</b>
Additions	—	—	67	5	—	—	72
Disposals	—	—	—	(26)	—	—	(26)
<b>At December 31, 2022</b>	<b>330</b>	<b>939</b>	<b>268</b>	<b>26</b>	<b>69</b>	<b>785</b>	<b>2,417</b>
<b>Amortization and impairment</b>							
<b>At January 1, 2021</b>	<b>(57)</b>	<b>(63)</b>	<b>(81)</b>	<b>(98)</b>	<b>(4)</b>	<b>—</b>	<b>(303)</b>
Amortization charge	(44)	(56)	(52)	(32)	(11)	—	(195)
Disposals	—	—	—	109	—	—	109
<b>At December 31, 2021</b>	<b>(101)</b>	<b>(119)</b>	<b>(133)</b>	<b>(21)</b>	<b>(15)</b>	<b>—</b>	<b>(389)</b>
<b>At January 1, 2022</b>	<b>(101)</b>	<b>(119)</b>	<b>(133)</b>	<b>(21)</b>	<b>(15)</b>	<b>—</b>	<b>(389)</b>
Amortization charge	(28)	(61)	(67)	(25)	(11)	—	(192)
Disposals	—	—	—	26	—	—	26
<b>At December 31, 2022</b>	<b>(129)</b>	<b>(180)</b>	<b>(200)</b>	<b>(20)</b>	<b>(26)</b>	<b>—</b>	<b>(555)</b>
<b>Carrying amounts</b>							
<b>At December 31, 2021</b>	<b>229</b>	<b>820</b>	<b>68</b>	<b>26</b>	<b>54</b>	<b>785</b>	<b>1,982</b>
<b>At December 31, 2022</b>	<b>201</b>	<b>759</b>	<b>68</b>	<b>6</b>	<b>43</b>	<b>785</b>	<b>1,862</b>

**Impairment test**

The Group's non-current assets are fully attributable to the "Core Business" cash-generating unit (CGU). The "Core Business" CGU represents the main service line of real estate classifieds and related advertising services provided on the Group's platforms (websites and mobile application). "Mortgage Marketplace", "Valuation and Analytics", "C2C Rental" and "End-to-End Offerings" each represent a separate CGU; however, the Group did not recognize any assets related to these CGUs as of December 31, 2022 and 2021, as there was no convincing evidence available that these services would generate future economic benefits.

Goodwill recognized as a result of the N1 Group's acquisition has been fully allocated to the "Core Business" CGU.

At December 31, 2022 management estimated the recoverable amount of the "Core Business" CGU based on its fair value less costs of disposal on the basis of quoted prices of Company's ordinary shares (Level 1) on the estimated portion attributable to the "Core Business" CGU. Due to suspension of trading of Company's ADRs at New York Stock Exchange since February 28, 2022, management used quoted prices of Company's ADRs at Moscow Exchange, where active trading was resumed on March 24, 2022. At December 31, 2022 the estimated recoverable amount of the "Core Business" CGU exceeded its carrying amount. No reasonably possible change in the fair value less costs of disposal of the "Core Business" CGU would result in the impairment.

**12. INVENTORIES**

The Group is planning to develop the Home Swap service in order to provide an alternative way to finance a real estate purchase by facilitating simultaneous sales and purchases of properties. The Home Swap service is currently in its testing phase, where the Group checks different consumer hypotheses to find the best product market fit. Within the testing period, the Group purchased some properties for the Group's own account to support the development of this service.

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In 2022, inventories of 100 (2021: 33) were recognized as an expense during the year, in which the related revenue was recognized, and included in other operating expenses.

**13. TRADE AND OTHER RECEIVABLES**

	December 31, 2022	December 31, 2021
Trade receivables from third parties	396	233
Other receivables from third parties	30	183
Allowance for expected credit losses	(12)	(8)
<b>Total trade and other receivables</b>	<b>414</b>	<b>408</b>

Trade and other receivables are non-interest bearing and are generally on terms of 20 to 30 days.

Set out below is the movement in the allowance for expected credit losses of accounts receivable:

	2022	2021
<b>Balance at the beginning of the year</b>	<b>(8)</b>	<b>(6)</b>
Allowance for expected credit losses	(4)	(2)
<b>Balance at the end of the year</b>	<b>(12)</b>	<b>(8)</b>

Information about the Group's exposure to credit and market risks is presented in Note 20.

**14. CASH AND CASH EQUIVALENTS**

	December 31, 2022	December 31, 2021
Cash at banks	1,402	1,998
Short-term deposits	2,710	435
Allowance for expected credit losses	(2)	(14)
<b>Total cash and cash equivalents</b>	<b>4,110</b>	<b>2,419</b>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective market short-term deposit rates. Information about the credit risk over cash and cash equivalents is presented in Note 20.

Since December 2022 the Company's accounts in a certain Cypriot bank have been suspended. However, the cash held in this bank (RUB 682 denominated in USD) is not restricted, as the bank allows own funds transfer to another bank. The Company is working on opening a new account in an alternative bank.

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**15. SHARE CAPITAL**

Number of shares	Authorized		Issued and fully paid	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Ordinary shares of EUR 0.0004 each	130,000,000	130,000,000	69,959,548	69,871,511
	<b>130,000,000</b>	<b>130,000,000</b>	<b>69,959,548</b>	<b>69,871,511</b>
		Number of ordinary shares	Share capital	Share premium
<b>At January 1, 2021</b>		<b>59,433,100</b>	—	<b>125</b>
Issue of shares in the private placement		5,566,900	—	2,291
Issue of shares in the IPO		4,042,400	—	4,624
Issue of shares under the phantom share program (Note 16)		829,111	—	966
Effect arising from the share split		—	2	—
Transaction costs		—	—	(392)
<b>At December 31, 2021</b>		<b>69,871,511</b>	<b>2</b>	<b>7,614</b>
Issue of shares upon the exercise of the share-based awards (Note 16)		88,037	—	88
<b>At December 31, 2022</b>		<b>69,959,548</b>	<b>2</b>	<b>7,702</b>

In February 2021, the Company issued 5,566,900 ordinary shares to the existing and new shareholders and received 2,265 in cash.

In November 2021, the Company issued 4,042,400 ordinary shares, represented by the ADSs, in the IPO on the NYSE. The Company received 4,255 in net proceeds from the IPO after deducting underwriting fees and other transaction costs.

In June 2022, the Company issued 57,199 ordinary shares to the former Chief Operating Officer upon his resignation and 30,838 to external advisors upon the exercise of the share-based awards (Note 16).

**16. SHARE-BASED COMPENSATION**

**Phantom Share Program**

In 2018, the Group's Board of Directors approved a long-term incentive program for certain senior level employees. Under this program, in 2018, 2019 and 2021 the Group granted an aggregate of 4,923,042 shares ("phantom shares") to employees that entitled them to a cash payment after one to five years of service depending on the participant. The amount of the cash payment was determined based on the increase in the share price of the Company between the grant date and the time of exercise. The plan stipulated the following payments:

- Liquidity event payments.** Participants of the program were entitled to a cash payment upon occurrence of some liquidity events such as an initial public offering ("IPO") or an acquisition of control over the Group by a third party.
- Non-liquidity event payments.** Participants of the program were entitled to a cash payment after the termination of the service period if the net debt (calculated as borrowings less cash and cash equivalents) does not exceed three times the lowest between EBITDA (calculated as operating profit plus amortization and depreciation) and Adjusted EBITDA (calculated as described in Note 5) as of the date of the notice sent by the participants to the Company.

In connection with the IPO, the Group amended the terms of this long-term incentive program, such that the employees could choose to receive payment for vested phantom shares in cash or in ordinary shares upon the completion of the IPO. As a result of this amendment, the Group issued an aggregate of 829,111 ordinary shares to its employees to satisfy its outstanding obligations under this long-term incentive program.

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Set out below are the movements in the Group's share-based payment liabilities during 2021 and 2020:

	2021	2020
<b>Share-based payment liabilities at the beginning of the year</b>	<b>636</b>	<b>78</b>
New awards granted	512	—
Remeasurement during the year	1,927	558
Cash payments to employees	(2,169)	—
Conversion from cash-settled to equity-settled share-based payments	(948)	—
Foreign currency exchange loss	42	—
<b>Share-based payment liabilities at the end of the year</b>	<b>—</b>	<b>636</b>

The fair value of the awards was estimated, at the grant date and at the end of each reporting period until completion of the IPO, using the Option pricing model, taking into account the terms and conditions on which the award was granted. The fair value of the awards at the date of the IPO was estimated based on the initial public offering price of USD 16 per ordinary share.

The phantom share program was terminated upon completion of the IPO.

**2021 Restricted Stock Units Plan (equity-settled)**

The Group adopted a new long-term incentive plan (the "2021 Plan"), effective from December 1, 2021. In accordance with the 2021 Plan, the Group may grant the restricted stock units (the "RSU") to its employees, officers, directors and contractors. The 2021 Plan expires on December 31, 2031, previously granted awards not exercised by the expiration date will be forfeited in accordance with their terms.

Awards under the 2021 Plan will vest over a four-year period, subject to the participant's continued employment with (and/or servicing to) the Group, with 1/4 vesting on the first anniversary of the grant and an additional 1/4 vesting each calendar year thereafter for employees and quarterly for the directors. RSUs that have not become vested as of the date of termination of the participant's employment or service shall be forfeited upon such termination.

The Group may grant the RSUs under the 2021 Plan for up to a maximum number of ordinary shares equal to 6.5% of the aggregate number of Group's ordinary shares issued and outstanding (by number) as of the date of adoption of the 2021 Plan. Each RSU represents the right to receive one ordinary share upon satisfaction of the applicable vesting conditions.

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The following table illustrates movements in the number of RSUs during the year ended December 31, 2022:

	Number of RSUs	Weighted average grant date fair value per award, RUB
<b>Outstanding at December 31, 2020</b>	—	—
Granted during the period	1,427,226	932
Forfeited during the period	—	—
Exercised during the period	—	—
<b>Outstanding at December 31, 2021</b>	1,427,226	932
<b>Exercisable at December 31, 2021</b>	105,215	1,043
Granted during the period	1,688,051	381
Forfeited during the period	(132,656)	933
Exercised during the period	(88,037)	998
Cancelled by the employees	(34,515)	920
<b>Outstanding at December 31, 2022</b>	2,860,069	605
<b>Exercisable at December 31, 2022</b>	792,652	816

The fair value of the RSUs is estimated at the grant date on the basis of quoted prices of Company's ordinary shares at the grant date (Note 11), taking into account the terms and conditions on which the RSUs were granted. As the RSUs granted to directors have a three-year lock up period, the fair value is adjusted for the discount for lack of marketability using the Stillian Ghaidarov Average-Strike Asian Put Option Model.

The following table lists the inputs to the model used for the 2021 Plan for the RSU's granted to directors during the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Fair value of the RSUs at the grant date, USD	5.46	14.89
Share price at the grant date, USD	6.97	17.62
Exercise price, USD	Nil	Nil
Expected annual volatility, %	59.6 %	50.9 %
Expected term, years	2.38	2.38
Dividend yield, %	Nil	Nil

*Expected volatility:* Because the Company's shares are publicly traded only since November 5, 2021, expected volatility has been estimated based on an analysis of the implied share price volatility of comparable public companies for an expected term.

*Expected term* has been assessed based on the vesting period and management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

*Dividend yield.* The Company did not declare any dividends with respect to 2022 and 2021.

The total expense recognized for the year ended December 31, 2022 arising from equity-settled share-based payment transactions amounted to 657 (2021: 110).

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**17. TRADE AND OTHER PAYABLES**

	December 31, 2022	December 31, 2021
Trade payables	263	249
Annual bonus provision	193	119
Unused vacation provision	83	60
Other employee benefits	2	13
Other payables	101	178
<b>Trade and other payables</b>	<b>642</b>	<b>619</b>

Trade payables are non-interest bearing and are normally settled on 60-day terms. Information about the Group's exposure to liquidity risk in relation to its trade and other payables is included in Note 20.

**18. DEFERRED INCOME**

In connection with the IPO, the Group has been entitled to receive consideration from the depositary based on the number of issued ADSs. The Group has recorded this consideration as deferred income in the consolidated statement of financial position, as the Group is obliged to return the unearned portion of the consideration upon termination of the ADS program before the five-year contract term expiration. Income is recognized on a straight-line basis over a five-year contract term and presented as other income in the consolidated statement of income or loss and other comprehensive income.

**19. RELATED PARTIES**

Related parties include shareholders, ultimate owners and members of key management personnel as well as companies which are under legal ownership, significant influence or control of shareholders or ultimate owners of the Group.

**Transactions with key management personnel**

Key management comprises the Group's directors, including the chief executive officer, and the Group's chief financial officer. The remuneration of key management personnel for the year ended December 31, 2022, 2021 and 2020 amounted to:

	2022	2021	2020
Short-term employee benefits	(74)	(46)	(38)
Share-based payment expense	(317)	(1,573)	(313)
<b>Total key management remuneration</b>	<b>(391)</b>	<b>(1,619)</b>	<b>(351)</b>

In August 2021, the Group's subsidiary, MLSN LLC, entered into a loan agreement with Financial Platform JSC, a company incorporated and then fully owned by the CEO at that time of the Group's main operating subsidiary, iRealtor LLC. The credit line under the loan agreement was for a total amount of 20 and an interest rate of 6.5%. In October 2021, the Group's subsidiary, Mimons Investments Limited, issued a loan of 25 to Financial Platform JSC for the purposes of refinancing the loan from MLSN LLC. The outstanding principal amount under the loan from MLSN LLC at the repayment date was 16. In October 2021, Financial Platform JSC fully repaid the outstanding amount of 16 to MLSN LLC. The loan from Mimons Investments Limited to Financial Platform JSC was forgiven pursuant to the agreement between the parties.

On December 16, 2021, the Group acquired 9% of the voting rights of Financial Platform JSC. Since then, the Group has concluded that it controls Financial Platform JSC even though it owns less than majority of the voting rights.



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**Consolidation of an entity in which the Group holds less than a majority of voting rights**

In order to develop and enhance Mortgage marketplace product, the Group is considering obtaining the status of a financial platform operator as stipulated under the recently adopted Federal Law No. 211-FZ “On Performing Financial Transactions Using a Financial Platform” dated July 20, 2020. It is expected that such status will afford access to certain standardized customer information on government-run electronic systems and databases.

Obtaining such status, however, is subject to certain requirements, including a restriction on certain foreign ownership. In order to assist the Group in obtaining access rights to the financial platform operator status, the Group’s former Chief Executive Officer and current Executive Chairperson of its Board of Directors has established a company, Financial Platform JSC, which is expected to apply for such financial platform operator status.

On December 16, 2021, the Group acquired 9% of the voting rights of Financial Platform JSC for a nominal value of 0.009 from the Group’s Executive Chairperson. The Group considers that it controls Financial Platform JSC even though it owns less than majority of the voting rights. This is because the Group is significantly involved in determining the scope of decision-making authority of Financial Platform JSC and is able to:

- appoint, reassign or remove members of an investee’s key management personnel who have the ability to direct the relevant activities;
- direct the investee to enter into, or veto any changes to, significant transactions for own benefit;
- exercise other rights specified in the shareholder agreement that give the ability to direct the relevant activities (for example, obtaining funding).

Taking into account the terms of the shareholder agreement and the potential voting rights, the existing ownership interest of the Group currently gives the Group access to the returns associated with a 100% ownership interest, thus none of the returns are allocated to the Non-controlling interest.

As of December 31, 2022 and 2021 and for the years then ended, the effect of consolidation of Financial Platform JSC and its operations was not material to the Group.

From January 1, 2021 to December 16, 2021, the Group provided technical support services in the amount of 8 to Financial Platform JSC. There were no other transactions or outstanding balances in 2021 with key management personnel, except for disclosed in the table above.

During 2022 and 2020, there were no transactions with key management personnel, except for disclosed in the table above. No guarantees have been given or received.

**Transactions with the ultimate controlling party**

During 2022 and 2020, there were no transactions or outstanding balances with Elbrus Capital, the ultimate controlling party. No guarantees have been given or received.

During 2021, the Group received a loan of 1,491 from Elbrus Capital which was further converted into 3,665,041 ordinary shares.

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**Other related party transactions**

The following table provides the total amount of transactions that have been entered into with other related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Associate of Elbrus Capital	2022	—	2	1	—
Associate of Elbrus Capital	2021	—	4	—	—
Associate of Elbrus Capital	2020	—	3	—	—

Outstanding balances with related parties at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees given or received.

**20. FINANCIAL RISK MANAGEMENT**

**20.1 Financial assets and financial liabilities**

The following table shows the carrying amounts of financial assets and financial liabilities. The Group does not hold any financial assets and financial liabilities other than those measured at amortized cost. Management assessed that the carrying values of the Group's financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values on the basis of short-term nature or calculation of amortized cost using market rates.

	December 31, 2022	December 31, 2021
<b>Financial assets measured at amortized cost</b>		
Cash and cash equivalents (Note 14)	4,110	2,419
Trade and other receivables (Note 13)	414	408
Rent security deposits	7	3
<b>Total financial assets</b>	<b>4,531</b>	<b>2,830</b>
<b>Financial liabilities measured at amortized cost</b>		
Trade and other payables (Note 17)	364	427
Lease liabilities (Note 10)	69	91
<b>Total financial liabilities</b>	<b>433</b>	<b>518</b>

**20.2 Financial risk management**

The Group is exposed to risks that arise from its use of financial instruments. The Group has exposure to the following risks arising from financial instruments: market risk, credit risk and liquidity risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

**20.2.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk, which mostly impacts the Group, comprises currency risk. Financial instruments affected by market risk include cash and cash equivalents and trade and other payables.

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The Group does not enter into any derivative financial instruments to manage its exposure to foreign currency risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is currently limited because the Group's operating activities are mainly carried out in Russian Rubles.

As of December 31, 2022, 33% of the Group's cash and cash equivalents was denominated in US dollars and less than 1% was denominated in EURO. As of December 31, 2021 the US dollar and EURO exchange rates were 74.2926 Rubles and 84.0695 Rubles, respectively. Following the commencement of military operations in Ukraine by the Russian Federation in February 2022 and the resulting sanctions imposed by the United States of America, the European Union and the United Kingdom, among others, Ruble initially depreciated significantly against most other currencies. Following the subsequent decrease in imports and restrictions imposed by the Russian Central Bank as a response to sanctions, the Ruble strengthened against foreign currencies in the second and third quarter of 2022. However, in the fourth quarter Ruble deteriorated and as of December 31, 2022, the Ruble to US dollar and EURO exchange rates were 70.3375 Rubles and 75.6553 Rubles, respectively, taking into account the limited convertibility of the Ruble subsequent to February 24, 2022.

With all other variables held constant, the Group's profit before tax is affected through the impact of fluctuation in US dollar and EURO exchange rates, as follows:

	<b>Change in US dollar, EURO exchange rates</b>	<b>Effect on profit before tax</b>
<b>Year ended December 31, 2022</b>		
Cash and cash equivalents	+100%/-100 %	1,389 / (1,389)
Trade and other payables	+100%/-100 %	(90) / 90
<b>Year ended December 31, 2021</b>		
Cash and cash equivalents	+100%/-100 %	1,600 / (1,600)
Trade and other receivables	+100%/-100 %	172 / (172)
Trade and other payables	+100%/-100 %	(230) / 230

**20.2.2 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its cash and cash equivalents held with banks.

**Trade receivables**

The Group performs an impairment analysis at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome. Generally, accounts receivables are written-off if past due for more than three years.

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Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	< 30 days	31–60 days	61–90 days	> 90 days	Total
<b>2022</b>					
Expected credit loss rate	0.6 %	5.2 %	5.5 %	75.9 %	
Total gross carrying amount	371	12	1	12	396
Expected credit loss	2	1	—	9	12
	< 30 days	31–60 days	61–90 days	> 90 days	Total
<b>2021</b>					
Expected credit loss rate	0.8 %	4.3 %	8.4 %	72.9 %	
Total gross carrying amount	216	8	1	8	233
Expected credit loss	2	—	—	6	8

**Cash and cash equivalents**

As of December 31, 2022, the Group held 83% of its cash and cash equivalents with the Russian banks (December 31, 2021: 22)%, which are rated not less than A, based on Expert RA and AKRA ratings, the remaining cash and cash equivalents were held with a Cypriot bank having external credit rating of BB-, based on Standard & Poor's rating.

Following the commencement of military operations in Ukraine by the Russian Federation in February 2022 and the resulting sanctions imposed by the United States of America, the European Union and the United Kingdom, among others, the external credit ratings of the Russian banks were initially reduced significantly and ultimately withdrawn entirely by international rating agencies, namely Standard & Poor's, Fitch and Moody's. In absence of international ratings, the Group used ratings of the local rating agencies, namely Expert RA and AKRA, to assess expected credit losses related to cash and cash equivalents held in the Russian banks as of December 31, 2022.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group recognized an impairment reversal of 12 for the year ended December 31, 2022 (year ended December 31, 2021: allowance of 14).

**20.2.3 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Within 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
<b>2022</b>					
Trade and other payables	364	—	—	—	364
Lease liabilities	46	30	—	—	76
<b>Total financial liabilities</b>	<b>410</b>	<b>30</b>	<b>—</b>	<b>—</b>	<b>440</b>
	Within 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
<b>2021</b>					
Trade and other payables	427	—	—	—	427
Lease liabilities	50	50	—	—	100
<b>Total financial liabilities</b>	<b>477</b>	<b>50</b>	<b>—</b>	<b>—</b>	<b>527</b>

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**20.3 Changes in liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	January 1, 2022	Financing cash flows	Leases (non-cash)	Other	December 31, 2022
Lease liabilities	91	(42)	20	—	69
	<b>91</b>	<b>(42)</b>	<b>20</b>	<b>—</b>	<b>69</b>
	January 1, 2021	Financing cash flows	Leases (non-cash)	Other	December 31, 2021
Borrowings	728	(728)	—	—	—
Lease liabilities	113	(38)	18	(2)	91
	<b>841</b>	<b>(766)</b>	<b>18</b>	<b>(2)</b>	<b>91</b>

The Group classifies interest paid as cash flows from operating activities.

**20.4 Capital management**

The Group manages its capital to ensure that companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity (as detailed in the consolidated statements of financial position).

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022, 2021 and 2020.

**21. CONTINGENCIES**
**Legal proceedings**

During the periods covered by the Group's consolidated financial statements and in the subsequent period until their approval, the Group has been, and continues to be, subject to legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Group. Management believes that the ultimate liability, if any, arising from such proceedings and adjudications, will not have a material adverse impact on the Group's financial position or operating results.

**Russian Federation tax and regulatory environment**

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by a number of authorities, which may impose severe fines, penalties and interest charges.

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Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years, while under certain circumstances reviews may cover longer periods.

The Group estimates that possible exposure in relation to the above mentioned tax risks, that are more than remote, but less than probable and, accordingly, for which no liability is required to be recognized, could be up to an aggregate of approximately 33 as of December 31, 2022.

**Operating environment**

The Group's operations are concentrated in the Russian Federation. Consequently, the Group is exposed to the economic and financial environment in the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations and frequent changes which combined with other legal and fiscal impediments, aggravate the challenges faced by entities operating in the Russian Federation.

Over the past several years, Russia has been involved in conflicts, both economic and military, involving neighboring and distant states. On March 2014, following a public referendum, the Crimean Peninsula and the city of Sevastopol were proclaimed as new separate constituents of Russia by the governing authorities of Russia, Crimea and Sevastopol. The events relating to Ukraine and Crimea prompted condemnation by members of the international community and were strongly opposed by the United States and the European Union, with a resulting material negative impact on Russia's relationship with them. Tensions between Russia and the United States and between Russia and the European Union further increased in subsequent years as a result of the conflict in Syria and a host of other issues. Tensions between Russia and the United States, NATO, the European Union and the United Kingdom with respect to Ukraine further escalated in late 2021.

On February 24, 2022, Russian military forces commenced a special military operation in Ukraine and the length, prolonged impact and outcome of this ongoing military conflict remains highly unpredictable. The current geopolitical crisis and international actions in response to it have materially and adversely impacted the macroeconomic climate and operating conditions in Russia, resulting in significant ruble exchange rate and market volatility, materially increased interest rates and inflation, withdrawal of a number of Western businesses from the Russian market or a reduction in their operations or services in the country, a decrease in imports and consumer spending. While the military conflict in Ukraine continued to unravel, the Russian authorities announced partial mobilization of military reservists in September 2022, which further exacerbated economic uncertainty and led to social tensions, the full implication of which are not yet clear. It is also possible that further mobilization efforts may be initiated during 2023. We cannot predict how the conflict will unfold or the impact it will have on Russian economy and geopolitical environment in short and long terms.

In response to the military conflict in Ukraine, the United States, the United Kingdom, the European Union governments and other countries, have imposed unprecedented sanctions and export-control measures. The imposed sanctions have targeted large parts of the Russian's economy and include, among others, blocking sanctions on some of the largest state-owned and private Russian financial institutions (and their subsequent removal from SWIFT), Russian businessmen and their businesses, the blocking of Russia's foreign currency reserves, expansion of sectoral sanctions and export and trade restrictions, limitations on investments and access to capital markets and bans on various Russian imports.

Given the vast scope of the sanctions and other measures in response to the conflict in Ukraine, it is hard to predict their full impact on Russian economy or certain sectors thereof, but it is expected to be significant. Furthermore, the Russian economy was and expected to be further significantly affected as result of many U.S. and other multi-national businesses indefinitely suspending their operations and pausing all commercial activities in Russia. These corporate boycotts have resulted in supply chain disruptions and unavailability or scarcity of certain raw materials, technological and medical goods, have significantly affected commodity markets, leading to rapid price increases, and amplified the sharp rise in inflation growth.

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In response to accelerating inflation and a staggering depreciation of the ruble, on February 28, 2022, the Central Bank of the Russian Federation (CBR) increased its key interest rate from 9.5% to 20.0%, subsequently reduced to 7.5% on September 16, 2022. The key interest rate hike, as well as tightening of subsidized mortgage programs by both the Russian government and developers coupled with overall high level of instability and lack of visibility led to the overall decrease in demand for primary and secondary real estate. While the gradual decrease of the key interest rate during the second and the third quarters of 2022, as well as recovery in subsidized mortgage programs, led to a gradual demand recovery from the second half of May 2022, the announcement of the partial military mobilization in Russia in late September increased uncertainty in the market and put an additional pressure on real estate demand. Annual inflation in Russia reached 11.94% in 2022, according to the Federal Service for State Statistics of the Russian Federation. Market instability, high levels of inflation, lower household income led to reductions in consumer purchasing power and had a negative impact on consumer confidence. This has adversely affected and may continue to affect the Russian real estate market, as reduced disposable income and purchasing power is likely to have an adverse effect on consumers' ability or willingness to invest in new housing or real estate.

On February 28, 2022 trading on the Moscow Exchange in all equity securities was suspended, with the suspension later extended through March 24, 2022.

Also on February 28, 2022 the New York Stock Exchange halted trading in the Company's American Depository Shares ("ADSs").

Although, neither the Company nor any of its subsidiaries is subject to any sanctions announced to-date by the United States, the United Kingdom, the European Union or other countries, the impact of these and further developments on future operations and financial position of the Group may be significant, but at this stage is difficult to determine. Current and future risks to the Group include, among others, the deterioration of the Russian economy, the risk of reduced or blocked access to capital markets and ability to obtain financing and the risk of restrictions on the usage of certain software. The impact on the Group of risk that the Russian Ruble will further depreciate against other currencies is currently assessed as limited, as the majority of the Group's expenses is denominated in Russian Rubles.

The Group had approximately 4,700 of cash and cash equivalents as of March 29, 2023. Management is confident, based on their current operating plan, that existing cash and cash equivalents together with the ability to cut a major part of the expenses related to marketing, if necessary, the Group will be able to meet anticipated cash needs for working capital, capital expenditures and general and administrative expenses for at least the next twelve months.

The Group's consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

**COVID-19**

In March 2020, the World Health Organization declared the COVID-19 virus a global pandemic. The highly contagious disease has spread to most of the countries including Russia, creating a negative impact on customers, workforces, and suppliers, disrupting economies and financial markets, and potentially leading to a worldwide economic downturn. The Group aimed to adapt to such adverse changes in conditions by exploring new ways of monetization and promotion of its products and services and cost optimization. As a result, the Group avoided any significant adverse impact on revenue or operating loss. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of issuance of these consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Group's financial condition, liquidity, and future results of operations.

**22. EVENTS AFTER THE REPORTING PERIOD**

On March 15, 2023, the Company received a written notice from the staff of the New York Stock Exchange Regulation notifying the Company that it has determined to delist the Company's American depository shares ("ADSs") from the NYSE. The Company utilized its right to a review of the determination and, accordingly, filed an appeal to this decision.

## **SCHEDULE I – PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION**

Rule 12-04(a) and 5-04(c) of Regulation S-X require condensed financial information as to the financial position, cash flows and results of operations of a parent company as of the same date and for the same period for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. As of December 31, 2022, Cian PLC (the “Company”), the parent company of the Group, was restricted from transferring funds from its consolidated Russian subsidiaries in the form of loans, advances or cash dividends due to an uncertainty around an impact of restrictions on transferring cash funds outside of Russia under the recently enacted Russian capital control and protection measures. The Group performed a test on the restricted net assets of its consolidated Russian subsidiaries and concluded that the restricted net assets exceed 25 percent of the consolidated net assets of the Group as of December 31, 2022.

The parent company only condensed financial information presented below should be read in conjunction with the Company’s audited consolidated financial statements as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and the accompanying notes thereto, contained in this Annual Report. The parent company only condensed financial information is prepared in accordance with IFRS. Investments in subsidiaries in the parent company only condensed financial information below are recognized at cost.



**Condensed statements of financial position (in millions of Russian Rubles)**

	December 31, 2022	December 31, 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	7,522	5,256
<b>Total non-current assets</b>	<b>7,522</b>	<b>5,256</b>
<b>Current assets</b>		
Trade and other receivables	10	280
Loans receivable	10	616
Cash and cash equivalents	680	1,575
<b>Total current assets</b>	<b>700</b>	<b>2,471</b>
<b>Total assets</b>	<b>8,222</b>	<b>7,727</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	2	2
Share premium	7,702	7,614
Equity-settled employee benefits reserves	648	110
Accumulated losses	(362)	(417)
<b>Total equity</b>	<b>7,990</b>	<b>7,309</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Trade and other payables	—	27
<b>Total non-current liabilities</b>	<b>—</b>	<b>27</b>
<b>Current liabilities</b>		
Trade and other payables	230	391
Current tax liabilities	2	—
<b>Total current liabilities</b>	<b>232</b>	<b>391</b>
<b>Total liabilities</b>	<b>232</b>	<b>418</b>
<b>Total liabilities and equity</b>	<b>8,222</b>	<b>7,727</b>

**Condensed statements of profit or loss and other comprehensive income (in millions of Russian Rubles)**

	2022	2021	2020
<b>Loan interest income</b>	<b>3</b>	<b>1</b>	<b>—</b>
Other operating income	47	5	—
Administration expenses	(260)	(458)	(2)
Net impairment profit / (loss) of financial and contract assets	12	(14)	—
Other operating expenses	(14)	—	—
<b>Operating loss</b>	<b>(212)</b>	<b>(466)</b>	<b>(2)</b>
Net finance income	269	55	—
<b>Profit / (loss) before income tax</b>	<b>57</b>	<b>(411)</b>	<b>(2)</b>
Income tax expense	(2)	—	—
<b>Net profit / (loss) for the year</b>	<b>55</b>	<b>(411)</b>	<b>(2)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>55</b>	<b>(411)</b>	<b>(2)</b>

**Condensed statements of cash flows (in millions of Russian Rubles)**

	2022	2021	2020
<b>Net cash used in operating activities</b>	<b>(130)</b>	<b>(2,431)</b>	<b>(1)</b>
<b>Net cash used in investing activities</b>	<b>(1,062)</b>	<b>(2,615)</b>	<b>(558)</b>
<b>Net cash generated from financing activities</b>	<b>—</b>	<b>6,519</b>	<b>—</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,192)</b>	<b>1,473</b>	<b>(559)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,575</b>	<b>2</b>	<b>561</b>
Effect of exchange rate fluctuations on cash held	285	114	—
(Reversal of impairment) / impairment charge on cash and cash equivalents	12	(14)	—
<b>Cash and cash equivalents at the end of the year</b>	<b>680</b>	<b>1,575</b>	<b>2</b>

As of December 31, 2022 and 2021 there were no material commitments or contingencies, significant provisions for long-term obligations or guarantees of the parent company, except for those which have been separately disclosed in the Group's consolidated financial statements, if any.

The Company's subsidiaries did not pay any dividend to the Company for the years presented.

## CERTIFICATIONS

I, Dmitriy Grigoriev, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 20-F of Cian PLC;
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(s) 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)) 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(s) 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: 27 April 2023

By: /s/ Dmitriy Grigoriev

Name: Dmitriy Grigoriev

Title: Chief Executive Officer

(principal executive officer)

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# CERTIFICATIONS

I, Mikhail Lukyanov, Chief Financial and Strategy Officer, certify that:

1. I have reviewed this annual report on Form 20-F of Cian PLC;
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(s) 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)) 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(s) 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: 27 April, 2023

By: /s/ Mikhail Lukyanov

Name: Mikhail Lukyanov

Title: Chief Financial and Strategy Officer  
(principal financial officer)

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### CERTIFICATIONS

In connection with this annual report on Form 20-F of Cian PLC (the “Company”) for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I Dmitry Grigoriev, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 27 April, 2023

/s/ Dmitry Grigoriev

Dmitriy Grigoriev

Chief Executive Officer

(principal executive officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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**CERTIFICATIONS**

In connection with this annual report on Form 20-F of Cian PLC (the “Company”) for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I Mikhail Lukyanov, Chief Financial and Strategy Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 27 April, 2023

/s/ Mikhail Lukyanov

Mikhail Lukyanov  
Chief Financial and Strategy Officer  
(principal financial officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-261755 on Form S-8 of Cian PLC of our report dated March 29, 2023 (except for schedule I, as to which the date is April 27, 2023), relating to the consolidated financial statements of Cian PLC and subsidiaries, appearing in this Annual Report on Form 20-F for the year ended December 31, 2022.

/s/ AO “Business Solutions and Technologies”

Moscow, Russia

April 27, 2023

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