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

# Form 20-F

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

**OR**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 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**

**OR**

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

**Commission file number: 001-39713**

# Ozon Holdings PLC
**(Exact name of Registrant as specified in its charter)**

**Not Applicable**
**(Translation of Registrant's name into English)**

**Cyprus**
**(Jurisdiction of incorporation or organization)**

**Arch. Makariou III, 2-4, Capital Center, 9th floor, 1065, Nicosia, Cyprus**
**(Address of principal executive offices)**

**Alexey Arkhipov**
**+ 357 22 360 000**
**Arch. Makariou III, 2-4, Capital Center, 9th floor, 1065, Nicosia, Cyprus**
**(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)**

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|---|---|---|
| **American Depositary Shares, each representing one ordinary share with a nominal value of $0.001 per share** | **OZON** | **The Nasdaq Global Select Market** |
| **Ordinary shares, nominal value of $0.001 per share*** | **N/A** | **The Nasdaq Global Select Market*** |

* *Not registered for trading, but exist only in connection with the registration of the American Depositary Shares.*

**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**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2022, 216,413,733 ordinary shares and 2 Class A shares were outstanding.

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 a 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 definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Emerging growth company ☐

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

† The term "new or revised financial accounting 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 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 §240.10D-1(b). ☐

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 ☒

| | | |
|---|---|---|
| Auditor name: JSC "Kept" | Auditor location: Moscow, Russia | Auditor Firm ID: 3055 |

**TABLE OF CONTENTS**


| | |
|---|---|
| ABOUT THIS ANNUAL REPORT | iv |
| PRESENTATION OF FINANCIAL AND OTHER INFORMATION | v |
| CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS | vi |
| PART I | 1 |
| Item 1. Identity of Directors, Senior Management and Advisers | 1 |
| Item 2. Offer Statistics and Expected Timetable | 1 |
| Item 3. Key Information | 1 |
| A. [Reserved] | 1 |
| B. Capitalization and Indebtedness | 1 |
| C. Reasons for the Offer and Use of Proceeds | 1 |
| D. Risk Factors | 1 |
| Item 4. Information on the Company | 52 |
| A. History and Development of the Company | 52 |
| B. Business Overview | 53 |
| C. Organizational Structure | 67 |
| D. Property, Plants and Equipment | 68 |
| Item 4A. Unresolved Staff Comments | 68 |
| Item 5. Operating and Financial Review and Prospects | 68 |
| A. Operating Results | 68 |
| B. Liquidity and Capital Resources | 80 |
| C. Research and Development, Patents and Licenses, etc. | 87 |
| D. Trend Information | 87 |
| E. Critical Accounting Estimates | 87 |
| Item 6. Directors, Senior Management and Employees | 87 |
| A. Directors and Senior Management | 87 |
| B. Compensation | 90 |
| C. Board Practices | 92 |
| D. Employees | 94 |
| E. Share Ownership | 95 |
| F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation | 95 |
| Item 7. Major Shareholders and Related Party Transactions | 95 |
| A. Major Shareholders | 95 |
| B. Related Party Transactions | 97 |
| C. Interests of Experts and Counsel | 97 |
| Item 8. Financial Information | 97 |
| A. Consolidated Statements and Other Financial Information | 97 |
| B. Significant Changes | 98 |
| Item 9. The Offer and Listing | 98 |

A. Offer and Listing Details 98
B. Plan of Distribution 98
C. Markets 98
D. Selling Shareholders 98
E. Dilution 98
F. Expenses of the Issue 98
Item 10. Additional Information 98
A. Share Capital 98
B. Memorandum and Articles of Association 98
C. Material Contracts 99
D. Exchange Controls 99
E. Taxation 99
F. Dividends and Paying Agents 114
G. Statement by Experts 114
H. Documents on Display 115
I. Subsidiary Information 115
J. Annual Report to Security Holders 115
Item 11. Quantitative and Qualitative Disclosures about Market Risk 115
Item 12. Description of Securities Other than Equity Securities 115
A. Debt Securities 115
B. Warrants and Rights 115
C. Other Securities 115
D. American Depositary Shares 115
PART II 118
Item 13. Defaults, Dividend Arrearages and Delinquencies 118
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds 118
Item 15. Controls and Procedures 118
Item 16. [Reserved] 122
Item 16A. Audit Committee Financial Expert 122
Item 16B. Code of Ethics 122
Item 16C. Principal Accountant Fees and Services 122
Item 16D. Exemptions from the Listing Standards for Audit Committees 122
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers 122
Item 16F. Change in Registrant's Certifying Accountant 122
Item 16G. Corporate Governance 123
Item 16H. Mine Safety Disclosure 124
Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections 124
PART III 125
Item 17. Financial Statements 125

Item 18. Financial Statements 125
Item 19. Exhibits 125
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS F-1
SIGNATURES 127

## ABOUT THIS ANNUAL REPORT

Except where the context otherwise requires or where otherwise indicated, the terms “OZON,” the “Company,” “Group,” “we,” “us,” “our,” “our company” and “our business” refer to Ozon Holdings PLC, together with its consolidated subsidiaries as a consolidated entity.

All references in this annual report (“Annual Report”) to “rubles,” “RUB” or “₽” refer to Russian rubles, the terms “dollar,” “USD” or “$” refer to U.S. dollars and the terms “€” or “euro” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

All references in this Annual Report to the “Commission” or to the “SEC” are to the United States Securities and Exchange Commission, to the “Exchange Act” are to the U.S. Securities Exchange Act of 1934, as amended, and to the “Securities Act” are to the U.S. Securities Act of 1933, as amended.

All references in this Annual Report to “Russia” are to the Russian Federation and to “CBR” are to the Central Bank of Russia.

All references in this Annual Report to “Nasdaq” are to the Nasdaq Global Select Market and to “MOEX” are to Public Joint-Stock Company Moscow Exchange MICEX-RTS, or the Moscow Exchange, where the ADSs are listed under the symbol “OZON.”

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We report under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). None of our financial statements were prepared in accordance with generally accepted accounting principles in the United States. We present our consolidated financial statements in rubles.

### Use of Non-IFRS Financial Measures

Certain parts of this Annual Report refer to Adjusted EBITDA, which is a non-IFRS financial measure which we define as loss before income tax benefit/(expense), total non-operating income/(expense), depreciation and amortization, share-based compensation expense and losses related to the fire incident.

Adjusted EBITDA is used by our management to monitor the underlying performance of the business and its operations. It is a measure which may be used by other companies for a variety of purposes and is often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDA as reported by us to the same or similar measures as reported by other companies. For example, Adjusted EBITDA may not be comparable to similarly titled metrics of other companies. It is a measure which is unaudited and has not been prepared in accordance with IFRS or any other generally accepted accounting principles.

Adjusted EBITDA is not a measurement of performance or liquidity under IFRS or any other generally accepted accounting principles, and you should not consider it as an alternative to other financial measures determined in accordance with IFRS or other generally accepted accounting principles. Non-IFRS financial measures have limitations as analytical tools, and you should not consider them in isolation. See Item 5.A "*Operating and Financial Review and Prospects—Operating Results—Key Indicators of Financial and Operating Performance*" for more detail on these limitations. Accordingly, current and prospective investors should not place undue reliance on references to Adjusted EBITDA contained in this Annual Report.

### Key Operating Measures

Certain parts of this Annual Report contain our key operating measures, including, among others, gross merchandise value including revenue from services ("GMV incl. services"), share of our online marketplace (our "Marketplace") GMV ("Share of Marketplace GMV"), number of orders and number of active buyers. We define:

- *GMV incl. services (gross merchandise value including revenue from services)* as the total value of orders processed through our platform, as well as revenue from services to our buyers, sellers and other customers, such as delivery, advertising and other services. GMV incl. services is inclusive of value added taxes, net of discounts, returns and cancellations. GMV incl. services does not represent revenue earned by us. GMV incl. services does not include travel ticketing and hotel booking commissions, other related service revenues or value of the respective orders processed.
- *Share of Marketplace GMV* as the total value of orders for sellers' goods processed through our Marketplace, inclusive of value added taxes, net of discounts, returns and cancellations, divided by GMV incl. services in a given period. Share of Marketplace GMV includes only the value of goods processed through our platform and does not include services revenue.
- *Number of orders* as the total number of orders delivered in a given period, net of returns and cancellations.
- *Number of active buyers* as the number of unique buyers who placed an order on our platform within the 12-month period preceding the relevant date, net of returns and cancellations.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements 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.D. "*Key Information—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 "believe," "may," "will," "expect," "estimate," "could," "should," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- the impact of geopolitical events and macroeconomic circumstances on our operations, results and ADS holders;
- our future financial performance, including our revenue, operating expenses and our ability to achieve and maintain profitability;
- our expectations regarding the development of our industry and the competitive environment in which we operate;
- the growth of our brand awareness and overall business; and
- our ability to improve our product offerings and technology platform and to attract and retain buyers and sellers.

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.D. "*Key Information—Risk Factors*" and the following:

- the current global macroeconomic environment;
- the geopolitical crisis surrounding Ukraine and related sanctions, trade restrictions, risks and uncertainties, including the risk that we, any member of our Group, our directors or members of our senior management might be targeted by sanctions;
- any significant fluctuations in our revenue growth and results of operations;
- our lack of historical profitability and risks in achieving profitability in the future;
- our ability to effectively promote our business and attract new and retain current buyers and sellers;
- any failure to retain our market position in a highly competitive e-commerce market;
- any failure to obtain additional funds to finance our future capital needs;
- our reliance on counterparties and third-party providers;
- our reliance on the Russian internet infrastructure;
- global political and economic stability;

- further widespread impacts of the COVID-19 pandemic or other health crises restricting the level of business activity, travel, transportation and otherwise affecting our buyers, sellers and third-party providers, as well as any governmental or international response measures;
- privacy, personal data and data protection concerns; and
- our ability to successfully remediate the existing material weakness in our internal control over financial reporting and our ability to establish and maintain an effective system of internal control over financial reporting.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and Nasdaq corporate governance rules and are permitted to file less information with the SEC than U.S. companies, which may limit the information available to holders of the ADSs.

We operate in an evolving environment. New risks emerge from time to time, and it is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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 have filed as exhibits hereto 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, prospects, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price and value of the ADSs could decline due to any of these risks, and you may lose all or part of your investment. This Annual Report also contains forward-looking statements that involve risks and uncertainties. You should carefully review the "Cautionary Statement Regarding Forward-looking Statements" section of this Annual Report. 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 Risk Factors**

Our business is subject to numerous risks. We may be unable, for many reasons, including those that are beyond our control, to implement our business strategy. In particular, risks associated with our business include, but are not limited to, the following:

*Risks Relating to the Current Geopolitical Environment*

- sanctions imposed by the United States, the European Union, the United Kingdom and other countries in relation to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs;
- we engage in *de minimis* activities relating to Crimea, and these activities could potentially impede our ability to raise funding in international capital markets or otherwise materially adversely affect our business and reputation;

*Risks Relating to Our Business and Industry*

- we may experience significant fluctuations in our revenue growth and results of operations;
- we have incurred significant losses in the past and we continue to invest in order to grow and scale our business, and we may not achieve profitability on the timeline that we anticipate;
- we may need to raise additional funds to finance our future capital needs, which may be challenging in the current environment and may dilute the value of the outstanding ADSs or prevent us from growing our business;
- if we fail to effectively promote our business and attract new buyers and sellers and retain current buyers and sellers, our business, prospects, financial condition and results of operations may be materially and adversely affected;
- we operate in a competitive market. If we fail to retain our current market position, our business and results of operations could be materially and adversely affected;
- our expansion into new products, services, technologies and geographic regions subjects us to additional risks;
- we may be required to obtain further permits or licenses with respect to our existing and new financial technology ("Fintech") solutions in the future, our existing Fintech licenses may be revoked and we may be subject to the increased level of scrutiny from Russian regulatory authorities;
- we rely on many counterparties and third-party providers in our business, and the nonperformance or loss of a significant third-party provider through bankruptcy or otherwise, could adversely affect our operations;
- privacy and data protection concerns and related claims, including evolving government regulation in the area of consumer data privacy or data protection, could adversely affect our business and results of operations;
- we may be subject to material litigation;
- we are exposed to the risk of inadvertently violating anti-corruption laws, anti-money laundering laws and other similar laws and regulations;
- our business may be adversely affected by the COVID-19 pandemic;
- if we were treated as a passive foreign investment company, investors in the ADSs subject to U.S. federal income tax could have material adverse tax consequences;

*Risks Relating to Russia*

- the adoption, maintenance and expansion of international embargo, economic, trade or other sanctions against Russia may have a material adverse effect on our business, financial condition and results of operations;
- 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;
- economic instability in Russia could adversely affect our business;
- the ongoing development of the Russian legal system and Russian legislation, including the legal framework governing e-commerce and Fintech industries, data protection and related internet services, creates an uncertain environment for investment, business activity and our operations;

*Risks Relating to Our Ownership 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;
- changes in Russian tax law could adversely affect our Russian operations;

*Risks Relating to Ownership of the ADSs*

- trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq;
- the trading price of our ADSs may not be indicative of the value at which such securities would trade if they were traded on Nasdaq. Moreover, our listing on MOEX may be adversely impacted if our securities are delisted from Nasdaq;
- if the depositary for our ADS facility terminates the deposit agreement, this may materially adversely affect the holders of our ADSs;
- as a foreign private issuer within the meaning of the Nasdaq corporate governance rules, we are permitted to, and we will, rely on exemptions from certain of the Nasdaq 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;
- we have identified a material weakness in our internal control over financial reporting, and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired;
- anti-takeover provisions in our organizational documents and Cyprus law may discourage or prevent a change of control, even if an acquisition would be beneficial to our shareholders, which could depress the price of the ADSs and prevent attempts by our shareholders to replace or remove our current management;
- the price of the ADSs might fluctuate significantly, and investors could lose all or part of their investment; and
- it may be difficult to enforce a U.S. judgment against us, our directors and officers named in this Annual Report outside the United States, or to assert U.S. securities law claims outside of the United States.

**Risks Relating to the Current Geopolitical Environment**

***Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs.***

Sanctions imposed on Russia and Russian persons by a number of countries in connection with the geopolitical crisis surrounding Ukraine and further regulatory counter-measures taken by the Russian Government have had a significant, and in many cases unprecedented, impact on companies operating in Russia. In connection with the geopolitical crisis surrounding Ukraine, the United States, the European Union, the United Kingdom and other countries have imposed severe sanctions targeting Russian financial institutions, including the prohibition on transactions with the CBR, blocking of assets and cutting off certain Russian banks from SWIFT; businessmen and their assets; oil, defense and other state-owned companies, as well as broad export and import restrictions, restrictions on access to financial, investment and other services for Russian entities and individuals, restrictions on Russian airlines and shipping companies and a general ban on new investments in Russia (see Item 3.D "*Key Information—Risk Factors—Risks Relating to Russia—The adoption, maintenance and expansion of international embargo, economic, trade or other sanctions against Russia may have a material adverse effect on our business, financial condition and results of operations*" for more details).

In response, Russia identified various states, including the United States, all European Union member states and the United Kingdom (including the British Crown Dependencies and British Overseas Territories), as "hostile" and introduced a number of economic measures in connection with their actions, as well as economic measures aimed at ensuring financial stability in Russia. These measures, among others, include:

- limitations on foreign currency loans to non-Russian residents and certain foreign currency transfers abroad;
- limitations on Rouble loans to non-Russian residents of "hostile" states;
- limitations on dividend payments to non-Russian residents of "hostile" states or dividend payments to foreign accounts;
- an approval regime for certain transactions between persons from "hostile" states and Russian residents with respect to securities or real estate;
- an approval regime for transactions relating directly or indirectly to the establishment, change, termination or encumbrance of rights of possession, use or disposal of participation interests in Russian limited liability companies and in certain Russian credit institutions, where a person or persons from "hostile" states are party to the relevant transaction;
- various requirements limiting servicing of debt under facility agreements and other financial instruments, as well as under foreign debt securities such as Eurobonds; and
- an approval regime for certain types of capital injections by Russian residents to non-Russian residents.

The above measures affected not only Ozon's relationships with its counterparties, but also its various intra-group transactions, as Ozon Holdings PLC, the holding company of the Group, is registered in the Republic of Cyprus and it and its direct and indirect subsidiaries are considered persons from "hostile" states for the purposes of the Russian counter-sanctions regime.

See Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Capital Control and Protection Measures Related to the Geopolitical Crisis Surrounding Ukraine*" for more details.

These actions have had, and are expected to continue to have, a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs, including the following:

- On February 28, 2022, trading of the ADSs on Nasdaq was suspended by Nasdaq, and such suspension remains in effect as of the date of this Annual Report. Further, on March 15, 2023, the Listing Qualifications Staff of Nasdaq (the "Staff") notified us that it had determined that our securities would be delisted from The Nasdaq Stock Market as of March 24, 2023, unless Ozon appeals the Staff's determination. On March 21, 2023, Ozon submitted a request for a hearing to appeal such determination. Under the Nasdaq Listing Rules, a hearing will be held, to the extent practicable, within 45 days of such request, and the delisting of the ADSs will be stayed pending the issuance of a written decision of the hearings panel. Even if such appeal is successful and Ozon's securities are not formally delisted, there can be no guarantee if or when the trading halt may be lifted and trading might ultimately resume. If such appeal is not successful, Ozon may pursue the further appeals available under the Nasdaq Listing Rules. In the event that Ozon's securities are ultimately delisted from Nasdaq, the ADSs may be eligible for trading in the over-the-counter market. We can provide no guarantee, however, that one or more brokers will elect to make a market in such securities or will be able to obtain a ticker to facilitate OTC trading. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq.*"

- The U.S. has imposed a prohibition on U.S. persons making any "new investments" in Russia from April 6, 2022. While we do not believe that the ban would prohibit trading by U.S. persons in ADSs issued prior to April 6, 2022, there has been no guidance issued by OFAC in this regard and we cannot give any assurance that OFAC would not take a different position. There can also be no assurance that brokers, dealers and other financial intermediaries from the U.S., the EU, the UK or other Western countries will be allowed to execute transactions with the ADSs due to potential legal restrictions or limitations set out in their internal policies, which could materially adversely affect the value and trading of the ADSs.
- Trading of all securities on MOEX was suspended from February 28 to March 23, 2022, and trading of the ADSs on MOEX was resumed on March 29, 2022. However, if Ozon's appeals described above are unsuccessful, Ozon's ADSs will be delisted from trading on Nasdaq. This may lead to adverse implications for Ozon's MOEX listing. On March 15, 2023 MOEX made a public statement that trading in our ADSs would continue on MOEX in the event of our delisting from Nasdaq. In addition, there is currently a general moratorium on delistings from MOEX for foreign companies whose securities are admitted to public trading in Russia where such securities were delisted on foreign exchanges, which is currently effective until October 1, 2023. However, the effectiveness of our continued listing would depend on various matters, including the maintenance of our ADS program and depositary arrangements. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—The trading price of our ADSs may not be indicative of the value at which such securities would trade if they were traded on Nasdaq. Moreover, our listing on MOEX may be adversely impacted if our securities are delisted from Nasdaq".*

Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine and further regulatory counter-measures taken by the Russian Government may prevent us from achieving our financial, operational and strategic objectives, including those described elsewhere in this Annual Report, or otherwise materially adversely affect our business, financial condition and results of operations. Among other things:

- our ability to raise additional capital, especially from companies and financial institutions established in Western states, is likely to be materially adversely affected or we may only be able to raise additional capital at significantly increased costs, which could potentially reduce the size of our investments into the expansion of our infrastructure and operations, and/or trading of the ADSs may be materially adversely affected;
- trade restrictions could impact our operations in light of their limitation on our ability to source technology or goods from other countries;

- we may not be able to launch our business operations in other countries or expand them to the desired scale;
- as a result of the capital control and protection measures described above, our Russian operating subsidiaries are restricted from transferring cash outside of Russia (without prior approval from the Russian Government or at all), including to our holding company;
- if additional or all Russian banks are disconnected from SWIFT or become subject to blocking sanctions or asset freezes, we may experience difficulties in making payments to our shareholders and holders of the Bonds outside of Russia;
- the negative impact on the Russian economy is likely to increase the credit risk for many of our customers, which will result in additional amounts of expected credit losses to be recognized in future. In addition, in March 2022, international rating agencies, including Fitch and Moody's, withdrew Russian sovereign ratings and stopped covering ratings of entities based in Russia. The withdrawal of ratings increases an uncertainty with respect to the credit risk of our counterparties;
- our existing or prospective counterparties, advisors and consultants may refuse (and have in the past refused) to transact with us as a Russia-related business; and
- additional regulatory restrictions and measures that may be introduced from time to time may limit our ability to conduct our day-to-day operations or otherwise have a material adverse effect on our business, financial condition and results of operations and on the value and trading of the ADSs. In particular:
- on April 7, 2022, amendments to the Russian Criminal Code that would establish criminal liability for complying with foreign sanctions on the territory of Russia were introduced in the State Duma, the lower house of the Russian Parliament. If such amendments are adopted, they could limit our ability to transact with foreign counterparties as they may be unable to work with us. Since April 2022, this initiative has not been progressed, however, as it has not been dismissed completely it is still of potential risk; and
- on April 27, 2022, amendments to Russian law requiring Russian companies to terminate depositary programs, under which the depositary receipts of such companies are listed on foreign stock exchanges, entered into force. While this law does not apply to us, it cannot be ruled out that this legislation might be further extended to Russian businesses with foreign holding companies or that such foreign holding companies might be required to redomicile in Russia and terminate their depositary programs. The adoption of such legislation could result in the delisting of the ADSs from Nasdaq and materially adversely affect the value and trading of the ADSs and the structure of our share capital more generally.

Press statements by Russian government officials have indicated that it is possible that sanctions imposed on Russia by other countries could be mirrored by counter-measures imposed by Russia; for instance, any freeze of assets of Russian entities could trigger a corresponding freeze of assets owned or controlled by residents of the country which imposed sanctions. Our assets in Russia are held by Russian entities, but the language of any such counter-measures would need to be assessed to determine whether they extend to shares or interests in our Russian subsidiaries held by our holding company or whether there would be any other impact on us. No such counter-measures are currently in place.

Other than the potential restrictions described above in relation to the U.S. prohibition of "new investments", there are currently no regulatory restrictions on the ability of U.S. persons to acquire and trade in the ADSs or our other securities on Nasdaq if the trading suspension is lifted, and non-U.S. persons are not exposed to any U.S. secondary sanctions risks in connection with such transactions. However, as the geopolitical crisis surrounding Ukraine is ongoing, we cannot assure you that further, more severe sanctions will not be imposed on various sectors of the Russian economy or that other Russian businesses, including ourselves, and individuals, including our directors and members of our senior management, will not be targeted by new sanctions. The existing or further sanctions

imposed on Russia in response to the ongoing geopolitical crisis surrounding Ukraine or any future crises there or elsewhere, or measures taken by Russia in response, may limit our growth, materially adversely affect our business, financial condition and results of operations, and result in a significant decline or fluctuations in the trading price of the ADSs. If we, any other member of our Group or any of our directors, executive officers or other members of senior management were to become a target of sanctions, it may have a material adverse effect on our business, prospects, financial condition and results of operations and on the value and trading of the ADSs.

Heightened tension between Russia and the West increases the likelihood of cybersecurity threats to businesses and external events. Any cybersecurity attack could materially impact and even halt our ability to operate our website. Certain cybersecurity attacks could result in us breaching privacy and other laws, exposing not only investors to significant legal, financial and data loss threat, but also jeopardizing the same for customers, thus potentially resulting in loss of custom due to breach of trust, and regulatory fines. See also Item 3.D "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—Computer viruses, undetected software errors and hacking may cause delays or interruptions on our systems and may reduce the use of our services and damage our brand reputation".*

***We engage in de minimis activities relating to Crimea, and these activities could potentially impede our ability to raise funding in international capital markets or otherwise materially adversely affect our business and reputation.***

In response to certain geopolitical tensions, a number of countries, including the United States, EU countries and Canada, imposed a variety of trade and economic sanctions aimed at Russia, as well as certain individuals and entities within Russia and Ukraine. In December 2014, the U.S. President issued Executive Order No. 13685, which established a region-specific embargo under U.S. law for the Crimea region. Among other things, this embargo generally prohibits U.S. persons and U.S. companies from engaging in investments in the Crimea region and most import or export trade in goods and services with parties in the Crimea region. Pursuant to Executive Order No. 13685, OFAC designates parties operating in the Crimea region on the SDN List. U.S. persons and U.S. companies are generally prohibited from engaging in most transactions or dealings with parties on the SDN List. Non-U.S. persons and companies may be designated on the SDN List if they engage in significant transactions with persons designated on the SDN List under U.S. sanctions programs with respect to Russia. Although we do not operate on the ground in the Crimea region and have no facilities, assets or employees located in the region subject to the embargo, third-party services deliver products ordered on our site to buyers located in the region and third-party independent agents operate a limited number of pick-up points in the region, which distribute packages ordered through our websites and mobile apps along with packages ordered though other providers. In the event sanctions are imposed on the third-party independent agents operating our pick-up points in Crimea or the logistics operators involved in delivering shipments to Crimea, we may be unable to satisfy all or a substantial part of the orders placed by buyers in the embargoed region. Since the imposition of embargo, less than one percent of our revenue has been generated from orders delivered to the Crimea region. However, new sanctions imposed by the United States and certain EU member states or changes in the interpretation of the existing sanctions, including the scope of embargo in place with respect to the Crimea region and the application of secondary sanctions on persons operating in the embargoed region, may adversely affect certain of our operations in the future.

We conduct the customary "know-your-customer" ("KYC") and onboarding procedures for our sellers and suppliers in accordance with our internal policies. See also Item 3.D "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—We are exposed to the risk of inadvertently violating anti-corruption laws, anti-money laundering laws and other similar laws and regulations.*" However, we face the risks of receiving incorrect, inaccurate or misleading information in the course of these procedures. If, as a result, we transact with a person or entity in violation of our internal policies or applicable laws and regulations, our business, prospects, financial condition and results of operations may be materially and adversely affected.

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 both in and outside of Russia or raise funding from international financial institutions or the international capital markets. Our failure to comply with applicable laws and regulations may expose us to negative legal and business consequences, including penalties, government investigations and reputational harm.

**Risks Relating to Our Business and Industry**

***We may experience significant fluctuations in our revenue growth and results of operations.***

We have grown our GMV significantly in recent years. Our anticipated future growth will likely place additional demands on our management and operations. Our success in managing our growth will depend, to a large degree, on the ability of our executive officers and other members of senior management to operate effectively and on our ability to further improve and develop our financial and management information systems, controls and procedures. In addition, we expect to have to adapt our existing systems and introduce new systems, train and manage our employees and improve and expand our sales and marketing capabilities.

Our revenue growth may slow down or decline for any number of reasons, including our inability to attract and retain sellers and buyers, decreased buyer spending, increased competition, slowing overall growth of the e-commerce market, the emergence of alternative business models, changes in government policies and general economic and geopolitical conditions. We may also lose buyers and sellers for other reasons, such as a failure to deliver satisfactory customer experience. If we are unable to properly and prudently manage our operations as they continue to grow, or if the quality of our services deteriorates due to mismanagement, our brand name and reputation could be significantly harmed, and our business, prospects, financial condition and results of operations could be materially and adversely affected. In addition, a disproportionate amount of sales on our platform has historically taken place during our fourth quarter, and we expect this seasonal trend to continue. As a result of peak seasonal sales, as of December 31 of each year, our cash and cash equivalents balances typically reach an elevated level (other than as a result of cash flows provided by or used in investing and financing activities). This operating cycle results in a corresponding increase in accounts payable, combined with a decrease in inventories, as of December 31. Our accounts payable balance generally declines during first months of each year, resulting in a corresponding decline in our cash and cash equivalents balances.

Furthermore, our operating results may be adversely impacted by variability of our operating expenses, one off factors and exposure arising from financial instruments (e.g. foreign exchange losses and losses on derivative instruments).

Our results of operations may fluctuate significantly as a result of a variety of factors, including but not limited to those described above. As a result, historical period-to-period comparisons of our results of operations are not necessarily indicative of future period-to-period results. You should not rely on the results of a single fiscal quarter as an indication of our annual results or our future performance.

***We have incurred significant losses in the past and we continue to invest in order to grow and scale our business, and we may not achieve profitability on the timeline that we anticipate.***

We incurred total losses of ₽58.2 billion, ₽56.8 billion and ₽22.3 billion in the years ended December 31 2022, 2021 and 2020, respectively, and our profitability may be materially affected by various factors, some of which are beyond our control. We believe that we will need to generate and sustain increased revenue levels and decrease the proportionate amount of expenses in future periods to achieve profitability in our markets and, even if we do, we may not be able to achieve or increase profitability in the near term. We continue to invest in our business in order to grow and retain our buyer base, expand our logistics and fulfillment capabilities, as well as continue developing and improving our platform and offering new products and services. These efforts may prove costlier than we anticipate, and many of our initiatives are scaling up (for example, our recent Fintech initiatives, see Item 4.B "*Information on the Company—Business Overview—Our Business Operations—Financial Services Offerings*"). We may continue to incur losses in the near term as a result of expected increases in our operating expenses as well as one-off events (e.g. force majeure such as fire). As a result, any failure to adequately increase our revenue or contain the costs related to our expansion could prevent us from improving profitability. In addition, our new services, including financial services, that we started to actively develop in recent years, could result in an unexpected increase in costs and negatively impact profitability. Further, as we expand our services to sellers and buyers in various regions, add new categories of products and services, our offerings in these markets may be less profitable than in the markets in which we currently operate, which may not offset the costs required to expand into these markets or verticals and could impact our ability to achieve or sustain profitability. We may also fail to improve the purchasing terms with our suppliers or improve utilization of infrastructure, which could increase our costs and limit our ability to reinvest

into other areas of our business. As a result of these factors, in addition to various other factors that may arise, we may not be able to maintain or increase profitability in the near term. The ongoing geopolitical crisis surrounding Ukraine may also have a significant impact on our profitability and other financial results. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*."

***We may need to raise additional funds to finance our future capital needs, which may be challenging in the current environment and may dilute the value of the outstanding ADSs or prevent us from growing our business.***

We may need to raise additional funds to finance our existing and future capital needs, including developing new services and technologies and ongoing operating expenses. In the current geopolitical and macroeconomic environment, this may be challenging; in particular, applicable sanctions restrictions may impose significant limitations in this regard. If we do raise additional funds through the sale of equity securities, these transactions may dilute the ADSs held by our current shareholders. We may also decide to issue securities that have rights, preferences and privileges senior to the ADSs or ordinary shares or convertible into the ADSs or ordinary shares. For example, in February 2021, we completed the issuance of our $750 million Bonds which were in accordance with their terms convertible into the ADSs, however, we note that those holders of the Bonds who subsequently exercised their right to require redemption have forfeited their conversion rights under the Bonds (see Item 5.B "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Borrowings*").

As of December 31, 2022, our short-term and long-term borrowings amounted to ₱55.2 billion and ₱38.9 billion, respectively, as compared to ₱11.5 billion and ₱50.6 billion, respectively, as of December 31, 2021. Any further debt financing would increase our level of indebtedness. Any such indebtedness could negatively affect our liquidity and restrict our operations, including increasing our vulnerability to general economic and industry conditions, limit our ability to plan and react to changes in our business and industry and place us at a disadvantage compared to competitors that have a lower level of indebtedness. Any breach of our financing arrangements, including the covenants, undertakings and other continuing obligations set out in our financing arrangements (see Item 5.B "*Operating and Financial Review and Prospectus—Liquidity and Capital Resources—Borrowings*"), or the inability to service our debt through internally generated cash flow or other sources of liquidity, would lead to default, which could lead to enforcement of pledges of shares of the Group's key operating subsidiary or otherwise have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be unable to raise additional funds on terms favorable to us or at all, and if financing is not available or is not available on terms acceptable to us, we may be unable to finance our future capital needs. This may prevent us from increasing our market share, capitalizing on new business opportunities or remaining competitive in our industry, any of which would have a material adverse effect on our business, prospects, financial condition and results of operations.

***If we fail to maintain and enhance our brand to effectively promote our business and attract new buyers and sellers and retain current buyers and sellers, our business, prospects, financial condition and results of operations may be materially and adversely affected.***

We believe that the effective promotion of our business is of paramount importance to our success. Enhancing our brand recognition in the e-commerce market is critical to increasing the quantity and depth of engagement of sellers and buyers with our platform, which, in turn, enhances the appeal and assortment of products and services to buyers. We have conducted and will continue to conduct various marketing and promotional activities aimed at increasing the visibility of our business and the attractiveness of our platform for our sellers and buyers. We cannot assure you, however, that these activities will be effective in achieving the intended promotional impact on our business. In addition, our buyers and sellers may have conflicting views regarding some of the new initiatives we introduce to improve our platform, which can negatively affect our buyer and seller base. Further, any negative publicity relating to our products or services, regardless of its veracity, could harm our reputation and cause buyers and sellers to leave our platform. If our marketing efforts are not successful in attracting new buyers and retaining current buyers, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***We operate in a competitive market. If we fail to retain our current market position, our business and results of operations could be materially and adversely affected.***

The markets for our products and services are competitive and rapidly evolving. The successful execution of our strategy depends on our ability to continuously attract and retain sellers and buyers, expand the market for our products and services, continue technological innovation and offer new capabilities to sellers and buyers. We have many competitors, not only among other e-commerce companies but also brick-and-mortar stores and a large and fragmented group of other offline retailers. We compete with these current and potential competitors for both sellers and buyers. From time to time, our buyers may decide not to continue purchasing products on our platform for various reasons, including a preference to shop in brick-and-mortar retail stores. Our sellers may also decide to switch to our competitors' services. Some of our existing or potential competitors may have greater resources, capabilities and expertise in management, technology, finance, product development, sales, marketing and other areas. Further, the internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller or lesser known businesses to compete against us. As a result of these various types of current and potential competitors, we may fail to retain or may lose our current market position, fail to continue to attract new and maintain our existing buyers and sellers, and be required to increase our spending or maintain lower prices for our Direct Sales offerings, which could materially and adversely affect our business, prospects, financial condition and results of operations.

***If we fail to improve our customer experience, product offerings and IT platform, we may not be able to attract and retain sellers and buyers, which may have a material adverse effect on our business, prospects, financial condition and results of operations.***

Our success depends upon our ability to attract and retain both sellers and buyers. A key factor in attracting and retaining sellers and buyers is our ability to expand the variety of products and services offered by our platform, which, in turn, requires us to attract and retain a large number of sellers. Achieving these objectives requires the maintenance and continual improvement of our products and services, including the customer experience from both the seller and buyer perspective, the accessibility of buyer and seller support services and the reliability of transaction processing services, including reliable and fast delivery options.

To build and maintain our brand reputation and buyer loyalty, we need to continue to improve our products and services, as well as innovate and introduce new products and services to enhance the customer experience of our sellers and buyers. This includes improving our platform to optimize product search results, introducing new ways to pay for products bought on our platform, improving data analytics for sellers and continuing to assess and enhance the buyer experience on our websites and our Shopping App generally. In addition, we need to adapt and improve buyer-facing user interfaces on our platform to keep up with the evolving needs and preferences of our buyers. For example, in light of the growing propensity of buyers to use smartphones to conduct transactions, we will continue to optimize our Shopping App to improve the experience of accessing our platform on mobile devices. It is also difficult to predict the problems that we may encounter in innovating and introducing new products and services and we may need to devote significant resources to the development, support and maintenance of our platform. We cannot provide any assurances that our technological initiatives aimed at improving the experience of our buyers and sellers will be successful, including whether our new products or service offerings and delivery services will be well received by sellers and buyers or improve our operational cost efficiencies. If we are unable to increase and retain the number of sellers and buyers on our platform, or increase the quantity and quality of products and services offered, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***If we are not able to respond successfully to technological or industry developments, including changes to the business models deployed in our industry, our business, prospects, financial condition and results of operations may be materially and adversely affected.***

The e-commerce market is characterized by rapid technological developments, frequent launches of new products and services, changes in buyer needs and behavior and evolving industry standards. As a result, participants in the e-commerce industry constantly change their product offerings and business models and adopt new technologies to, among other things, increase cost efficiency and adapt to buyer preferences. There can be no assurances that we will be able to keep up with technological improvements or that the technology developed by our competitors will not render our product offerings less competitive or attractive. If we fail to sufficiently equip ourselves or secure the necessary IT equipment, and /or successfully and timely respond to technological or industry developments, it could result in a loss of sellers and buyers, and our brand, business, prospects, financial condition and results of operations could be materially and adversely affected.

***Our expansion into additional products, services, technologies and geographic regions subjects us to additional risks.***

Our growth strategy depends, in part, on our expansion into additional product or service offerings, such as the financial technology services we offer. Our new initiatives may not be as profitable as expected, and we may be unable to recover our investments in them. In addition, we may be subject to claims if these product or service offerings suffer from service disruptions or failures or other quality issues. We may also have regulatory issues such as fines or withdrawal of licenses permitting to operate the additional businesses. This, in turn, may adversely affect our financial condition or results of operations. Failure to realize the expected returns of any of our investments in new technologies, products or services could also result in our inability to cover the costs we incurred to develop these technologies, which may adversely affect our financial condition or results of operations.

Expansion of the categories of services (such as new fintech services) or products (such as alcoholic beverages) we are offering may result in increased regulatory scrutiny and compliance requirements as a result of the uncertain application of laws, regulations and changing enforcement practices. In addition, some of the new verticals we may expand to may require us to comply with foreign ownership limitations or obtain additional permits or licenses (see Item 3.D "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—We may be required to obtain further permits or licenses with respect to our existing and new Fintech solutions in the future, our existing Fintech licenses may be revoked and we may be subject to the increased level of scrutiny from Russian regulatory authorities*" and Item 3.D "*Key Information—Risk Factors—Risks Relating to Russia—If existing limitations on foreign ownership were to be extended to our business, or if new limitations were to be adopted, it could materially adversely affect our business and prospects*" for more details). If we or our sellers fail to comply with laws and regulations applicable to regulated products, our Buyer Website and Shopping App may be blocked or restricted, which may adversely affect our business, financial condition and results of operations.

***We may be required to obtain further permits or licenses with respect to our existing and new Fintech solutions in the future, our existing Fintech licenses may be revoked and we may be subject to the increased level of scrutiny from Russian regulatory authorities.***

We are actively developing a number of Fintech initiatives, which we believe should be complementary to our primary e-commerce business and are aimed at increasing our average order value, the retention of our buyers and the loyalty of our sellers, as well as at lowering acquisition costs while processing payments. In the recent years, we have already introduced a number of Fintech offerings, such as OZON.Card (our OZON-branded debit card) and OZON.Installment (our buyer-facing lending option). See Item 4.B "*Information on the Company—Business Overview—Our Business Operations—Financial Services Offerings.*"

The regulation of Fintech solutions in Russia is currently being developed, and we are currently expanding, and may continue to expand, into new Fintech and Fintech-related solutions. For example, in February 2021, we established a microfinancing company, which was included in the register of microfinancing companies maintained by the CBR in May 2021. In May 2021, we acquired Oney Bank LLC (then renamed Ozon Bank), through which we obtained a basic banking license, and in March 2022, we obtained a general banking license for our newly created Ecom Bank from the CBR. In April 2023, Ozon Bank and Ecom Bank completed a reorganization by way of accession of Ozon Bank to Ecom Bank. Ecom Bank, the surviving entity in the reorganization, was renamed Ozon Bank and is a holder of a general banking license. The basic banking license was annulled by the CBR.

The banking license gives us the capability to structure and launch a variety of financial service products, tailored towards the needs of our buyers and sellers, to facilitate and provide greater support for transactions made by them on our platform. Although we do not believe we are required to hold or obtain any other permits or licenses in order to offer our Fintech solutions, since legislation around these offerings is continuing to evolve and we may continue to expand into Fintech and may be subject to different interpretation by the Russian regulatory authorities in the future, there can be no assurance that we will not be required to obtain any such permits or licenses in the future with respect to any of our current or future Fintech solutions. If we fail to obtain such permits or licenses, currently or in the future, or fail to comply with any such permits or licenses we obtain, our business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, banking and microfinance activities are heavily regulated in Russia by governmental organizations, particularly the CBR. The requirements imposed by relevant laws and regulations from the CBR may limit our Fintech activities and increase our costs of doing business. A breach of the applicable regulations could expose us to potential liability and other sanctions, including the loss of our banking license. If the CBR suspends or to revokes our banking license or excludes our microfinance organization from the register of microfinancing companies, it will substantially limit our ability to offer Fintech products and services, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

***Increasing scrutiny and evolving expectations from investors, customers, regulators and others regarding environmental, social or governance ("ESG") matters may adversely affect our reputation or otherwise adversely affect our business, financial condition or results of operations.***

The business environment in which we operate is continually evolving, and ESG-related risks may directly or indirectly impact our business, shareholders and the achievement of our strategy. Regulators have imposed, and we expect regulators to continue to impose, ESG-related rules and guidance, which may burden us with compliance costs or expose us to new or additional risks. Moreover, certain organizations that provide information to investors have developed ratings, which may be based on different metrics from organization to organization, for evaluating companies on their approach to ESG matters. Unfavorable ratings, regardless of their veracity, may lead to negative investor sentiment. If we, our suppliers and other participants in our supply chain are unable to meet the standards imposed by, or expectations of, the regulators or ESG-rating organizations, or our investors, buyers and business partners, or effectively implement our core ESG initiatives we may be exposed to adverse publicity, reputational harm or loss of customer or investor confidence. In addition, the ongoing geopolitical crisis surrounding Ukraine may make it difficult for the companies primarily operating in Russia, including ourselves, to comply with the existing and prospective ESG-related regulations, further introduce ESG initiatives and allocate funds to ESG-related spending, which could adversely affect our business, financial condition or results of operations. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" for more details.

***We rely on many counterparties and third-party providers in our business, and the nonperformance or loss of a significant third-party provider through bankruptcy or otherwise, could adversely affect our operations.***

We are party to agreements with third-party companies in various aspects of our business model, including the lessors of our fulfillment centers, various logistics providers and hardware and software suppliers. If we are unable to maintain or renew leases, or lease other suitable premises on acceptable terms, or if our existing leases are terminated for any reason (including in connection with a lessor's loss of its ownership rights to such premises), or if a lease's terms (including rental charges) are revised to our detriment, such matters could have a material adverse effect on our business, financial condition and results of operations. If these third parties do not comply with applicable legal or administrative requirements, were to default on their obligations, or if we lose a significant provider through bankruptcy or otherwise, we may be subject to litigation with these third-party providers, fail to renew the respective agreements on commercially acceptable terms and, therefore, face the need of switching to new third-party providers, who may provide services on less favorable terms, and any of the following of which could have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, sanctions imposed on Russia in response to the geopolitical crisis surrounding Ukraine and cautious approach of many international businesses, including hardware and software suppliers, to such sanctions may affect (and have in the past affected) the ability or willingness of such businesses to transact with us as a Russia-based business. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*."

***Our business may be adversely affected if counterparties that we contract with who are registered as individual entrepreneurs or self-employed persons, which includes couriers, are classified as our employees.***

A number of counterparties that we contract with are independent individuals registered either as individual entrepreneurs or self-employed persons. We are not obliged to withhold personal income tax and pay social contributions when paying these counterparties for the services that they provide to us. Persons registered as individual entrepreneurs pay personal income tax and social insurance contributions themselves.

Recently, a special tax regime for taxation of professional income was established, which allows individuals to register under a simplified "self-employed" tax regime. This special tax regime, which was developed and promoted by the Russian tax authorities to formalize relationships between legal entities and freelance individuals, provides for taxation of individuals who sell goods, perform work or provide services without having an established labor relationship and who are working as freelancers; for example, couriers, taxi drivers, IT specialists, translators and tutors. A self-employed person's annual income cannot exceed ₽2.4 million in order for this special tax regime to apply. Individuals who obtain self-employed status are exempt from paying personal income tax and obligatory social insurance contributions and instead pay 4% or 6% tax through a mobile application on the receipt of their income. Provisions regulating this new "self-employed" special tax regime, however, remain largely untested by the Russian tax authorities and there is limited court practice due to insufficient period of implementation.

One of our Russian operating subsidiaries engages such independent individuals who are registered as self-employed and individual entrepreneurs (for example, couriers that deliver customer orders). As such, based on current legislation, we do not consider these individuals to be members of our staff, and we are not obliged to pay or withhold any taxes or contributions when making payments to them. As a result, there is a risk that the courts may, upon the demand of the Russian authorities or the relevant individual entrepreneurs or self-employed individuals, reclassify our relationships with such individuals as labor relationships if such individuals are regularly and predominantly deemed working for the benefit of our Russian subsidiaries in the capacity of employees, which could result in the assessment of additional taxes, penalties and other liabilities on our Russian subsidiaries and could adversely affect our business, prospects, financial condition and results of operations.

***Our business may be affected by the developments in the sphere of international taxation.***

In January 2019, the Organization for Economic Co-operation and Development (the "OECD") announced its further work in respect of the Base Erosion and Profit Shifting project and is focusing on two "pillars" to address the tax challenges arising from the digitalization of the economy. On October 8, 2021, more than 130 countries, including Russia, signed the Statement on a Two-Pillar Solution.

Pillar I sets out a framework for the reallocation of a portion of residual profits of large multinational enterprises ("MNEs") to market jurisdictions where goods or services are used or consumed: MNEs with an annual global turnover above €20 billion and meeting certain profitability conditions will be subject to rules allocating 25% of profits in excess of a 10% profit margin to certain market jurisdictions. We do not expect to fall within the scope of Pillar I.

Pillar II includes two interlocking rules: (i) the Income Inclusion Rule and (ii) the Undertaxed Payment Rule ("UTPR"). Both rules are focused at developing a global minimum tax rate of at least 15% for MNEs (with revenue over €750 million), and together, they form the Global anti-Base Erosion ("GloBE") rules. Additionally, a treaty-based rule will permit source jurisdictions to impose limited withholding taxes on low-taxed related party payments, which will be creditable against the GloBE rules tax liability. Pillar II is expected to be brought into national legislation of the EU members by the end of 2023, to be effective from 2024. This could give an impetus for other jurisdictions considering this initiative to speed up the process of implementation of Pillar II into national laws. Presently, it is difficult to assess if and to what extent such changes, if implemented, will impact our tax burden. Although we do not expect these changes to have a significant effect on our business, further developments and unexpected implementation mechanics could adversely affect our effective tax rate or result in higher cash tax liabilities.

We operate in Russia, Belarus, Kazakhstan, and Kyrgyzstan which are members of the Eurasian Economic Union ("EEU"). Although VAT rules are regulated by the EEU treaty, there may be cases when domestic legislation of some of the EEU member states may contradict the EEU regulations. The EEU treaty tax provisions are currently being reconsidered; however, until the new EEU tax rules are adopted and tax laws of EEU member states are aligned with the new EEU tax rules, we may be subject to double VAT taxation in respect of some of our operations in those EEU member states. This inconsistency between domestic tax laws and EEU rules could adversely affect our business, prospects, financial condition and results of operations.

In addition, to the extent we expand into new jurisdictions, we will also be subject to the taxation regime of such jurisdictions.

***We may have difficulties with sourcing the products we sell through our Direct Sales business.***

Besides connecting, and facilitating transactions between, buyers and sellers on our Marketplace, we sell products directly to our buyers through our Direct Sales business. In our Direct Sales business, we purchase and hold inventory of a selection of products in our fulfillment centers to be sold directly to buyers, and therefore are dependent on our suppliers we source the products from. There can be no assurance that we will be able to timely replace any of our suppliers in case their products are no longer available to us or otherwise procure the supply of products to our facilities to be sold through the Direct Sales business, which may adversely affect our business, prospects, financial condition and results of operations. For example, our ability to source products from suppliers outside of Russia may be adversely impacted by customs or other import restrictions. In addition, our Direct Sales business may also be materially and adversely affected by the ongoing geopolitical crisis surrounding Ukraine as some of our suppliers may cease or have already ceased to transact with Russia-based businesses or discontinued their operations in Russia, which is likely to reduce our inventory available for the sale through the Direct Sales business and cause delays in delivery if we experience the respective delays from our suppliers. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" for more details.

***Failed deliveries, excessive returns and other logistics issues may adversely affect our business and prospects.***

We offer our buyers a variety of delivery options, including delivery by courier, collection from the offline network of pick-up points and parcel lockers, as well as Russian Post and other third-party delivery service providers. If a delivery fails to reach the buyer, we may continue bearing the inventory costs or be required to engage with the seller for the return of the undelivered product. Even if the product is successfully delivered to the buyer and delivery is verified, we and our sellers are required, in most cases, to allow buyers to return products within a certain period of time after delivery. We also face the risk that third-party logistics providers and couriers might misappropriate inventory or mishandle packages, and we may struggle to verify delivery if the packages are delivered without obtaining buyer signatures or otherwise duly identifying the buyer. When products are delivered without verification, we may be required to deliver a duplicate product or return the money paid for the product. A significant increase in failed deliveries, excessive or mistaken returns or other logistics issues may force us to allocate additional resources to mitigating these issues and may adversely affect our business, prospects, financial condition and results of operations.

***A significant disruption in internet access, telecommunications networks or our IT platform may cause slow response times or otherwise impair our customers' experience, which may in turn reduce traffic to our mobile apps and websites and significantly harm our business, financial condition and results of operations.***

Our e-commerce business is critically dependent on the performance and reliability of Russia's internet infrastructure, accessibility of bandwidth and servers to our service providers' networks and the continuing performance, reliability and availability of our platform. Telecommunications capacity constraints in Russia may impede the development of our business and may limit internet usage more generally.

As our data centers and all of our backup centers are located in Moscow, we are heavily reliant on Russia's internet infrastructure to operate our business. Since these centers are located, along with the office of our key operating subsidiary, in Moscow, our operations may also be negatively impacted by disruptions to the power grid, natural disasters or other events affecting the Moscow region. Similarly, if there were any system outages due to any internet delays, disruptions, natural disasters or any other issues with the infrastructure in Russia more generally, this would have a material adverse impact on our business and results of operations depending on the length and severity of the issue.

We have in the past and may continue to experience mobile app and website disruptions, outages and other website performance problems for a variety of reasons, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of buyers accessing our websites simultaneously and denial of service or fraud or security attacks. In addition, we may experience slow response times or system failures due to a failure of our information storage, retrieval, processing and management capabilities. Slow response times or system failures may make our platform less attractive to sellers or buyers. If we experience technical problems in delivering our services over the internet, we could experience reduced demand for our services and lower revenue.

Significant disruptions in internet access or in the internet generally mentioned above could significantly harm our business, prospects, financial condition and results of operations.

***Computer viruses, undetected software errors and hacking may cause delays or interruptions on our systems and may reduce the use of our services and damage our brand reputation.***

Our online systems, including our websites, mobile apps and our other software applications, products and systems, could contain undetected errors, or "bugs," that could adversely affect their performance. While we regularly update and enhance our websites and IT platform and introduce new versions of our mobile apps, the occurrence of errors in any such updates or enhancements may cause disruptions in the provision of our services and may, as a result, cause us to lose market share, and our reputation and brand, business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, computer viruses and cybersecurity compromises have in the past, which to date have not been material, and may in the future cause delays or other service interruptions on our systems. However, we may be subject to hacking attempts by malicious actors who seek to gain unauthorized access to our information or systems or to cause intentional malfunctions, loss or corruption of data or leakages of our buyers' and sellers' personal data. While we employ various antivirus and computer protection software in our operations, we cannot provide any assurance that such protections will successfully prevent all hacking attempts (whether through the use of "denial of service" attacks or otherwise) or the transmission of any computer viruses which, if not prevented, could significantly damage our software systems and databases, cause disruptions to our business activities (including to our e-mail and other communications systems), result in security breaches and the inadvertent disclosure of confidential and/or sensitive information and hinder access to our platform.

We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by, computer viruses and hacking. Moreover, if a computer virus or other compromise of our systems becomes highly publicized, our reputation could be materially damaged, resulting in a decrease in the use of our products and services. The inadvertent transmission of computer viruses could also expose us to liability and legal action, which may adversely affect our business, financial condition and results of operations.

***Privacy and data protection concerns and related claims, including evolving government regulation in the area of consumer data privacy or data protection, could adversely affect our business and results of operations.***

We collect, process, store and transmit large amounts of data, including confidential, proprietary, business and personal information. The effectiveness of our technology, including our artificial intelligence ("AI") systems, and our ability to offer our products and services to sellers and buyers depends on the collection, storage and use of data concerning customer activity, including personally identifying data. Our collection and use of this data for targeted advertisements, product recommendations, data analytics and outreach communications might raise privacy and data protection concerns that could negatively impact the demand for our products and services. We use third-party technology and systems for encryption, employee email, content delivery to buyers and other functions. Although we have developed systems and processes designed to protect seller and buyer information and prevent and mitigate the impact of data breaches and other fraudulent activities (whether directly through us or indirectly through our sellers or buyers), such measures cannot guarantee the security of such data and may be circumvented or fail to operate as intended.

We may also be subject to claims or regulatory sanctions for actions of third parties that are beyond our control, such as the misrepresentation of information or other inappropriate or unlawful actions with respect to use and processing of data, including buyer and seller data. In our seller agreements and buyer contracts, we have specific clauses where we explicitly exclude any responsibility for actions by third parties or for the accuracy of information they provide to us, and such actions are violations of our terms and conditions to misuse our services. Nevertheless, there can be no assurance that these preventative measures will fully protect us from such actions, which, regardless of merit, may force us to participate in time-consuming and costly litigation or investigations, divert significant management and staff attention, and damage our reputation.

The Russian Parliament and Government enacted consumer data privacy and data protection laws and regulations on, among other things, the solicitation, collection, transfer, processing and use of personal data. Regulation of this nature could reduce demand for our products and services if we fail to design or develop our operations in a way to be compliant with the applicable regulations. The failure to prevent or mitigate data loss, theft, misuse or other security breaches or vulnerabilities affecting our or our sellers' and buyers' systems, could expose us or our customers and other counterparties to the risk of loss, disclosure or misuse of such information, could result in liability and expose us to litigation and regulatory action (including under privacy or data protection laws), deter buyers or sellers from using our platform and services, and otherwise harm our business and reputation.

In Russia, as a general rule, in order to process an individual's personal data, we must obtain the individual's consent. This consent may be revoked at any time and, if revoked, the relevant personal data must be deleted. We do not collect or perform any operations on our customers' personal data, except when such collection or processing is in accordance with our terms of services and privacy policies which are available on our websites. Subject to several exemptions, processors of personal data, including ourselves, must register as personal data operators with Roskomnadzor, the Russian regulatory authority for data protection. Roskomnadzor, among its other functions, ensures compliance with the data protection legislation and conducts scheduled and unscheduled audits to ensure such compliance, maintains the registers of personal data operators, infringers of personal data processing requirements and blocked websites, and initiates legal proceedings in case of violations and if required, the imposition of fines or other penalties.

Under Russian law, processors of personal data are obliged to record, systematize, accumulate, store, clarify (update, modify) and retrieve Russian citizens' personal data using databases located only within Russia (subject to a limited number of exceptions), as well as to provide, upon request, Roskomnadzor with information regarding the location of databases containing the personal data of Russian citizens. A failure to comply with these legal requirements may result in restrictions on our operations, including restricting access to our Buyer Website and including OZON in the special register for infringers of personal data processing requirements, as well as significant fines (up to ₽6 million or ₽18 million for repeat violations). Roskomnadzor also conducts scheduled and unscheduled audits to ensure compliance with the personal data legislation and may initiate legal proceedings in case of violations.

Some of the legal restrictions may be subject to broad interpretation. For example, no standard definition of a "database" exists within the law and, under definitions contained in the Russian Civil Code (the "Civil Code"), a variety of documents and virtual objects (for example, Microsoft Office files) may be referred to as a database. Our information resources, including personal data, may be stored in a virtual environment (as part of our own cloud computing), which, in the absence of clear regulations on cloud computing, may significantly hinder the determination of the exact location of each virtual object and make it more difficult for us to provide the required information on the location within the required period.

Although we believe we comply with these regulations, any change in the regulations or in their interpretation could make it costly, difficult or impossible for us to comply with them and may require us to incur significant efforts and resources. In particular, in March 2021, the Russian Law "On Personal Data," dated July 27, 2006 (as amended, the "Personal Data Law"), was amended to restrict the usage of publicly available personal data, and all data operators processing publicly available personal data are required to comply with certain terms and restrictions, including obtaining a consent in a specific form. We cannot assure you that our current practices on the processing of data will continue to be unaffected by the new restrictions. In addition, Russia continues to develop its legal framework, including with respect to data privacy and data protection. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Russia—The ongoing development of the Russian legal system and Russian legislation, including the legal framework governing Fintech and e-commerce industries, data protection and related internet services, creates an uncertain environment for investment, business activity and our operations.*" Any uncertainties in the current Russian legislation on data privacy and data protection may be interpreted adversely to us by the Russian regulatory authorities and courts, and we may face liability for collection, processing, storage and transmission of personal data as a result, which could have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, as our business continues to grow and expand, we may become subject to personal data protection laws of other jurisdictions and will therefore need to comply with the respective legislation, which may require additional expenses.

Due to the legislative changes proposed by the Russian Ministry of Digital Development, Communications and Mass Media and Roskomnadzor, starting from March 2023 all transborder flows of personal data are subject to new rules as provided for in the Personal Data Law. First, there will be no longer need to obtain consent from a data subject or refer to any additional legal ground for processing in order to share personal data with a recipient residing in a country which is not a party to the Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data or is not otherwise deemed by Roskomnadzor as adequate in terms of data protection measures. Instead, should the need to transfer personal data abroad arise, we will have to either inform Roskomnadzor of such transfer (if the intended recipient country is adequate in terms of data protection measures) or receive its direct permission (if the intended recipient country is not adequate in terms of data protection measures). Additionally, Roskomnadzor is now able to proactively ban transfer of personal data to certain countries if it finds transfer to such countries contrary to constitutional order, public defense and state security or in order to protect economic and financial interests of the Russian Federation, etc. This may adversely affect our ability to attract new sellers from foreign countries to our Marketplace and may therefore reduce our future profits.

If we were found in violation of any privacy or data protection laws or regulations, this could lead to legal liability, and our business may be materially and adversely affected, and we may have to change our business practices or potentially our products and services. In addition, such laws and regulations could impose significant costs on us and could make it more difficult for us to use our current technology. If a data breach were to occur, or if a violation of privacy or data protection laws and regulations were to be alleged, our platform may be perceived as less desirable, and our reputation, business, prospects, financial condition and results of operations could be materially and adversely affected.

***Real or perceived inaccuracies of our internally calculated operating metrics or industry and competitive information provided by third parties may harm our reputation.***

Most of our operating metrics included in this Annual Report, and which we regularly communicate to the market, are calculated by us internally. We also provide industry, market and competitive information in this Annual Report based on studies and reports of third parties.

There may be inherent challenges in calculating some of these measures, for example, GMV incl. services, the number of active buyers, and the number of orders. In addition, our measures of calculating operating metrics may differ from estimates published by third parties or from similarly titled metrics used by our competitors or other parties due to differences in methodology. For instance, we calculate GMV incl. services in Annual Report as the total value of orders processed through our platform, as well as revenue from services to our buyers, sellers and other customers, such as delivery, advertising and other services. GMV incl. services is inclusive of value added taxes, net of discounts, returns and cancellations. We have historically calculated and presented to market participants GMV incl. services both inclusive and net of value added tax. We believe our calculation of GMV incl. services in this Annual Report provides investors with a useful tool to understand the value of orders processed through our platform and services rendered to our buyers and sellers. However, if buyers, sellers or investors do not perceive our operating metrics or information on our competitive position in the market to be accurate, or if we discover material inaccuracies in our operating metrics, our reputation could be materially and adversely affected.

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

We use open source code, which is subject to licensing, in connection with our technology and services. Original developers of open source code do not provide warranties for the use of their source code. The use of such open source code may ultimately require us to replace certain code used in our platform, pay a royalty to use certain open source code or discontinue certain aspects of our platform. As a result, the use of open source code could have a material adverse effect on our business, prospects, financial condition and results of operations.

***We may be subject to product liability claims when people or property are harmed or damaged by the products that are sold on our platform.***

We are exposed to product liability or food safety claims relating to personal injury or illness, death or environmental or property damage caused by the products that are sold by us or through our Marketplace, and we do not maintain any insurance with respect to such product liability. As the products offered by us or through our Marketplace are manufactured by third parties, we have only limited control over the quality of these products. In addition, we cannot always effectively prevent our sellers from selling harmful or defective products on our Marketplace, which could cause death, disease or injury to our buyers or damage their property. We may be seen as having facilitated the sale of such products and may be forced to recall such products. Under our Direct Sales model, where we act directly as seller, we may also have to recall harmful products.

Although we require that our sellers only offer products that comply with the existing product safety rules and monitor such compliance, we may not be able to detect, enforce or collect sufficient damages for breaches of such agreements. In addition, any negative publicity resulting from product recalls or the assertion that we sold defective products could damage our brand and reputation. Any material product liability, food safety or other claim could have an adverse effect on our business, prospects, results of operations and financial condition.

***We may be subject to material litigation.***

We have been involved in litigation relating to contract disputes, third-party intellectual property infringement claims, employment and tax-related cases and other matters in the ordinary course of our business. As our business expands, we may face an increasing number of such claims, including those involving high amounts of damages. As a public company, we may face additional exposure to claims and lawsuits inside and outside Russia.

The outcome of any claims, investigations and proceedings is inherently uncertain, and regardless of the outcome, defending against these claims could be both costly and time consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any such litigation or proceedings could result in damages as well as legal and other costs, limit our ability to conduct business or require us to change the manner in which we operate, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

***We are subject to payments-related risks.***

We accept payments using a variety of methods, including credit card, debit card, credit accounts (including promotional financing), installment payments under OZON.Installment, gift cards, direct debit from a buyer's bank account, consumer invoicing and card and cash payment upon delivery. We are currently subject to, and may become subject to additional, regulations and compliance requirements (including obligations to implement enhanced authentication processes that could result in significant costs and reduce the ease of use of our payments products). For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. In addition, as we make payments to a number of third parties, including our sellers, any disruptions with such outbound payments (including, without limitation, as a result of the geopolitical crisis surrounding Ukraine) can adversely affect our business and reputation and subject us to payment default risks.

We rely on third parties to provide certain payment methods and payment processing services, including the processing of credit cards, debit cards and promotional financing. In each case, it could disrupt our business if these processing services become unwilling or unable to provide these services to us, or if the services are offered on less favorable terms in the future.

We have experienced in the past fraudulent payment activities on our platform, which to date have not been material to us, and may continue to experience these fraudulent activities in the future. Although we have implemented various measures to detect and reduce the occurrence of fraudulent payment activities on our platform, there can be no assurance that such measures will be effective in combating fraudulent transactions or improving overall satisfaction among our buyers and sellers.

We are also subject to payment card association operating rules, such as the Payment Card Industry Data Security Standard ("PCI DSS"), including data security rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it costly, difficult or impossible for us to comply. Failure to comply with these rules or requirements, as well as any breach, compromise or failure to otherwise detect or prevent fraudulent activity involving our data security systems, could result in our being liable for card issuing banks' costs, subject to fines and higher transaction fees and the loss of the ability to accept credit and debit card payments from our buyers, process electronic funds transfers or facilitate other types of online payments, and our business and results of operations could be adversely affected.

***We may be impacted by fraudulent or unlawful activities of sellers, which could have a material adverse effect on our reputation and business and may result in civil or criminal liability.***

The law relating to the liability of online service providers is still evolving in Russia, and governmental agencies have in the past and could in the future require changes in the way online businesses are conducted. Our standard agreement with the sellers on our Marketplace provides for bi-monthly or daily payments to sellers for the products sold rather than immediate payment after the sale of a product, although a seller may request payment for products sold earlier than a scheduled bi-monthly payment date. Our standard form agreement with our sellers provides that we will deduct the return charges from our regular payments to sellers if a buyer makes a return. These provisions are designed to prevent sellers from collecting payments, fraudulently or otherwise, in the event that a buyer does not receive the products they ordered or when the products received are materially different from the seller's descriptions, and to prevent sellers on our Marketplace from selling unlawful, counterfeit, pirated, or stolen goods, selling goods in an unlawful or unethical manner, violating the proprietary rights of others or otherwise violating our product requirements. If our sellers circumvent or otherwise fail to comply with these provisions, it could harm our business or damage our reputation, and we could face civil or criminal liability for unlawful activities by our sellers.

***If we fail to adequately protect our intellectual property rights, our business, prospects, financial condition and results of operations could be adversely affected.***

We rely on registered trademarks and confidentiality agreements to protect our intellectual property rights. However, we may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or diminish the value of our trademarks and other proprietary rights.

We are not always able to discover or determine the extent of any unauthorized use of our proprietary rights. Actions taken by third parties that license our proprietary rights may materially diminish the value of our proprietary rights or reputation. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property do not always adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights.

The Russian legal system and courts do not have a reputation for protecting intellectual property rights as vigorously as jurisdictions such as the United States. Companies operating in Russia thus face a higher risk of intellectual property infringement compared to companies operating in certain other jurisdictions. Furthermore, the validity, application, enforceability and scope of protection of intellectual property rights for many internet-related activities, such as internet commercial methods patents, are uncertain and still evolving, which may make it more difficult for us to protect our intellectual property, and our business, prospects, financial condition and results of operations could be adversely affected.

***We may be subject to intellectual property infringement claims brought against us by others, which are costly to defend and could result in significant damage awards.***

We rely, to some extent, on third-party intellectual property, such as licenses to use software to operate our business and certain other copyrighted works. Due to the nature of our business operations, we may from time to time be subject to material intellectual property claims connected with violations of the exclusive rights of third parties. We also expect to be exposed to a greater risk of being subject to such claims in light of growing competition in the market and an increasingly litigious business environment in Russia. A number of internet, technology, media and

patent-holding companies own or are actively developing patents covering e-commerce and other internet-related technologies, as well as a variety of online business models and methods. We believe that these parties will continue to take steps to protect these technologies, including, but not limited to, seeking patent protection in certain jurisdictions. As a result, disputes regarding the ownership of technologies and rights associated with e-commerce and other online activities are likely to arise in the future. In addition, we use certain open source code, and the use of open source code is often subject to compliance with certain license terms, which we may inadvertently breach. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—We may use open source code in a manner that could be harmful to our business*."

Although our employees are instructed to avoid acts that would infringe the intellectual property of others, we cannot be certain that our products, services and brand identifiers do not or will not infringe on valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We may incur substantial expenses in responding to and defending against infringement claims, regardless of their veracity. Such diversion of management time and expenses, and the potential liability associated with any lawsuit, may cause significant harm to our business, prospects, financial condition and operations. A successful infringement claim against us could result in significant monetary liability, such as being liable for license fees, royalty payments, lost profits or other damages, or material disruption of our business. Similarly, the owner of the intellectual property may obtain injunctive relief to prevent us from making further use of certain technology, software or brand identifiers. If the amount of such payments is significant or if we are prevented from incorporating certain technology or software into our products or services or using our brand identifiers without hindrance, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Due to sanctions imposed by the United States, the European Union and the United Kingdom followed by withdrawal of a significant amount of international brands from the Russian market, the Russian Government partly legalized parallel import to mitigate the damage associated with a potential shortage of goods in Russia. We seek through every means to fully comply with applicable laws and regulations, however there can be no assurance that goods on our Marketplace, imported to the territory of Russia in order of the parallel import, will not cause violation of third parties' intellectual property rights. Therefore, we may from time to time be subject to material intellectual property claims connected with violations of exclusive rights.

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

We operate and conduct business across the entirety of Russia and other EEU countries, where instances of fraud, money laundering, bribery and corruption have been reported to have taken place. We have policies and procedures designed to assist with compliance with applicable laws and regulations, and upon becoming a public company in the United States, we will be subject to the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"). 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.

We maintain internal compliance policies and procedures, but we cannot provide any assurance that these policies and procedures will be strictly followed at all times and that they will effectively detect and prevent all violations of the applicable laws and every instance of fraud, money laundering, bribery and corruption. We also cannot provide any assurance that potential violations of our internal compliance procedures will be uncovered through our procedures or that violations of the applicable anti-bribery or money laundering laws, including the FCPA, will not occur. We have internal audit, compliance, security and other procedures in place, which are designed to prevent instances of fraud, money laundering, bribery and corruption. However, despite these controls and procedures, there can be no assurance that through these and other procedures we use we will timely and effectively catch any violations of our internal compliance procedures or any violations of laws, including those related to fraud, money laundering, bribery and corruption. We are thus exposed to potential civil or criminal penalties or associated investigations under the relevant applicable laws which may, if not successfully avoided or defended, have an adverse impact on our business, prospects, financial condition or results of operations. Similarly, actual findings or mere allegations of such violations could negatively impact our reputation and limit our future business opportunities, which may cause our reputation, financial condition and results of operations to be materially and adversely affected.

***We depend on talented employees, including our senior management and IT specialists, to grow, operate and improve our business, and if we are unable to retain and motivate our personnel and attract new talent, we may not be able to grow effectively.***

Our success depends on our continued ability to identify, hire, develop, motivate and retain talented employees. Our ability to execute and manage our operations efficiently is dependent upon contributions from all of our employees. Competition for senior management and key IT personnel is intense, and the pool of qualified candidates is relatively limited. From time to time, some of our key personnel may choose to leave our company for various reasons, including personal career development plans, alternative compensation packages, geopolitical situation or other reasons. An inability to retain the services of our key personnel or properly manage the working relationship among our management and employees may expose us to legal or administrative action or adverse publicity, which could adversely affect our reputation, business, prospects, financial condition and results of operations. The current geopolitical circumstances have created additional challenges for our team, both in Russia and internationally. We have taken steps to retain and motivate our team, but there is a risk of increased personnel turnover which could have an adverse effect on our operations.

Training new employees with no prior relevant experience could be time consuming and requires a significant amount of resources. We may also need to increase the compensation we pay to our employees from time to time in order to retain them. If competition in our industry intensifies, it may be increasingly difficult for us to hire, motivate and retain highly skilled personnel due to significant market demand. If we fail to attract additional highly skilled personnel or retain or motivate our existing personnel, we may be unable to pursue growth, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, equity awards have historically formed a significant portion of the regular compensation of our management team. The decrease in the value of the ADSs and current suspension of trading on Nasdaq has largely eliminated our ability to rely on equity awards for retention and motivation purposes. As a result, the cash component of our employee compensation may increase in the medium term, which may lead to an increase in our operating expenses.

***Employee misconduct is difficult to determine and detect and could harm our reputation and business.***

We face a risk that may arise out of our employees' lack of knowledge or willful, negligent or involuntary violations of laws, rules and regulations or other misconduct. Misconduct by employees could involve, among other things, the improper use or disclosure of confidential information (including trade secrets), embezzlement or fraud, any of which could result in regulatory sanctions or fines imposed on us, as well as cause us serious reputational or financial harm. We have experienced fraudulent misconduct by employees in the past, which to date has not caused any material harm to our business. However, any such further misconduct in the future may result in unknown and unmanaged risks and losses. We have internal audit, compliance, security and other procedures in place that are designed to monitor our employees' conduct. However, despite these controls and procedures there can be no assurance that we will discover employee misconduct in a timely and effective manner, if at all. It is not always possible to guard against employee misconduct and ensure full compliance with our risk management and information policies. The direct and indirect costs of employee misconduct can be substantial, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***We do not have and may be unable to obtain sufficient insurance to protect ourselves from business risks.***

The insurance industry in Russia relative to that in other jurisdictions is not as mature, and access to many forms of insurance coverage common in other jurisdictions is limited. In 2022, supply in insurance market has shrunk after many foreign insurance companies left Russian market, and the process of getting insurance became more complicated due to increased risks. We currently maintain insurance coverage for our fulfillment centers and sorting centers (and our merchandise and sellers' goods located at these facilities), Ozon fresh's equipment and assets, and third-party liability in respect of damage caused by our property. However, we do not have full coverage of business interruption risks, product liability or third-party liability in respect of environmental damage arising from accidents on our property or relating to our operations. Unless we obtain complete insurance coverage, there is a risk of irrecoverable loss or destruction of certain assets, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Our business may be adversely affected by the COVID-19 pandemic.***

In December 2019, a novel strain of coronavirus was reported in Wuhan, China, which spread throughout the world and was classified as a global pandemic. The COVID-19 pandemic has had a significant impact on the economies of most countries, including Russia, and has led to the closure of borders, restrictions on movement, the suspension of manufacturing and production and the cancellation of mass events. During the spring of 2020, the Russian Government introduced a number of recommendations and restrictions, including declaring a "period of non-working days," which limited business activity, as well as other restrictions on the movement of citizens and a limitation on most commercial activities. These restrictions differed in scope across the Russian regions and were subject to change. Some of these restrictions were re-introduced, or other similar restrictions were introduced, during subsequent surges in COVID-19 infections in the fall of 2020 and the summer of 2021, however, the majority of these restrictions were lifted in 2022.

We believe that the COVID-19 pandemic and the various measures implemented by the Russian Government and regional authorities, which included social distancing, stay-at-home orders and limited quarantine measures, had a catalyzing effect on the e-commerce industry in Russia and contributed to the increased demand for our products and services. However, it is uncertain what effect the pandemic will have on our business in future periods if there are further COVID-19 surges. Due to uncertainties that will be dictated by the length of time that the COVID-19 pandemic and related disruptions continue, there can be no assurances that our business will not be adversely impacted going forward.

***An increase in the share of international e-commerce companies in the Russian market or changes in measures aimed at restricting international e-commerce may adversely affect our business and results of operations.***

We face competition from companies engaged in international e-commerce. If such companies were to substantially increase their market share in Russia, our business and results of operations could be adversely affected.

In addition, in recent years, Russia has imposed a number of measures aimed at supporting the development of domestic e-commerce businesses. For example, in 2019 and 2020, the cost of products being sent to Russia from abroad that may be imported free of customs duty was reduced from €1,000 to €200 per mailing pack. In March 2022, the threshold price was temporarily increased to €1,000 until October 1, 2022. See Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Customs Regulation.*" This and any other changes aimed at incentivizing buyers to shop on Russian e-commerce platforms appear beneficial for our growing business. However, if such regulations are abolished or the threshold for the cost of goods that may be imported free of customs duty is changed to earlier or higher levels, we may face an increased level of competition from a large number of foreign competitors. We may, in response to any increased competition from foreign competitors, be compelled to increase our expenditure on implementing strategies to make ourselves more competitive and boost our brand recognition so as to remain an attractive platform to our buyers and sellers. If we are unsuccessful in implementing our strategies in response to increased competition from foreign competitors, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***If we were treated as a passive foreign investment company, investors in the ADSs subject to U.S. federal income tax could have material adverse tax consequences.***

Special U.S. federal income tax rules apply to U.S. investors owning shares of a passive foreign investment company ("PFIC"). If we were treated as a PFIC for any taxable year during which a U.S. Holder (as defined in Item 10.E "*Additional Information—Taxation—U.S. Federal Income Tax Considerations for U.S. Holders*") holds the ADSs, the U.S. Holder could be subject to certain material adverse tax consequences upon a sale, exchange, or other disposition of the ADSs, or upon certain distributions by us. While we believe that we were not a PFIC for U.S. federal income tax purposes in 2021, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control and may be impacted by external events, including the geopolitical crisis surrounding Ukraine (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*") or the halting of trading of the ADSs on Nasdaq (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Ownership of the ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*"), we are unable to make a determination as to whether we will be a PFIC in 2022 or any other taxable year. U.S. Holders should consult their own 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 Item 10.E "*Additional Information—Taxation—U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Considerations.*"

**Risks Relating to Russia**

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

The United States, the European Union, the United Kingdom and other countries have imposed economic sanctions on Russian individuals and entities, including "blocking" sanctions and asset freezes that block the property of certain Russian Government officials and entities, private individuals and Russian companies; sanctions limiting access to capital markets, for example, limitations on provision of debt or equity financing for named participants operating in the Russian energy, financial, defense, communication and transportation sectors, including named Russian financial state-owned institutions, or all Russian persons in general in case of the UK; sanctions prohibiting use of foreign correspondent accounts and the use of SWIFT services for certain financial institutions; comprehensive territorial sanctions that prohibit a number of commercial activities of U.S., EU and UK persons, including virtually all dealings within the jurisdiction of the U.S. with, in or involving sanctioned countries or territories, including Crimea, Sevastopol and the self-proclaimed People's Republics of Donetsk and Luhansk; and broad export and import restrictions on Russia. See also Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—We engage in de minimis activities relating to Crimea, and these activities could potentially impede our ability to raise funding in international capital markets or otherwise materially adversely affect our business and reputation.*"

These sanctions have been prolonged, extended and expanded in recent years. In addition, the United States also maintains so-called "secondary" sanctions threatening the imposition of a range of sanctions against non-U.S. parties engaging in, among other things, targeted activities involving Russia, certain sectors of the Russian economy or sanctioned persons outside of the U.S. jurisdiction. While the actual imposition of U.S. secondary sanctions requires affirmative action by the U.S. administration and is thus in practice discretionary, the impact of potential sanctions can be as severe as designations for blocking sanctions.

In January 2018, pursuant to the Countering America's Adversaries through Sanctions Act of 2017, the U.S. administration presented the U.S. Congress with a report on senior Russian political figures, "oligarchs" and "parastatal" entities (the "Section 241 Report"). The list included 96 of the wealthiest Russian businessmen, including Mr. Vladimir Evtushenkov, who beneficially owned 49.2% in Sistema PJSFC ("Sistema"), one of our principal shareholders, as of the date of this Annual Report. On April 13, 2022, Mr. Vladimir Evtushenkov was included in the UK asset freeze sanctions list prohibiting dealings with funds or economic resources belonging to, owned, held or controlled by him and making funds or economic resources available to him. As set forth in Schedule 13D/A filed by Sistema with the SEC on April 28, 2022, Mr. Vladimir Evtushenkov ceased to be a controlling shareholder and member of the board of directors and any other management body of Sistema.

On April 11, 2023, Mr. Felix Evtushenkov, who beneficially owns 15.2% in Sistema, was included in the UK asset freeze sanctions list. Mr. Felix Evtushenkov was a member of the board of directors of the Company from March 9, 2022 until April 11, 2023. His position with our board of directors was automatically terminated as soon as the sanctions were imposed on him personally by the UK.

See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" for more details related to the sanctions arising out of the geopolitical crisis surrounding Ukraine. Given the ongoing geopolitical crisis surrounding Ukraine, it is possible that the U.S., the EU, the UK and other countries could expand or tighten the current sanctions on Russia further. However, it is difficult to predict with any level of certainty the extent to which any such expansion or tightening of the current sanctions would occur. Any change in U.S., EU, UK and other countries' sanctions policies toward Russia, including if we, or any subsidiary, director or member of our senior management, become targeted by sanctions, may have a material adverse effect on our business, financial condition and results of operations and on the value and trading of the ADSs.

In response to Russia's recognition of the self-proclaimed People's Republics of Donetsk and Luhansk and the geopolitical crisis surrounding Ukraine, the U.S., the EU, the UK and other countries imposed sanctions against Russia and Russian entities and individuals.

In particular, since February 21, 2022, the U.S. imposed multiple sanctions on Russia, including:

- additional prohibitions on Russian sovereign debt and transactions involving the CBR, the Russian National Wealth Fund and the Russian Ministry of Finance;
- blocking sanctions on leading Russian financial institutions, including Sberbank, VTB Bank, Alfa-Bank, VEB.RF (Vnesheconombank) and Promsvyazbank, Russian Direct Investment Fund and its management company, numerous defense-related entities, as well as blocking sanctions on Russian Government officials, entities, businessmen and managers with close ties to the Russian Government;
- additional prohibitions related to new debt and equity of major Russian state-owned enterprises and large privately-owned financial institutions;
- restrictions on Russia's access to controlled U.S. goods, software and technologies, particularly items that Russia relies on for its defense, aerospace and maritime industries, including semiconductors, computers, telecommunications, information security equipment, lasers and sensors, as well as restrictions on the export, re-export and transfer (in-country) to and within Russia of a variety of items necessary for refining oil;
- prohibitions on the export, re-export, sale or supply from the U.S. or by a U.S. person to any person in Russia of luxury goods, dollar denominated banknotes and other items or any category of services as may be determined;
- prohibitions on the import to the U.S. of Russian crude oil, petroleum, liquefied natural gas, coal and other energy products, seafood and preparation thereof, alcoholic beverages and non-industrial diamonds, as well as any other products of Russian origin as may be determined; and
- prohibitions on new investments in the Russian energy sector and any other sector of the Russian economy as may be determined and a general prohibition on new investments in Russia by U.S. persons.

On March 11, 2022, OFAC also issued new guidance affirming that Russia-related sanctions apply to all prohibited transactions, regardless of whether a transaction is denominated in traditional fiat currency or virtual currency.

Since February 23, 2022, the EU has introduced multiple tranches of sanctions on Russia, including:

- expanded capital market restrictions, restrictions preventing Russian persons from accessing certain financial services within the EU such as deposit restrictions (including crypto-asset wallets) exceeding a certain threshold, the exclusion of certain banks from SWIFT, and a prohibition on physically bringing euros and other EU member state currencies into Russia;
- asset freezes and travel bans targeting prominent Russian businessmen, Russian politicians, Russian banks, Russian state-owned institutions and others;
- trade restrictions prohibiting export to Russia or for use in Russia of: aircraft, oil refinery, gas liquefaction- and energy sector-related products; advanced technology products; luxury goods; goods that contribute to enhancement of Russian industrial capacities; and comprehensive restrictions on dual-use goods;
- further trade restrictions, prohibiting the import into the EU of iron and steel products, coal and certain other fossil fuels as well as goods that "generate significant revenues for Russia" (for instance, wood, cement, fertilizers and aluminum) that originate in Russia or have been exported from Russia;
- prohibitions of all transactions with certain state-owned entities unless they are strictly necessary for the purchase, import or transportation of natural gas and oil, including refined petroleum products;
- investment restrictions, including restrictions on public financing for trade or investment in Russia; a restriction on investing in, participating or contributing to projects that are co-financed by the Russian Direct Investment Fund; a restriction on investing in entities operating in the energy sector in Russia; a prohibition on awarding or continuing the execution of public procurement contracts to or with a Russian person or entity owned by it or acting at the direction of such Russian person or its subsidiary; and a prohibition on providing any state support to Russian entities that are over 50% publicly owned or controlled;
- prohibitions on the provision of credit ratings and access to any subscription services related to credit rating activities to Russian nationals, residents and entities;
- media restrictions prohibiting the broadcast or contribution to the broadcast of a number of key Russian stations;
- transport restrictions resulting in Russian air carriers being banned from operating within the EU, a prohibition to enter EU ports of the EU for any vessel registered under the Russian flag and a prohibition on road transport undertakings established in Russia to transport goods by road within the EU with certain exceptions; and
- general trust services restrictions that prohibit providing particular services to trusts or similar arrangements with settlors or beneficiaries being a Russian person, an entity owned by a Russian person or controlled by a Russian person or its subsidiary or acting at their direction.

The UK has also introduced a number of Russian sanctions that are to some extent similar to the EU restrictions but so far are narrower in terms of trade and financial services restrictions. These sanctions include:

- capital market restrictions in relation to shares and transferable securities issued by, and the provision of new loans to, Russian companies or companies owned by individuals who are resident or located in Russia on or after March 1, 2022, correspondent banking restrictions and restrictions on dealing with Russian sovereign debt and the CBR;
- expansion of the existing asset freeze list to include a number of Russian businessmen, including Mr. Vladimir Evtushenkov, Russian politicians and Russian banks, including Sberbank, VTB Bank, Alfa Bank, Gazprombank and Rosselkhozbank;

- trade restrictions for aircrafts, technology products, dual-use and military goods and technology, oil refining, quantum computing and advanced materials goods and technology and luxury goods; and
- aviation restrictions and restrictions on Russian vessels entering UK ports; and
- prohibition on the import and acquisition of iron and steel products which are consigned from Russia or originate from Russia.

A further expansion of sanctions on Russia and Russian entities and individuals may have an adverse effect on our ability to expand and grow our business and raise financing to fund the development of our business.

Our Russian subsidiaries have entered into financing and other transactions with Russian state-owned financial institutions and their affiliates that have subsequently been designated under U.S., EU and UK sanctions, including Sberbank and VTB Bank that have recently been subject to blocking sanctions. Blocking sanctions on Sberbank and VTB may hinder the ability of such subsidiaries to raise financing and transact with them. While such transactions with financial institution under non-blocking sanctions are not currently prohibited, if the scope of sanctions is further expanded and all Russian banks become subject to blocking sanctions, our ability to raise financing and transact with such parties may be hindered. Such sanctions may materially adversely affect our ability to raise financing and our business.

In addition, since March 2019, several Russian book publishers, including Litres Holding Limited ("Litres"), in which we hold a 42.27% interest, and our former controlling shareholder, have been subject to sanctions imposed by Ukraine, which have blocked Ukrainian users from accessing our services and websites and those of Litres.

***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 economy of Russia, are subject to potential instability and any information set out in this Annual Report 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, including due to the impact of global economic slowdowns, sharp declines in oil prices, deteriorating conditions in the Russian economy itself, the COVID-19 pandemic, geopolitical disputes or international sanctions. As has happened in the past, various adverse factors, such as significant ruble depreciation; capital outflows; worsening of various economic indicators; geopolitical disputes, such as the geopolitical crisis surrounding Ukraine and imposition of additional trade and economic sanctions against Russia in connection therewith; or an increase in overall perceived risks associated with investing in emerging economies, could 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, and investors are urged to consult with their own legal and financial advisers before making an investment in the ADSs. See also Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" and Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq.*"

***Economic instability in Russia could adversely affect our business.***

Our primary operation market is Russia. As a result, our business and results of operations are dependent on the economic conditions in Russia. Over the last two decades, the Russian economy has experienced or continues to experience at various times:

- significant volatility in its GDP;
- the impact of international sanctions and the increased geopolitical tensions between Russia and the Western countries over the geopolitical crisis surrounding Ukraine;
- increased tensions with other regions and countries;
- high levels of inflation;
- increases in, or high, interest rates;
- sudden price declines in oil and other natural resources;
- instability in the local currency market;
- budget deficits;
- the continued operation of loss-making enterprises due to the lack of effective bankruptcy proceedings;
- capital flight; and
- significant increases in poverty rates, unemployment and underemployment.

The Russian economy has been subject to abrupt downturns in the past. Furthermore, following the imposition of economic sanctions by the United States and the EU and the decline of oil prices, in 2015, Russia's GDP declined by 2.0% in real terms, according to the Russian Federal Statistics Service ("Rosstat"). In 2019, Russia's GDP grew by 2.2% in real terms, according to Rosstat. In 2020, Russia's GDP declined by 2.7% in real terms, according to Rosstat, followed by a GDP increase by 5.6% in real terms in 2021. In 2022, Russia's GDP decreased by 2.1% in real terms, according to Rosstat. However, any expected growth of Russia's GDP in the future may not be achieved due to generally unfavorable economic conditions or geopolitical factors, in particular, the current global macroeconomic environment and the ongoing geopolitical crisis surrounding Ukraine, which is likely to have a significant adverse impact on the Russian economy (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*"), and this consequently may materially adversely affect our business, prospects, financial condition and results of operations.

The Russian economy has often been impacted by actions taken by governments outside of Russia and by political risk within Russia, including the economic sanctions imposed by the United States, European Union, United Kingdom and other countries, as well as by tensions between Russia and other countries and regions. Ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, acts of terrorism and military conflicts, both within Russia or with neighboring countries. If existing conflicts, tensions or terrorist activities, or threats thereof, remain unresolved, or new disturbances or hostilities arise, this could have significant political and economic consequences, and we may be unable to access capital, or access capital on terms reasonably acceptable to us, and the use of and access to our products and services in particular areas may be impacted, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

In 2015, the CBR initiated a period of dovish monetary policy with gradual reductions in the key interest rate. However, in March 2021, the CBR began to reverse its monetary policy, and the key interest rate in Russia increased from 4.25% to 8.50% over 2021. As of the date of this Annual Report, the key interest rate was at 7.5% (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*"). Fluctuations in the key interest rate may affect our ability and the ability of our sellers and other counterparties to enter into loan arrangements on favorable terms and adversely affect the general spending power of our buyers.

***The ongoing development of the Russian legal system and Russian legislation, including the legal framework governing e-commerce and Fintech industries, data protection and related internet services, creates an uncertain environment for investment, business activity and our operations.***

Currently, the Russian domestic legislation system includes the Constitution of the Russian Federation of 1993, the Civil Code and other federal laws, decrees, orders and regulations issued by the President, the Russian Government and federal ministries, which can be complemented by regional and local rules and regulations, adopted in certain spheres of regulation. Several fundamental Russian laws have only recently become effective and many are still evolving. Consequently, certain areas of judicial practice are not yet fully settled and are therefore sometimes difficult to predict.

The current regulatory environment of Russia may result in inconsistent interpretations, applications and enforcement of the law. Among the possible risks of the current Russian legal system are:

- inconsistencies among federal laws, decrees, orders and regulations and regional and local laws, rules and regulations;
- limited judicial and administrative guidance on interpreting Russian legislation;
- the absence of established court practice, including in interpreting new principles of Russian legislation, particularly business and corporate law;
- substantial gaps in the regulatory structure due to the delay or absence of implementing legislation; and
- a high degree of unchecked discretion on the part of governmental and regulatory authorities.

There are also legal uncertainties relating to property rights in Russia. During Russia's transformation to a market economy, the Russian State Duma has enacted legislation to protect property against expropriation and nationalization, and, if property is expropriated or nationalized, the legislation provides for fair compensation. There is, however, no assurance that such protections would be enforced.

Notwithstanding recent reforms of the Russian court system, the continued evolution of the Russian legal system could affect our ability to enforce our contractual rights or to defend ourselves against legal action, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, as e-commerce and the internet continue to develop on a global scale and, in particular, in Russia, new laws and regulations relating to the use of the internet in general and the e-commerce sector in particular may be adopted. These laws and regulations may further govern the collection, use and protection of data, buyer protection, online payments, pricing, anti-bribery, tax, website contents and other aspects relevant to our business. The adoption or modification of laws or regulations relating to our operations could adversely affect our business by increasing compliance costs, including as a result of confidentiality or security breaches in case of non-compliance and administrative burdens. We must comply with applicable regulations in Russia, and any non-compliance could lead to fines and other sanctions imposed by the Russian Government authorities.

Over the recent years, a number of legislative initiatives related to the internet were submitted to the Russian State Duma, the lower house of the Russian Parliament, and a few of them were further signed into laws. For example, in December 2018, a draft law aimed at ensuring the safe and sustainable functioning of the internet in Russia was submitted for consideration to the Russian State Duma and, in April 2019, the draft law was adopted. The law requires Russian telecommunications operators to install new equipment to ensure that the Russian internet functions autonomously in case the global internet is not operating in Russia, and introduces the notion of the Russian national domain zone. In addition, in July 2021, the Russian authorities adopted several laws introducing new requirements and regulations for the companies operating in the technology and internet sectors. In particular, new laws establish a general legal framework for the calculation of the internet audience of various websites and services and provide for the creation of a unified system for accounting of online advertising in 2022. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Russia—We may be subject to existing or new advertising legislation that could restrict the types of advertisements we serve, which could result in a loss of advertising revenue*." It is currently unclear how these laws might affect our operations, and there can be no assurances that these initiatives may not negatively affect our business or operations. Furthermore, we may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure our websites are accessible within an acceptable load time, which may adversely affect our business.

In addition, a number of legislative initiatives, including a draft law regulating big data, are reportedly under consideration. If any such initiatives applicable to the use of the internet and the e-commerce sector are adopted, we may be required to comply with the new requirements, and such compliance may require us to introduce further security protection measures or make further costly investments in our IT infrastructure, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Inflation in Russia may increase our costs and exert downward pressure on our operating margins.***

The Russian economy has experienced periods of high inflation since the early 1990s. The consumer price index, which is a key measure representing inflation in Russia, grew year-on-year by 8.4% in 2021 and by 4.9% in 2020, according to Rosstat. In 2022, the level of inflation increased even more than in 2021 and amounted to 12.0%, according to Rosstat and there can be no assurance that it will not further increase in the future, including as a result of sanctions and restrictions imposed by foreign countries on Russia in response to the ongoing geopolitical crisis surrounding Ukraine. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs.*" We tend to experience inflation-driven increases in some of the costs of our operations, such as salaries that are linked to, or impacted by, the general price level in Russia. In the event that we experience cost increases resulting from inflation, our operating margins may decrease if we are unable to pass these increases on to our buyers. In such circumstances, our business, prospects, financial condition and results of operations could be materially 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 has from time to time reported on cases 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 various Russian media published 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, prospects, financial condition and results of operations.

***Findings of failure to comply with existing laws or regulations, unlawful, arbitrary or selective government action or increased governmental regulation could have a material adverse effect on our business, prospects, financial condition and results of operations.***

Our operations are subject to regulation by various government entities and agencies at both the federal and regional levels. Our subsidiaries also maintain a number of licenses, including a general banking license maintained by our Ozon Bank (ex-Ecom Bank). Russian regulatory authorities often exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with license terms, which may lead to inconsistencies in enforcement.

Russian authorities have the right to, and frequently do, conduct periodic inspections of operations and properties of Russian companies throughout the year. Any such future inspections may conclude that we have violated applicable laws, decrees or regulations. In addition, we are subject to the Russian consumer protection legislation (see Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Consumer Protection and Commerce Regulation*") and may face potential claims of our buyers under these rules. Findings that we failed to comply with existing laws, regulations or directions resulting from government inspections may result in the imposition of fines, penalties or more severe sanctions, including the suspension, amendment or termination of our licenses or permits or in requirements that we suspend or cease certain business activities, or in criminal and administrative penalties being imposed on our officers, any of which would have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

In addition, the Russian tax authorities have been reported to have aggressively brought tax evasion claims relating to Russian companies' use of tax optimization schemes, and press reports have speculated that these enforcement actions have been selective. Also, in the past, Russian authorities have prosecuted some Russian companies, their executive officers and their shareholders on tax evasion, fraud and related charges. In some cases, the result of these prosecutions has been the prolonged prison detention or imposition of prison sentences for individuals and significant fines or claims for unpaid taxes. If selective or arbitrary government action is directed at us, any of our executive officers, directors or shareholders, our business, prospects, financial condition and results of operations could be materially and adversely affected. Any such actions, even if addressed to others, may materially and adversely affect the investment environment and overall consumer and entrepreneurial confidence in Russia.

***New legislation on "foreign agents" may impose additional restrictions and obligations on our business.***

The new unified legislation on "foreign agents" became effective in December 2022. In accordance with this new legislation, virtually any company that has a website and foreign counterparties (such as clients or suppliers) may fall within the definition of a "foreign agent" and thus be required to comply with the requirements of this new law. Among the requirements are self-registration in the "foreign agents" register, provision of information on "foreign agent" status to shareholders and employees, marking all of materials (including on the Internet) with special marking and keeping separate accounting records for funds from foreign sources. Among the legal consequences of violation of the new legal regime are court liquidation and limitation of access to information resources of a "foreign agent".

***If existing limitations on foreign ownership were to be extended to our business, or if new limitations were to be adopted, it could materially adversely affect our business and prospects.***

Russian law restricts foreign (non-Russian) ownership or control of companies involved in certain important activities in Russia.

For instance, from March 1, 2023 only Russian individuals or Russian companies (being companies by more than 50% controlled by the Russian Federation or its constituent bodies or municipalities and/or Russian individuals and persons controlled by them) can act as owners of classifieds businesses in Russia. This limitation could affect our plans to develop our services for online advertisement and therefore our Group profit.

Currently, e-commerce technology, the internet and online advertising are not industries that are otherwise specifically covered by this legislation, but proposals have from time to time been considered by the Russian Government and the Russian Parliament, which, if adopted, would impose foreign ownership or control restrictions on certain large technology or internet companies.

For instance, in early 2023 Russia has proposed a draft agreement on electronic commerce in the EEU. The authors suggest imposing restrictions on the operations of marketplaces with a share of foreign ownership above 49% or with more than 1/3 foreigners in the board of directors. Depending on the implementation of this agreement into national laws of Russia and other countries-members of the EEU, these restrictions may significantly affect business of the Group in Russia and such other countries.

As another example, a draft law which was proposed in mid-2019 was aimed at restricting foreign ownership of "significant" internet companies. A number of parties, including representatives of the Russian Government, identified concerns with the draft law, and the proposal was withdrawn in November 2019. Another draft law, which was proposed in December 2020, is aimed at restricting foreign ownership of audio and video services, including online cinemas.

If any similar legislation imposing limitations on e-commerce businesses were to be adopted and were applicable to us, it could have a material adverse effect on our business and prospects.

***Participant liability under Russian corporate law could cause us to become liable for the obligations of our subsidiaries.***

Our principal operating subsidiary, Internet Solutions LLC, is a limited liability company organized in Russia. Russian law generally provides that participants in a limited liability company are not liable for that company's obligations and risk only the loss of their investment. This rule does not apply, however, when one legal entity is capable of determining decisions made by another entity. The legal entity capable of determining such decisions is called the effective parent entity (*osnovnoye obshchestvo*), and the legal entity whose decisions are capable of being so determined is called the effective subsidiary entity (*docherneye obshchestvo*). The effective parent bears joint and several liability for transactions concluded by the effective subsidiary in carrying out business decisions if:

- the effective parent gives binding directions to the effective subsidiary or provides consent to the relevant transactions entered into by the subsidiary; and
- the right of the effective parent to give binding instructions is based on its share in the subsidiary's capital, or is set out in a contract between such entities or stems from other circumstances.

In addition, under Russian law, an effective parent is secondarily liable for an effective subsidiary's debts if an effective subsidiary becomes insolvent or bankrupt as a result of the action of an effective parent. In these instances, the other participants of the effective subsidiary may claim compensation for the effective subsidiary's losses from the effective parent that causes the effective subsidiary to take action or fail to take action knowing that such action or failure to take action would result in losses. We could be found to be the effective parent of our subsidiaries, in which case we would become liable for their debts, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***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 have 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 acquired, liquidated or taken over for financial rehabilitation by other Russian banks, the Deposit Insurance Agency or the CBR in recent years.

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, 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 business. For example, if we were to seek debt financing from Russian banks in the future and a banking crisis were to re-occur in Russia, our ability to access such financing may be limited in such circumstances. In addition, the instability of the Russian banking sector may also impede the development of our product offerings and Fintech initiatives. Any such factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

***The trading price of our ADSs may not be indicative of the value at which such securities would trade if they were traded on Nasdaq. Moreover, our listing on MOEX may be adversely impacted if our securities are delisted from Nasdaq.***

On November 19, 2020, we obtained the approval of MOEX in relation to the listing and admission of the ADSs to trading on MOEX under the symbol "OZON," but no assurance can be given that we will be able to continue to maintain such listing. Trading of securities on MOEX was generally suspended from February 28 to March 23, 2022, and trading of the ADSs on MOEX was resumed on March 29, 2022. However, sales of securities by international investors on MOEX are currently significantly limited. The trading value of the ADS on MOEX may therefore be different from the value at which they would trade if all of the ADSs were available for trading on both Nasdaq and MOEX.

If the Nasdaq appeals process described above is unsuccessful, Ozon's ADSs will be delisted from trading on Nasdaq. This may lead to adverse implications for Ozon's MOEX listing. On March 15, 2023 MOEX made a public statement that trading in our ADSs would continue on MOEX in the event of our delisting from Nasdaq. In addition, there is currently a general moratorium on delistings from MOEX for foreign companies whose securities were admitted to public trading in Russia where such securities were delisted on foreign exchanges which is currently effective until October 1, 2023. However, the effectiveness of our continued listing would depend on various matters, including the maintenance of our ADS program and depositary arrangements.

See Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*" and Item 3.D "*Key Information—Risk Factors—Risks Relating to Russia—If the depositary for our ADS facility terminates the deposit agreement, this may materially adversely affect the holders of our ADSs*."

***If the depositary for our ADS facility terminates the deposit agreement, this may materially adversely affect the holders of our ADSs.***

The depositary for our ADS facility, The Bank of New York Mellon, has the right to terminate the deposit agreement at any time on 90 days' notice, provided that the depositary has given us a resignation notice and a successor depositary has not been appointed within 60 days. In addition, in the event that our ADSs are ultimately delisted from Nasdaq and are not listed on another stock exchange, nor is there a symbol available for over-the-counter trading of ADSs in the U.S., the depositary will have the right to terminate the deposit agreement on 90 days' notice, whether or not a resignation notice has been previously given by the depositary.

In light of the current geopolitical circumstances, we can provide no guarantee that the depositary will not resign or will not exercise its right to terminate the deposit agreement if we are delisted from Nasdaq and other relevant conditions are met. If the depositary resigns, it may be difficult or impossible to identify a successor depositary that is able to manage our ADS program at the same level as the current depositary, or at all.

If the current depositary seeks to terminate the ADS facility, the holders of ADSs will be entitled to convert them into our ordinary shares. The mechanics and timing relating to how the ADSs will be converted into the underlying shares remain uncertain for investors who hold their ADSs through the Russian National Settlement Depository. Any ADSs that have not been converted into ordinary shares before termination of the deposit agreement will be cancelled upon such termination, and the depositary will be entitled to sell the underlying ordinary shares. Any such sales may take a substantial amount of time and be at prices materially below the intrinsic value of our ordinary shares. The mechanics and timing relating to how proceeds from such sale will be distributed to the former holders of the ADSs remain unclear.

***Regulatory authorities in Russia 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 Law on Protection of Competition, dated July 26, 2006 (as amended, the "Competition Law"), generally prohibits any concerted action or agreement between competitors or coordination of business activities of competitors that results or may result in the fixing or maintenance of prices and various other types of anticompetitive behaviors. 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. Therefore, there is a risk that we may be found in violation of the Competition Law if our market behavior vis-à-vis our sellers or buyers is viewed as being similar to behavior of our competitors and perceived by the Federal Antimonopoly Service (the "FAS") as a purported restriction of competition. See Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Antimonopoly Regulation.*"

The Competition Law also prohibits any form of unfair competition, including, among other things, through defamation or otherwise. Such broad interpretations of the Competition Law may result in the imposition of behavioral limitations on our activities by the FAS, may limit our operational flexibility and may result in civil liability, administrative liability for us and our management and even criminal liability for our management.

Although to date we have only received what we consider to be routine inquiries from the FAS, we have not engaged with the FAS to define our market position. At some point in the future, the FAS may conclude that we hold a dominant position in one or more of our markets in Russia. If the FAS were to do so, this could result in heightened scrutiny for review and possible limitations on our future acquisitions and the FAS may demand that we obtain clearance from them prior to contractually agreeing to make any substantial changes to our standard agreements with sellers and agents. Further, under certain circumstances, we may be deemed to be abusing a dominant market position simply by refusing to conclude a contract with certain third parties. Any abuse of a dominant market position could lead to administrative penalties and the imposition of fines calculated by reference to our revenue. In addition, some legislative initiatives under discussion may be applicable to us as an e-commerce business. See Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Antimonopoly Regulation.*"

We believe that our operations comply with Russian antimonopoly regulations. However, investigations that may be conducted by the FAS in the future, into our operations or transactions, and the imposition of related penalties, sanctions or conditions on us, could have a material adverse effect on our business, prospects, financial condition and results of operations.

***We may be subject to existing or new advertising legislation that could restrict the types of advertisements we serve, which could result in a loss of advertising revenue.***

Russian law prohibits advertising of certain products, such as uncertified products or tobacco products, and heavily regulates advertising of certain other products and services, such as alcohol, pharmaceuticals and children food. Advertisements for certain products and services, such as financial services, as well as advertisements aimed at minors and some others, must comply with specific rules and must in certain cases contain particular disclaimers.

Further amendments to advertising regulations may impact our ability to provide some of our services or limit the type of advertising services we may offer. However, the application of these laws to parties that merely facilitate or distribute advertisements (as opposed to marketing or selling the relevant product or service) can be unclear. Pursuant to our terms of service, we require that our advertisers have all required licenses or authorizations. If parties engaging our advertising services do not comply with these requirements, and these laws were to be interpreted to apply to us, or if our advertising serving system failed to include the necessary disclaimers, we may be exposed to administrative fines or other sanctions and may have to limit the types of advertisers we serve.

In 2021, amendments that require major internet and e-commerce companies, including ourselves, to allocate 5% of website advertising capacities to social advertisements were adopted. It is expected that further amendments to advertising regulations will be adopted in the nearest future which will expand requirements to the share of website commercial capacities (not only advertising) allocated to social advertisements. This could adversely affect advertising services that we offer and could lead to a decrease in advertising revenue and total revenue of the Group.

The regulatory framework in Russia governing the use of behavioral targeting in online advertising is unclear. If new legislation were to be adopted or the current legislation were to be interpreted to restrict the use of behavioral targeting in online advertising, our ability to enhance the targeting of our advertising could be significantly limited, which could impact the relevance of the advertisements distributed by us, reduce the number of parties engaging our services and ultimately decrease our advertising revenue, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

Since September 2022, advertisers, advertising distributors and advertising system operators, including ourselves, are required to submit information about advertisements to the Unified Online Advertising Register, maintained by Roskomnadzor. The information is transmitted to the supervisory authority through an advertising data operator – an owner of a computer program authorised by Roskomnadzor to establish that advertisements have been disseminated on the Internet. Currently no special liability provisions have been introduced in the Code on Administrative Offences in connection with these new requirements, however we expect that further amendments will be adopted soon.

Due to the fact that several main Russian TV channels owned by National Advertising Alliance (NRA), a company controlling television advertising distribution in Russia, were designated SDN under the US sanctions regime, market demand on TV advertising could be significantly limited, which could lead to a decrease in our advertising revenue. Also, in light of the geopolitical crisis surrounding Ukraine a significant number of international brands were restricted to invest in advertising in Russia. These restrictions may also negatively affect our advertising revenue.

***One or more of our subsidiaries 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, financial condition and results of operations.***

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 have been 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 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 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.

Ozon Technologies LLC, our subsidiary, had negative net assets as of December 31, 2021 and Ozon Invest LLC had negative net assets as of December 31, 2022. Under the relevant Russian legislative requirement, a company may be forced into liquidation after having negative net assets for two consecutive years, and we therefore believe that our subsidiaries in Russia are currently fully compliant with these corporate legal requirements. Also, we note that there was introduced a temporary alleviation of the rules described above, namely, Russian limited liability companies and joint-stock companies are not obliged to liquidate or decrease their charter capital if their net assets are below amount of their charter capital as of the end of 2022 and 2023 years. Nonetheless, weaknesses in the Russian legal system create an uncertain legal environment, which makes the decisions of Russian courts or governmental authorities difficult, if not impossible, to predict. If involuntary liquidation were to occur, then we may be forced to reorganize the operations we currently conduct through the affected subsidiaries. Any such liquidation could lead to additional costs, which could materially adversely affect our business, financial condition and results of operations.

**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. state laws. 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 in that company (if shares are issued for cash consideration). The pre-emptive rights, however, may be disapplied by our shareholders at a general meeting for a specified period, and our shareholders have disapplied the pre-emptive rights with respect to certain issuances of shares from the date of completion of our initial public offering, which was completed in November 2020, for a period of five years.

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., including that our shareholders are able to convene an extraordinary general meeting as provided in section 126 of the Cyprus Companies Law Cap. 113 and vote upon the matters which by law are reserved to the shareholders or are provided in the articles of association. As a result of the differences described above, 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.

Under Cyprus law, generally the company, rather than its shareholders, is the proper claimant in an action in respect of wrongdoing done to the company or where there is an irregularity in the company's internal management.

Notwithstanding this general position, Cyprus law provides that a court may, in a limited set of circumstances, allow a shareholder to bring a derivative claim (an action in respect of and on behalf of the company) against the wrongdoers. The aggrieved may proceed to the institution of a derivative action, provided that the alleged wrongdoing cannot be remedied by a simple majority vote of the shareholders of the company and that the alleged wrongdoers are in control of the company, so that the company which is essentially the proper claimant cannot claim itself.

Grounds which warrant the institution of a derivative claim may include:

- a complaint that the company's affairs are being conducted in an oppressive manner to some of the company's shareholders (including the aggrieved);
- the *ultra vires* and illegal use of control in decision-making by the board of directors or a shareholder majority;
- violation of the voting procedures of the company that require a special majority;
- violation of personal rights of a shareholder, referring to personal rights provided for by the company's constitution or the applicable law; and
- fraud on the minority by the controlling majority. Fraud has been interpreted to include behaviors of gross negligence against the minority, especially where the wrongdoers are found to have personally gained benefits from their negligent behavior.

Remedies commonly sought by a derivative action include, among other things:

- the cancellation of the illegal or *ultra vires* acts or decisions taken by the company;
- damages for breach of duties by the directors owed to the company or negligence by the company's officers or breaches of the company's constitutional documents or applicable law (damages in this respect are paid to the company not to the aggrieved); and
- tracing and recovery of property misappropriated by the persons in control of the company's management or third parties.

In certain circumstances, such as when fraud on the minority is alleged, the derivative action will be based on the principles of equity; therefore, the court will need to be satisfied that the claimant has come to court with "clean hands" (without fault and without withholding any crucial information), and that the action has been bona fide filed and serves the company's interests, that there is no alternative means to remedy the wrongdoing. As such, the above would need to be met in order for the court to allow the action to proceed and determine which remedy, if any, is more appropriate to be granted, depending on the individual circumstances of each case.

In addition to a derivative action, where there is a complaint that the company's affairs are being conducted in an oppressive manner to some of the company's shareholders, the aggrieved may file a petition to the Cypriot court pursuant to section 202 of the Cyprus Companies Law, Cap. 113. Commonly sought orders in such a case include an order to regulate how the company's affairs are run in the future, an order for the purchase of the shares of any members by other members or by the company (and in the latter case, out of a reduction of the company's capital), and an order for the winding-up of the company on the ground that it is just and equitable.

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

To raise funding in the future, we may issue additional ordinary shares, including ordinary shares represented by ADSs. Generally, existing holders of shares in Cypriot public companies are entitled by law to pre-emptive rights on the issue of new shares in that company (provided that such shares are paid in cash and the pre-emption rights have not been disapplied by our shareholders at a general meeting for a specific period). Holders 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 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 may not be able to exercise pre-emptive rights on future issuances of ordinary shares, and, as a result, their respective percentage ownership interest(s) in us would be diluted. As our shareholders authorized the disapplication of pre-emptive rights for a period of five years from the date of completion of our initial public offering in November 2020, with respect to certain issuances of shares, after the five-year 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 special rights granted to Class A shares, our principal shareholders are able to exert control over us and our significant corporate decisions.***

The shares beneficially owned by our principal shareholders, Sistema and the Baring Vostok Private Equity Funds, amount to 31.76% and 27.75%, respectively, of our issued and outstanding ordinary shares as of March 20, 2023.

Each of our principal shareholders holds one Class A share, which confers the right to appoint and remove:

- two directors so long as such Class A shareholder together with its Affiliates and/or its permitted Transferees (as these terms are defined in our articles of association exhibited to this Annual Report) holds at least 15% of voting power of the ordinary shares; or
- one director so long as such Class A shareholder, together with its Affiliates and/or its Permitted Transferees (as these terms are defined in our articles of association exhibited to this Annual Report) holds less than 15% but at least 7.5% of voting power of the ordinary shares.

Each Class A share is convertible into one ordinary share at any time by its holder, while ordinary shares are not convertible into Class A shares other than as provided in our articles of association. Upon any transfer of a Class A share by a holder to any person that is not an affiliate or otherwise under control of such holder, such Class A share shall be automatically converted into an equal number of ordinary shares.

As a result, our principal shareholders may have the ability to determine the outcome of all matters submitted to our shareholders for approval, including the election and removal of directors, subject to and in accordance with the manner prescribed in our articles of association, and any merger, consolidation or sale of all or substantially all of our assets. The interests of our principal shareholders might not coincide with the interests of the other holders of the ADSs or our ordinary shares. This concentration of ownership may harm the value of the ADSs by, among other things:

- delaying, deferring or preventing a change in control of us;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- causing us to enter into transactions or agreements that are not in the best interests of all shareholders.

Furthermore, from time to time the press and non-traditional media may speculate about a wide variety of matters relating to us, including our principal shareholders. For example, in February 2019, Russian investigative authorities initiated a case against a number of senior employees of Baring Vostok Capital Partners Group Limited, relating to the performance of their respective roles as directors for another portfolio company of private equity funds advised by Baring Vostok Capital Partners Group Limited. The senior employees were found guilty and received suspended sentences in August 2021. The accusations have been strongly denied, and the sentences are currently being appealed. None of these individuals has been engaged in our day-to-day operations by participating in the operational decision-making process or otherwise, and their ongoing detention has not affected and is not expected to affect our business and operations, but these events, as well as any future actions or claims involving either of our principal shareholders or their investments, which are extensive and varied, may generate adverse press coverage with respect to our business. Any reports in the media and other public statements regarding the activities of our principal shareholders, irrespective of whether such statements have any basis in fact, may adversely affect our reputation and business.

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

Cypriot tax resident companies must pay a Special Contribution for the Defense Fund of the Republic of Cyprus, or 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 us, 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 directly 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 Relating to Russian Taxation**

***Changes in Russian tax law could adversely affect our Russian operations.***

Generally, Russian taxes that we are subject to include, among others, corporate income tax, value added tax, property tax and employment-related social security contributions and other taxes. We are also subject to duties and liabilities of a tax agent in terms of withholding taxes with respect to some of our counterparties. Although the Russian tax climate and the quality of tax legislation have generally improved with the introduction of the Russian Tax Code, a possibility exists that Russia may impose arbitrary or onerous taxes and penalties in the future. Russia's tax collection system increases the likelihood of such events, and this could adversely affect our business.

Russian tax laws are subject to frequent change and some of the sections of the Russian Tax Code are comparatively new and continue to be redrafted.

The interpretation and application of the Russian Tax Code generally and, in particular, the new rules, have often been unclear or unstable. Differing interpretations may exist both among and within government bodies at the federal, regional and local levels; in some instances, the Russian tax authorities take positions contrary to those set out in clarification letters issued by the Ministry of Finance in response to specific taxpayers' queries and apply new interpretations of tax laws retroactively. In some instances, the Russian tax authorities issued tax claims for periods for which the statute of limitations had expired and reviewed the same tax period several times. This increases the number of existing uncertainties and leads to inconsistent enforcement of the tax laws in practice.

Furthermore, over recent years, the Russian tax authorities have shown a tendency to take 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 taxpayers. 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 matters by different courts regarding the same or similar circumstances may be inconsistent or contradictory. In practice, courts may deviate from the interpretations issued by the Russian tax authorities or the Russian Ministry of Finance 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 inconsistent judgment of the local tax authorities and the failure of the Russian tax authorities to address many of the existing problems. It is, therefore, possible that our transactions and activities that have not been challenged in the past may be challenged in the future, which may have a material adverse effect on our business, prospects, financial condition, results of operations and the trading price of the ADSs. Since 2014, several important new rules have been introduced into the Russian Tax Code as a part of the Russian Government's policy focused on curtailing Russian businesses from using foreign companies mostly or only for tax reasons. These rules impose significant limitations on tax planning and are aiming at allowing the Russian tax authorities to tax foreign income attributable to Russian businesses (known as "de-offshorization measures"). These rules include, in particular:

- rules governing the taxation of "controlled foreign companies" (without limitation of jurisdictions to which this definition applies and which residents may fall under the regime);
- rules determining the tax residence status of non-Russian legal entities based on place of effective management (corporate tax residence rules), with certain tax incentives not available for non-Russian legal entities mandatorily recognized as Russian tax residents by the tax authority (such as 0% tax rate on dividends received available under certain conditions);
- rules defining the "beneficial ownership" (actual recipient of income) concept for application of double tax treaties;
- adopting country-by-country reporting ("CbCR") requirements which assume automatic exchange of county-by-country reports aimed at providing more transparency of international transaction;
- taxation of capital gains received by non-Russian legal entities derived from the sale of shares in "real estate rich" companies (with the value of assets deriving, directly or indirectly, from real estate located in Russia by more than 50%); and
- codified general anti-abuse rules (these are based on the judicial concept of "unjustified tax benefit," and provide a few tests to support tax reduction or tax base deduction, including the "main purpose test"). In practice, the Russian tax authorities tend to apply anti-abuse rules in broad sense which creates uncertainties as to how particular transactions or structures could be assessed by the tax authorities and may lead to disallowance of tax benefits resulting from a transaction or the re-characterization of a transaction for tax purposes. Therefore, it is possible that despite the best efforts of our group to comply with Russian tax laws and regulations, certain transactions and activities of our group that have not been challenged in the past may be challenged in the future, resulting in a greater than expected tax burden, exposure to significant fines and penalties and potentially severe enforcement measures for us.

These changing conditions create tax risks in Russia that are more significant than those typically found in jurisdictions with more developed tax systems; they have significant effect on us, complicate our tax planning and related business decisions and may expose us to additional tax and administrative risks, as well as extra costs that are necessary to secure compliance with these new rules. In addition, there can be no assurance that the current tax rates will not be increased and that new taxes will not be introduced.

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 our overall tax efficiency and may result in significant additional tax liabilities. We 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 our business, results of operations, financial condition or prospects, and the trading price of the ADSs.

***Changes to Russia-Cyprus double tax treaty could increase our tax burden.***

In 2020, the Russian President announced significant changes to Russian tax laws, and the Russian Government was directed to revise Russian double tax treaties with a number of countries, including Cyprus, Netherlands, Malta, Luxembourg and Switzerland which are often used for tax planning so as to increase withholding tax rates up to 15% for Russian-sourced dividend and interest income or, if negotiations are unsuccessful, to terminate them.

The Russian Ministry of Finance initiated negotiations with the competent authorities of Cyprus and Russia and signed a protocol of the amendments to the Russia-Cyprus double tax treaty in September 2020.

In accordance with the protocol to the Russia-Cyprus double tax treaty, the increased 15% tax rates are applied to both dividend and interest income beginning in January 1, 2021 (though it provides for a number of exceptions where the lower rates of 5% or 0% are envisaged). The preferential tax rate of 5% is envisaged for dividend and interest income received by Cypriot tax resident public companies whose shares are listed on a registered stock exchange and which have no less than 15% of shares in free float, provided that this public company owns at least 15% of the shares in a Russian company paying the income for a period of at least 365 consecutive days.

However, currently there are different interpretations of the above requirements to apply the 5% preferential tax rate and the practice is still developing. These amendments to the Russia-Cyprus double tax treaty and uncertainty of their interpretation may potentially adversely affect the taxation of future dividend distributions from our Russian subsidiaries. Moreover, having regard to current unstable political and economic environment resulting in recent unfavorable developments in double tax treaty relations between Russia and other countries (see section "*Risks Relating to Russian Taxation—Changes in Russian tax law could adversely affect our Russian operations*"), we cannot exclude that double tax treaty between Russia and Cyprus may be either further revised or denounced in the future which may result in increased tax costs and have an adverse effect on our business and financial condition.

In 2019 the Russian Federation ratified the MLI effective from 2021 in respect of withholding taxes covered by tax treaties concluded by the Russian Federation with 34 countries and with an effect from 2022 with respect to tax treaties with additional 7 countries. Application of the MLI could potentially limit tax benefits granted by double tax treaties with the respective countries.

In 2022 a number of countries announced that they suspend international exchange of tax information with Russia (such as Isle of Man, Guernsey, Jersey, Germany, USA, Latvia, Ukraine, Austria, Switzerland). In February 2023 it was announced that the Russian Federation was included into the EU list of jurisdictions non-cooperative in tax sphere ("the EU black list").

In turn, the Russian Federation included Canada and Cayman Islands in the Russian "black list" of non-cooperative jurisdictions for tax purposes. Certain tax benefits and exemptions envisaged by the Russian Tax Code could be not achievable if companies from such black-listed jurisdictions are involved, such as exemptions related to international holding companies, CFCs, etc.

In March 2023 it was announced that the Ministry of Finance and Ministry of Foreign Affairs of the Russian Federation initiated the proposal to the President of the Russian Federation to issue a decree suspending the application of double tax treaties with the jurisdictions regarded as "unfriendly" until "the unilateral economic and other measures in relation to the Russian Federation violating its rights are removed". Currently, it is not known how this new initiative will develop. We cannot exclude that double tax treaties the Russian Federation concluded with certain jurisdictions may be either denounced or suspended. It may result in disallowance of tax benefits with respect to income paid to such jurisdictions from Russian sources and lead to the increased tax costs and have an adverse effect on our business and financial condition.

***Our Cypriot entities may be exposed to taxation in Russia if they are treated as having a Russian permanent establishment or as being Russian tax residents.***

The Russian Tax Code provides for extended taxation and related tax obligations for foreign legal entities that carry on commercial activities in Russia in such a manner that they create either a permanent establishment or result in migration of a tax residence due to place of effective management being in Russia (in the first case, the foreign legal entity is subject to Russian corporate income tax with regard to income derived from activities conducted through the permanent establishment; in the second case, the Russian corporate income tax applies to the worldwide income of the foreign legal entity tax residence of which is migrated to Russia; in addition, in both cases, other taxes may apply depending on the circumstances).

Although tax residence rules for legal entities as defined in the Russian Tax Code are broadly similar to the respective concepts known in the international context, including those developed by the OECD for tax treaty purposes, they have not yet been sufficiently tested in the Russian administrative and court practice since they have been in effect only from 2015.

The permanent establishment concept has been in effect for a while, but several key elements of this concept, for example, the allocation of income and expenses to a permanent establishment, still lack sufficient application guidelines.

While we do not believe that our holding company or other Cypriot entities may be treated as having a tax residence or a permanent establishment in Russia or any other jurisdiction, we cannot assure that Russian or other relevant tax authorities will not attempt to claim them as having permanent establishment or tax residence in such jurisdiction. If any of these occurs, additional taxes, as well as related penalties, may be imposed on us and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Our entities are subject to tax audits by the relevant tax authorities, which may result in additional tax liabilities.***

Generally, tax returns, together with related documentation, are subject to audit by the tax authorities, which are authorized by applicable laws to impose severe fines and penalties. As a rule, the tax authorities may audit tax periods within three-five years (depending on the jurisdiction) immediately preceding the year when the tax audit is initiated. Tax audits may be repeated in a few specifically defined circumstances, for example, the taxpayer's reorganization or liquidation, or upon the re-filing of a tax return (amended to decrease the tax payable), or if a tax audit is conducted by a higher-level tax authority as a measure of control over the activities of a lower-level tax authority. Therefore, previous tax audits may not preclude subsequent tax claims relating to the audited period.

In addition, the Russian 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 may result in additional costs if the tax authorities conclude that we did not satisfy our tax obligations in any given tax period. Such audits may also impose additional burdens on us by diverting the attention of management resources. The outcome of these audits could have a material adverse effect on our business, prospects, financial condition, results of operations or the trading price of the ADSs.

***Our Russian entities may be exposed to additional value added tax and corporate income tax obligations if the tax authorities consider some of our suppliers as "bad faith" suppliers.***

The vast majority of Russian taxpayers regularly encounter claims regarding transactions with "bad-faith" suppliers by Russian tax authorities arguing that such suppliers could not fulfill their contractual obligations, leading to challenges of VAT recovery and corporate income tax deduction.

If the tax authorities prove that our Russian subsidiaries did not act with prudence when selecting suppliers and substantiate the legitimacy of their claims regarding purchases from these suppliers, additional taxes may be levied to our Russian subsidiaries and an outflow of cash may be required to settle such liabilities. Due to a diversity in approaches used to assess tax violations, it is impracticable to determine the financial consequences of potential tax liabilities which may arise as the result of transacting with such suppliers. While we have established internal procedures to monitor and control this risk, our Russian subsidiaries may still be affected by this risk due to ambiguity of criteria used by the tax authorities and subjective nature of the risk. It is therefore possible that transactions of our Russian subsidiaries with suppliers may be challenged by the Russian tax authorities, which may have a material adverse effect on our business, prospects, financial condition, results of operations and the trading price of the ADSs.

***The Russian tax authorities may challenge the application of a reduced social security contributions and corporate profits tax rates by one of our companies which qualifies as an IT company.***

Our Russian subsidiary as a qualifying IT company applies tax benefits: 0% corporate income tax rate and reduced social security contributions rate of 7.6% in relation to payments to employees. The above 0% corporate income tax rate is set for the period from 2022 to 2024. The tax rate after 2024 is not currently established and there is uncertainty on whether 0% or any other beneficial corporate income tax rate could be applied after 2024.

The Russian Tax Code establishes the respective reduced rate for companies who carry out IT activities, develop and sell own-developed computer programs and databases or render services involving development, adaptation, modification and support of computer programs and databases ("preferential IT activity"). In order to apply the reduced rates, a taxpayer should be officially accredited to perform activity in IT sphere, the share of its income related to these activities should comprise 70% of total income.

We believe our subsidiary meets all of the above requirements and effectively operates as a shared service center rendering services to our subsidiaries with respect to development and adaptation of IT products that are being used primarily within our Group. Such practice is widely used by many Russian group of companies.

There is some uncertainty as to the classification of some types of activities as preferential IT activities for the purposes of application of the reduced tax rates. The Russian Tax Code provision regarding application of the reduced rates of profits tax and social security contributions is relatively untested. Given the absence of substantial administrative and court practice, the tax authorities may challenge the application of the reduced rates. Moreover, there is no assurance that the above tax benefits, including reduced corporate income tax rate of 0%, would not be cancelled or amended going forward. This may have an adverse effect on our business, financial condition and results of operations.

***Russian thin capitalization rules and general interest deductibility rules allow different interpretations, which may affect our business.***

The Russian Tax Code provides for three main restrictions that limit the deductibility of expense for interest accruing on indebtedness. First, a loan must be obtained (indebtedness is incurred) with a proper economic reasoning (for a business purpose or justification). Second, the interest rate on transactions regarded as controlled for Russian transfer pricing purposes must be within established interest rate (safe-harbor) range. Third, the thin capitalization rules apply to "foreign controlled debt," i.e., loans and other debt received by a Russian organization:

- from a foreign person (legal entity or individual) acknowledged as a related party for Russian transfer pricing purposes, if this foreign person directly or indirectly holds more than 25% of shares in the Russian organization's charter capital (or if such person indirectly holds shares in the Russian organization's charter capital and the share of direct participation of each person of the chain in each subsequent organization is more than 50%);
- from another person that is a related party of the aforementioned foreign person; or
- which are guaranteed or otherwise secured by any of the persons mentioned above.

The ability to deduct interest is restricted to the extent that foreign controlled debt exceeds net assets by more than three times (12.5 times for banks and leasing companies).

Interest on excess debt is non-deductible and treated as a dividend subject to withholding tax. In the event a taxpayer has negative net assets, the whole amount of interest accrued on the controlled debt is non-deductible and treated as a dividend. The statutorily defined scope of the foreign controlled debt was amended recently such that loans obtained from banks or Russian affiliates are excluded under certain conditions; at the same time, loans obtained from foreign affiliates are explicitly included.

Our Russian operations may be affected by requalification of interest into dividend (including by our inability to deduct interest) based on Russian thin capitalization rules if at any time the respective indebtedness qualifies as foreign controlled debt, or by the inability to deduct interest based on other reasons.

In addition, starting from 2022, the changes in calculation of safe harbor interest rates on loans for Russian transfer pricing purposes will come into effect. Due to cancellation of publication of LIBOR rates, the new interbank risk free rates will be used in setting safe harbor rates for transfer pricing controlled transactions.

See Item 10.E "*Additional Information—Taxation—Material Russian Tax Considerations*" for further discussion of important Russian tax considerations.

**Risks Relating to the Ownership of the ADSs**

***Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq.***

On February 28, 2022, trading of the ADSs on Nasdaq was suspended by Nasdaq and remains suspended as of the date of this Annual Report. Further, on March 15, 2023, Nasdaq notified us that Ozon's ADSs would be delisted from Nasdaq on March 24, 2023 unless Ozon appeals such determination. On March 21, 2023, Ozon submitted a request for a hearing to appeal such determination. If the appeal is unsuccessful, Ozon's ADSs will be formally delisted from Nasdaq. In such case, the ADSs may be eligible for trading in the over-the-counter market; we can provide no guarantee, however, that one or more brokers will elect to make a market in such securities or will be able to obtain a ticker to facilitate OTC trading. Even if such appeal is successful and Ozon's securities are not formally delisted, there can be no guarantee if or when the trading halt may be lifted and trading might ultimately resume. If such appeal is not successful, Ozon may pursue the further appeals available under the Nasdaq Listing Rules.

Even if trading of the ADSs were to resume, trading would likely be volatile, and the trading price of the ADSs might decline significantly.

The U.S. has imposed a prohibition on U.S. persons making any "new investments" in Russia starting from April 6, 2022. While we do not believe that the ban would prohibit trading by U.S. persons in the ADSs issued prior to April 6, 2022, there has been no guidance issued by OFAC in that regard and we cannot give any assurance that OFAC would not take a different position. There can also be no assurance that brokers, dealers and other financial intermediaries from the U.S., the EU, the UK or other Western countries will be allowed to execute transactions with the ADSs due to potential legal restrictions or limitations set out in their internal policies, which will materially adversely affect the value and trading of the ADSs. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*."

***As a foreign private issuer within the meaning of the Nasdaq corporate governance rules, we are permitted to, and we will, rely on exemptions from certain of the Nasdaq 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 Nasdaq 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 will, 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 Nasdaq 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. 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, our management oversight may be more limited than if we were subject to all of the Nasdaq corporate governance standards.

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

See Item 16G "*Corporate Governance*" for the list of home country practices we rely on instead of those of Nasdaq. We may in the future elect to follow home country practices in Cyprus with regard to other matters.

***We have identified a material weakness in our internal control over financial reporting, and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.***

We maintain disclosure controls and procedures, as such 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 our 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 principal executive and principal 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 principal executive and principal 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 principal executive and principal financial officer concluded that, as a result of the material weakness in our internal control over financial reporting described below, the design and operation of our disclosure controls and procedures were not effective as of December 31, 2022.

SEC guidance defines a material weakness as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, in the course of preparing the financial statements that are included in this Annual Report, management identified a material weakness in control activities as we did not perform a sufficient risk assessment to identify and assess the risk of material misstatement in certain disclosures to the consolidated financial statements and, consequently, did not maintain effective controls, including controls with respect to the relevant input data, to mitigate those risks. The material weakness resulted in material misstatements in certain financial risk management disclosures in notes to the consolidated financial statements that were corrected in our consolidated financial statements as of and for the year ended December 31, 2022 prior to our issuance of those financial statements.

Notwithstanding this material weakness, our management, based on the substantial work performed, concluded that our consolidated financial statements for the periods covered by and included in this Annual Report are fairly stated in all material respects in accordance with IFRS. Our independent registered public accounting firm, JSC "Kept", who audited the consolidated financial statements included in this Annual Report, has issued an adverse attestation report on our internal control over financial reporting. JSC "Kept"s report is included elsewhere in this Annual Report.

We are working on a plan to remediate the identified deficiency in our internal control over financial reporting relating to the risk assessment process, design and implementation of controls with respect to certain disclosures in notes to the consolidated financial statements that resulted in a material weakness discussed above. Specifically, we are planning to:

- revise our risk assessment with respect to the risk of material misstatement within the financial reporting process to re-consider risks of misstatements as applied to the disclosures in notes to the consolidated financial statements;
- improve the design of controls over disclosures in notes to the consolidated financial statements, including controls with respect to the input data and precisions of review controls;

- develop checklists to be used by our accounting team to ensure that the disclosures are compiled in accordance with the relevant accounting framework; and
- improve documentation to support our review and approval of the disclosures in notes to the consolidated financial statements and strengthening supervisory reviews by accounting experts and management.

While we believe that these remedial efforts will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. Due to this ongoing testing, we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. Management will test and evaluate the implementation of these new and revised procedures and control activities to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in our financial statements. See Item 15 "*Controls and Procedures*" for more details.

If we fail to remediate our current or future material weaknesses or significant deficiencies or to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results, or report them within the timeframes required by law, our consolidated financial statements may be restated, investors may lose confidence in the accuracy and completeness of our financial reports the market price of the ADSs could be materially and adversely affected, the ADSs may be delisted from Nasdaq, and our reputation, results of operations and financial condition may be adversely affected. Failure to comply with Section 404 of the Sarbanes-Oxley Act could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities.

***If we fail to establish and maintain proper internal controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.***

Section 404(a) of the Sarbanes-Oxley Act ("Section 404(a)") requires that beginning with our second annual report following our initial public offering, which was completed in November 2020, management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Our Section 404(a) assessment is presented in Item 15 "*Controls and Procedures*".

As discussed above in Item 3.D "*Key Information—Risk Factors—Risks Relating to the Ownership of the ADSs—We have identified a material weakness in our internal control over financial reporting, and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired,*" our management concluded that, as of December 31, 2022, our internal control over financial reporting was not effective due to the presence of a material weakness. The continued presence of this or other material weaknesses or significant deficiencies in any future financial reporting periods could result in financial statement errors that, in turn, could lead to errors in our financial reports, delays in our financial reporting, and that could require us to restate our operating results, or our auditors may be required to issue a qualified audit report, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of the ADSs could be materially and adversely affected. We might also not identify one or more material weaknesses in our internal controls in connection with evaluating our compliance with Section 404(a). In order to improve the overall effectiveness of our disclosure controls and procedures and internal control over financial reporting, and maintain satisfactory controls once achieved, we will need to expend significant resources and provide significant management oversight. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management's attention from other business concerns. These changes may not, however, be effective in maintaining the adequacy of our internal controls. As our internal control over financial reporting was not effective as of December 31, 2021, investors may lose confidence in our results of operations, the price of the ADSs could decline, and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404, we may not be able to remain listed on Nasdaq.

***The obligations associated with being a public company will require significant resources and management attention.***

As a public company in the United States, we incur legal, accounting and other expenses that we would not incur as a private company. We are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act, the listing requirements of Nasdaq and other applicable securities rules and regulations. Compliance with these rules and regulations have increased our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase the demand on our systems and resources. The Exchange Act requires that we file annual and current reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

Failure to comply with Section 404 of the Sarbanes-Oxley Act could subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue, cause investors to lose confidence in the accuracy and completeness of our financial reports and negatively affect the price of the ADSs.

***We do not expect to pay any dividends in the foreseeable future.***

We have never declared or paid cash dividends on our ordinary shares. We intend to retain all available liquidity sources and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future.

Any future final determination regarding the declaration and payment of dividends, if any, will be at the discretion of our shareholders at a general meeting and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our shareholders at a general meeting may deem relevant.

In addition, the terms of certain of our outstanding borrowings restrict our ability to pay dividends or make distributions on our ordinary shares without consent of a lender, and we may enter into credit agreements or other borrowing arrangements in the future that may further restrict our ability to declare or pay cash dividends or make distributions on our ordinary shares. As a result of the sanctions imposed by foreign countries on Russia and reactive

capital control and protection measures introduced by the Russian Government in connection with the ongoing geopolitical crisis surrounding Ukraine, our Russian operating subsidiaries are also restricted from transferring cash outside of Russia, which would affect dividend payments, if any, to our holding company. In addition, international depositaries may impose restrictions on such payments. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" and Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Capital Control and Protection Measures Related to the Geopolitical Crisis Surrounding Ukraine.*"

Consequently, we may not pay dividends in the foreseeable future, or at all, and any return on investment in the ADSs is solely dependent upon the appreciation of the price of the ADSs on the open market, which may not occur. See Item 8.A "*Financial Information—Consolidated Statements and Other Financial Information—Dividend Policy.*"

***Anti-takeover provisions in our organizational documents and Cyprus law may discourage or prevent a change of control, even if an acquisition would be beneficial to our shareholders, which could depress the price of the ADSs and prevent attempts by our shareholders to replace or remove our current management.***

As we are incorporated in Cyprus, we are subject to Cyprus law. Our articles of association contain provisions that may discourage unsolicited takeover proposals that our shareholders may consider to be in their best interests or limit the ability of our shareholders to remove management, including the following:

- our articles of association require that any person who is not affiliated with our principal shareholders and is an acquiror of 30% or more of the voting power of our issued shares, including the issued ordinary shares, must make a mandatory tender offer that is subject to recommendation of at least two-thirds of directors, including an affirmative vote of a majority of the independent directors, an acceptance by at least 75% of the shareholders (as specified in the articles of association) to whom the offer is made and certain other terms and conditions set out in the articles of association that are more restrictive than those that would apply under statutory provisions of the Cypriot laws to a Cypriot company with a listing on an EU regulated market, and in the event of breach of these provisions, the voting rights of such acquiror and the persons acting in concert, in excess of 30% of the votes conferred by ordinary shares will be suspended;
- our articles of association require that if a principal shareholder holding a Class A share or its affiliates acquire 43% or more of the voting power of our issued shares, including the issued ordinary shares, it must make a mandatory tender offer that is subject to recommendation by at least two-thirds of our board of directors, including an affirmative vote of a majority of the independent directors, an acceptance by at least 75% of the shareholders to whom the offer is made and certain other terms and conditions that are more restrictive than those that would apply under statutory provisions of Cyprus law to a Cypriot company with a listing on an EU regulated market, and in the event of breach of these provisions, the voting rights in respect of the shareholders holding Class A shares and their affiliates in excess of, 43% of the votes conferred by ordinary shares will be suspended;
- any merger, consolidation or amalgamation of the Company would require the approval of our shareholders and board of directors;
- each of our principal shareholders holds one Class A share, which confers the right to appoint and remove (i) two directors so long as such Class A shareholder holds, together with its affiliates and permitted transferees, at least 15% of the votes including the votes conferred by the ordinary shares or (ii) one director so long as such Class A shareholder holds, together with its affiliates and permitted transferees, less than 15% but at least 7.5% of the votes including the votes conferred by the ordinary shares. We are not authorized to issue additional Class A shares unless such issue is approved by holders of all issued Class A shares and a special resolution of the general meeting of our shareholders;

- subject to the special rights provided in our articles of association to the holders of Class A shares on the appointment and removal of directors, our board of directors may be appointed and removed by the holders of the majority of the voting power of the ordinary shares; and
- preference shares may, with the sanction of a special resolution, be issued on the terms and conditions and under circumstances that could have an effect of discouraging a takeover or other transaction.

Together these provisions may make the removal of management more difficult and may discourage or prevent a change of control, which could depress the price of the ADSs

***Neither Cyprus nor the broader EU takeover laws apply to us and our minority shareholders do not benefit from the same protections that the minority shareholders of a Cypriot company that is listed on an EU regulated market would have at their disposal.***

As of the date of this Annual Report, Cyprus law does not contain any requirement for a mandatory offer to be made by a person acquiring control in a Cypriot company if such company's shares are not listed on an EU regulated market. Neither our shares nor the ADSs are listed on an EU regulated market. Our articles of association contain a mandatory tender offer provision that requires any third-party acquiror that acquires, together with parties acting in concert, 30% or more of the voting rights in our issued shares, including the issued ordinary shares, to make a mandatory tender offer to all of our other shareholders at the price not lower than the higher of the highest price per ordinary share or per ordinary share represented by depositary receipts paid by acquiror and parties acting in concert and the highest market price per ordinary share, including ordinary share represented by depositary receipts, quoted on a stock exchange, in each case in the preceding 12 months. For each of our principal shareholders who hold a Class A share the requirement to make a mandatory tender offer is triggered by a principal shareholder and its affiliates only if they acquire, together with concert parties, 43% or more of the voting rights in our shares. Each of our principal shareholders holding Class A shares holds and is expected to hold less than 43% of the voting rights in our shares. Our articles of association do not prohibit the holders of our Class A shares to combine their holdings to trigger the mandatory tender offer. Although our articles of association provide for the obligation by an acquiror to make a mandatory tender offer in certain cases, in the absence of applicable statutory provisions our shareholders may not get the same opportunity to sell their shares in the event an acquiror obtains a significant stake or even control in the company as would shareholders in a Cypriot company that is listed on an EU regulated market.

***The price of the ADSs might fluctuate significantly, and investors could lose all or part of their investment.***

On February 28, 2022, trading of the ADSs on Nasdaq was suspended by Nasdaq and remains suspended as of the date of this Annual Report. Further, on March 15, 2023, the Listing Qualifications Staff of Nasdaq (the "Staff") notified us that it had determined that our securities would be delisted from The Nasdaq Stock Market as of March 24, 2023, unless Ozon appeals the Staff's determination. On March 21, 2023, Ozon submitted a request for a hearing to appeal such determination. Under the Nasdaq Listing Rules, a hearing will be held, to the extent practicable, within 45 days of such request, and the delisting of the ADRs will be stayed pending the issuance of a written decision of the hearings panel. Even if such appeal is successful and Ozon's securities are not formally delisted, there can be no guarantee if or when the trading halt may be lifted and trading might ultimately resume. If such appeal is not successful, Ozon may pursue the further appeals available under the Nasdaq Listing Rules. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*."

If trading of the ADSs were to resume, trading would likely be volatile, and the trading price of the ADSs may decline significantly. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" and Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*." Volatility in the market price of the ADSs may prevent investors from being able to sell their ADSs at or above the price they paid for such ADSs. The trading price of the ADSs may be volatile and subject to wide price fluctuations in response to various factors, including:

- the current global macroeconomic environment;

- the geopolitical crisis surrounding Ukraine (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*");
- the overall performance of the equity markets;
- fluctuations in our actual or projected results of operations;
- changes in our projected earnings or failure to meet securities' analysts' earnings expectations;
- the absence of analyst coverage;
- changes in trading volumes of the ADSs;
- issuance of new or changed securities analysts' reports or recommendations;
- additions or departures of key personnel;
- general economic conditions;
- the activities of our competitors, suppliers and sellers;
- changes in the market valuations of comparable companies;
- changes in investor and analyst perception with respect to our business and the e-commerce industry in general;
- changes in interest rates;
- availability of capital; and
- changes in the statutory framework applicable to our business.

These and other factors might cause the market price of the ADSs to fluctuate substantially, which might limit or prevent investors from readily selling their ADSs and may otherwise negatively affect the liquidity of the ADSs. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies across many industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Furthermore, investors in the secondary market may view our business more critically than investors in our initial public offering, which could adversely affect the market price of the ADSs in the secondary market. Prices for e-commerce or technology companies have traditionally been more volatile compared to share prices for companies from other industries.

Accordingly, the price of the ADSs could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price. Securities class action litigation has often been instituted against companies in periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Future sales of the ADSs, or the perception in the public markets that these sales may occur, may depress the market price of the ADSs.***

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the price of the ADSs and could impair our ability to raise capital through the sale of additional shares. As of March 20, 2023, we had 216,413,733 ordinary shares outstanding. Outstanding shares may be deposited for delivery of ADSs, and all of the ordinary shares outstanding as of the date of this Annual Report may be sold in the public market by existing shareholders, subject to applicable limitations imposed under federal securities laws and restrictions resulting from sanctions imposed by foreign countries on Russia and Russia-based securities, as well as related reactive capital control measures adopted by Russia.

The ADSs 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, major shareholders and other affiliates, as that term is defined in the Securities Act, which are subject to restrictions on resale 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 the future, we may also issue additional ordinary shares, ADSs or debt securities with conversion rights if we need to raise capital in connection with a capital raise or acquisition. The amount of ordinary shares issued in connection with a capital raise or acquisition could constitute a material portion of the then-outstanding ordinary shares. An issuance of additional ordinary shares, ADSs or debt securities with conversion rights could potentially reduce the market price of the ADSs. In addition, if we raise additional funds through the sale of equity securities, these transactions may dilute the value of the outstanding ADSs. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—We may need to raise additional funds to finance our future capital needs, which may be challenging in the current environment and may dilute the value of the outstanding ADSs or prevent us from growing our business.*"

***If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, or we fail to meet the expectations of industry analysts, our stock price and trading volume could decline.***

The trading market for the ADSs will depend in part on the research and reports that securities or industry analysts publish about us, our business or our industry. We may have limited, and may never obtain significant, research coverage by securities and industry analysts. If no additional securities or industry analysts commence coverage of us, the trading price for the ADSs could be negatively affected. In the event we obtain additional securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock, the price of the ADSs will likely decline. If one or more of these analysts, or those who currently cover us, ceases to cover us or fails to publish regular reports on us, interest in the purchase of the ADSs could decrease, which could cause the price of the ADSs or trading volume to decline.

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

Holders of ADSs may exercise voting rights with respect to the ordinary shares represented by their ADSs only in accordance with the provisions of the deposit agreement. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, including any general meeting of our shareholders, the depositary will, as soon as practicable thereafter, fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of a request from us, the depositary shall distribute to the holders as of the record date:

- the notice of the meeting or solicitation of consent or proxy sent by us; and
- a statement as to the manner in which instructions may be given by the holders.

Holders of ADSs may instruct the depositary to vote the ordinary shares underlying the ADSs. Otherwise, holders will not be able to exercise their right to vote unless they surrender the ADSs for cancellation and withdraw our ordinary shares. However, holders may not know about the meeting far enough in advance to withdraw those ordinary shares. Under our articles of association, the minimum notice required for convening a shareholders' meeting is 30 calendar days. The depositary and its agents may not be able to send voting instructions to holders of ADSs or carry out a holder's voting instructions in a timely manner. The depositary, upon timely request from us, will notify you of the upcoming vote and arrange to deliver voting materials to holders. We cannot guarantee that holders of ADSs will receive the voting materials in time to ensure that holders 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 holders of ADSs may not be able to exercise their right to vote and may lack recourse if the ordinary shares underlying their ADSs are not voted as requested.

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

The ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. 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 think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***It may be difficult to enforce a U.S. judgment against us, our directors and officers named in this Annual Report outside the United States, or to assert U.S. securities law claims outside of the United States.***

We are incorporated in the Republic of Cyprus and conduct substantially all of our operations in Russia through subsidiaries. The majority of our current directors and senior officers reside outside the United States, principally in Russia. Substantially all of our assets and the assets of our current directors and executive officers are located outside the United States, principally in Russia. 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 federal securities laws of the United States.

Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forums in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides.

In particular, investors should be aware that there is uncertainty as to whether the Russian courts would recognize and enforce judgments of the U.S. courts obtained against us or our directors or management 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 the Russian courts against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States. There is no treaty between the United States and the Republic of Cyprus, or between the United States and Russia, providing for reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters. As a result of the difficulty associated with enforcing a judgment against us, you may not be able to collect any damages awarded by either a U.S. or foreign court. In addition, there are doubts as to whether a Cypriot court would impose civil liability on us, our directors and officers in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in Cyprus against us or such directors and officers, respectively. The current geopolitical environment surrounding Russia will likely heighten these challenges.

***Holders of ADSs 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.

However, holders of ADSs 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, holders of ADSs 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 jury trial waiver mentioned above, 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 set-off 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 you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary relating to the matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you 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 depositary. If a lawsuit is brought against us or the depositary 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.

Nevertheless, if the jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. 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 depositary of compliance with any substantive provision of U.S. federal securities laws and the rules and regulations promulgated thereunder.

## Item 4. Information on the Company

### A. History and Development of the Company

#### Corporate Information

We were incorporated in Cyprus on August 26, 1999 under the Cyprus Companies Law, Cap. 113 as Jolistone Enterprises Limited (registration number HE 104496) and changed our name to Ozon Holdings Limited on November 8, 2007. On October 22, 2020, Ozon Holdings Limited was converted from a private limited liability company incorporated in Cyprus into a public limited company incorporated in Cyprus, and our name changed pursuant to a special resolution at a general meeting of our shareholders to Ozon Holdings PLC. Our registered office is located at Arch. Makariou III, 2-4, Capital Center, 9th floor, 1065, Nicosia, Cyprus. The principal executive office of our key operating subsidiary, Internet Solutions LLC, is located at 10 Presnenskaya Embankment, "Naberezhnaya Tower," Tower C, 123112, Moscow, Russia. The telephone number at this address is +7 495 232 1000.

The ADSs, each representing one ordinary share, have been listed on Nasdaq and MOEX since November 24, 2020 under the symbol "OZON." Trading of the Ozon's ADSs on the NASDAQ was suspended by the NASDAQ on February 28, 2022, and remains suspended. NASDAQ's suspension can only be removed at NASDAQ's discretion. Further, on March 15, 2023, the Listing Qualifications Staff of Nasdaq (the "Staff") notified us that it had determined that our securities would be delisted from The Nasdaq Stock Market as of March 24, 2023, unless Ozon

appeals the Staff's determination. On March 21, 2023, Ozon submitted a request for a hearing to appeal such determination. Under the Nasdaq Listing Rules, a hearing will be held, to the extent practicable, within 45 days of such request, and the delisting of the ADRs will be stayed pending the issuance of a written decision of the hearings panel. Even if such appeal is successful and Ozon's securities are not formally delisted, there can be no guarantee if or when the trading halt may be lifted and trading might ultimately resume. If such appeal is not successful, Ozon may pursue the further appeals available under the Nasdaq Listing Rules. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq.*"

The SEC maintains an internet site that contains reports and information regarding issuers, such as ourselves, that we file electronically, with the SEC at www.sec.gov. Our website addresses are www.ozon.ru and ir.ozon.com. The information contained on, or that can be accessed through, our websites is not a part of, and shall not be incorporated by reference into, this Annual Report. We have included our website addresses as inactive textual references only.

Our agent for service of process in the United States is Puglisi & Associates, and its address is 850 Library Avenue, Suite 204, Newark, Delaware 19711.

For a description of our principal 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.*"

**Capital Expenditures**

Please refer to Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Expenditures*" for description of our capital expenditures.

**B. Business Overview**

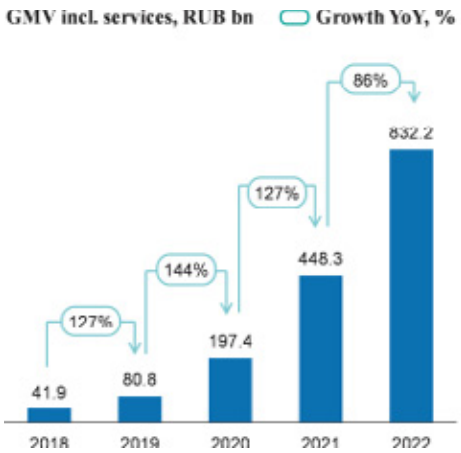
We are a leading e-commerce platform in the large, fragmented, underpenetrated and growing Russian e-commerce market, according to INFOLine, as well as the most recognized e-commerce brand in Russia, according to BrandScience. In the year ended December 31, 2022, our platform served approximately 35.2 million active buyers and approximately 232 thousand active sellers. Our mission is to transform the Russian consumer economy by offering the widest selection of products, exceptional value and maximum online shopping convenience among Russian e-commerce companies, while empowering partners to achieve greater commercial success. We attribute our success to our focus on enhancing the buyer and seller experience, our nationwide logistics infrastructure and our cutting-edge technology and strong culture of innovation.

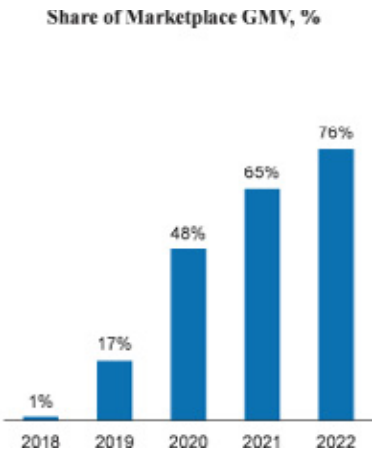
We connect and facilitate transactions between buyers and sellers on our Marketplace, which represented 76% of our GMV incl. services and 38% of our revenue in the year ended December 31, 2022. We also sell products directly to our buyers through our Direct Sales business, which represented 19% of our GMV incl. services and 49% of our revenue in the year ended December 31, 2022.

As of December 31, 2022, our platform served 35.2 million active buyers, compared to 25.6 million active buyers as of December 31, 2021.

We have achieved faster growth, in terms of GMV incl. services, than the growth of the Russian e-commerce market, which grew by 37% in the year ended December 31, 2022, according to INFOLine, as compared to the same period in 2021. We achieved GMV incl. services growth of 86% in the year ended December 31, 2022.

Due to significant investments in our growth, we reported a loss of ₽58.2 billion in the year ended December 31, 2022, compared to a loss of ₽56.8 billion and a loss of ₽22.3 billion in the years ended December 31, 2021 and 2020, respectively.




Our nationwide logistics infrastructure facilitates the fulfillment and delivery of parcels purchased on our Marketplace and our Direct Sales businesses in an efficient and reliable way. In the year ended December 31, 2022, we significantly expanded our warehouse infrastructure, consisting of fulfillment and sorting centers and our dark store network. In the year ended December 31, 2022, our operations utilized approximately 1.4 million square meters of warehouse capacity, compared to our warehouse capacity of 1 million square meters in the year ended December 31, 2021.

We are a technology-driven company with a strong culture of innovation. Our secure and scalable technology infrastructure, developed by our in-house research and development team, provides the foundation for seamless buyer and seller experiences on our platform, as well as for our supply chain operations, business intelligence, traffic and search optimization, customer relationship management operations and payments.

We believe that developing complementary products and services will help us to grow our core business and our market share. We have developed and successfully launched adjacent verticals, such as our Fintech services (see Item 4.B "*Information on the Company—Business Overview—Our Business Operations—Financial Services Offerings*") and Ozon fresh, our expedited parcel delivery service for select products offered on our platform (see Item 4.B "*Information on the Company—Business Overview—Our Business Operations—Ozon fresh*"), as well as advertising and logistics services for sellers.

**Our Business Operations**

***Marketplace***

The OZON Marketplace is our core business, which enables thousands of sellers to offer a wide assortment of products to our buyers. We launched our Marketplace in September 2018, and it has since grown to account for 76% of our total GMV incl. services in the year ended December 31, 2022, while our Direct Sales business accounted for 19% of our total GMV incl. services in the year ended December 31, 2022. We offer sellers three logistics models, the fulfillment-by-Ozon ("FBO") model, the fulfillment-by-seller ("FBS") model and the Storefront model, to use individually or together, when selling their products on our Marketplace. Through these three models, our sellers are able to leverage our nationwide fulfillment and delivery infrastructure according to their business needs. Our FBO model is an attractive option for sellers who do not have their own storage facilities or are unable to fulfill orders by themselves. Our FBS model, in contrast, is suitable for sellers who do not want to supply, or would not benefit from supplying, inventory to our fulfillment centers, such as sellers who sell their products on several marketplaces simultaneously and do not want to commit their inventory to a single marketplace or sellers who sell heavy and bulky products, such as furniture. Our Storefront model allows sellers to use their own fulfillment and delivery capacities to deliver goods directly to customers, bypassing our fulfillment and delivery infrastructure altogether. Under all three models, we collect payments for each order made by our buyers and make aggregate payments, net of our marketplace commissions, to our sellers on a twice-monthly basis. Our Marketplace commission consists of a referral fee, which is a percentage of the total sales price of the product and, where applicable, other fees, such as delivery or storage fees collected from sellers. Our marketplace commissions increased to ₽106.4 billion in the year ended December 31, 2022 from ₽44.3 billion and ₽16.5 billion in the years ended December 31, 2021 and 2020, respectively.

The key advantages of the Marketplace model, particularly in the context of products sold under the FBS and Storefront logistics models, are that it allows for the continual expansion of our platform's product catalog without being subject to capacity limitations at our fulfillment centers or, in the case of all our logistics models, the need to invest in working capital or maintain appropriate levels of inventory for each product listed on our platform. Our sellers remain the owners of the products that they list on our platform and are responsible for pricing and managing their inventory and sales, marketing and other activities.

***Direct Sales***

In our Direct Sales business, we purchase and hold inventory for a selection of products in our fulfillment centers to be sold directly to buyers. Through our Direct Sales business, we sell goods from select categories of products, including "bestsellers" or products with high buyer demand and predictable purchase trends. Similar to all products sold through our FBO model, products sold through our Direct Sales business are fulfilled at our fulfillment centers and channeled to the relevant sorting hubs. We have dedicated sales teams that identify and track the demand for products in each product category on our platform. As our platform presents a competitive market for products, the same products may be sold by us on a Direct Sales basis and by our sellers on the Marketplace at the same time.

***Assortment and Pricing Strategy***

We currently offer a wide assortment of products on our platform and intend to continue expanding our catalog to strengthen our position as a one-stop shop for all of our buyers' shopping needs. As of December 31, 2022, we offered approximately 170 million SKUs on our platform. While we do not control the price of the products offered by our sellers through our Marketplace, this pricing data is shared with our sellers to enable them to price their products competitively. Our provision of "price indices" to our sellers, together with the high volume and large variety of products offered on our platform, naturally fosters a competitive environment that ensures that our buyers are able to purchase goods at competitive prices on our platform.

***Delivery***

We offer our buyers a comprehensive selection of delivery options, including delivery by courier, collection from our offline network of pick-up points and parcel lockers and delivery by Russian Post and other third-party delivery service providers. While maintaining a broad range of delivery options and increasing the proportion of buyers served by same-day and next-day deliveries, we have developed an expedited delivery service which delivers orders to buyers within one hour (see Item 4.B "*Information on the Company—Business Overview—Ozon fresh*"). In the year ended December 31, 2022, we delivered approximately 465.4 million orders, an increase from approximately 223.3 million orders in the year ended December 31, 2021, and an increase from approximately 73.9 million orders in the year ended December 31, 2020. Generally, the delivery fee charged to a buyer depends on the delivery method and the shipping destination. We offer our buyers a variety of free delivery options to our OZON-branded pick-up points or parcel lockers. In the year ended December 31, 2022, our revenue from our delivery services increased to ₽6.3 billion from ₽2.8 billion in the same period in 2021, an increase of 129%.

***Ozon fresh***

As of December 31, 2022, Ozon fresh offered a select assortment of SKUs, with delivery to our buyers within one hour of their orders being placed. We are also offering a range of FMCG products, such as coffee, snacks and other foods under our own private label, along with our ready-to-eat meals. Products offered through Ozon fresh are stored and fulfilled in our dark stores and exclusively delivered by couriers. We also leverage our dark store network to offer expedited delivery of a selection of our most frequently purchased products across a variety of product categories offered on our platform.

We launched the first pilot of Ozon fresh in Moscow in 2020 which was met with strong buyer demand. Following our successful launch in Moscow, we launched Ozon fresh in Saint Petersburg, Tver, Krasnodar, Rostov-on-Don, Kazan, Sochi, Volgograd and Naberezhnye Chelny with the goal of making our under-one-hour delivery services available to millions of consumers in these regions.

***Financial Services Offerings***

We have developed a variety of financial services to provide alternative models of engagement with our sellers and buyers and further enhance our monetization opportunities as the Russian e-commerce market evolves. We have Fintech offerings for our users through "business to customer" ("B2C") and "business to business" ("B2B") models, which we believe are not widely offered in the Russian e-commerce market.

Buyers may also benefit from our Fintech offerings, such as OZON.Card (our OZON-branded debit card) and OZON.Installment (our buyer-facing lending option). OZON.Card users enjoy discount prices for a wide range of product mix on our Marketplace. OZON.Installment is our service that allows buyers to purchase products on a deferred basis and pay for them in installments. We believe these offerings will increase buyer loyalty and order frequency. Our B2C Fintech offerings also allow us to reduce our payment processing costs. If a product purchased on our platform is paid for with a debit or credit card, we will have to pay the relevant bank a processing fee to process the payment. This fee is significantly lower or does not arise if the buyer pays for the products through one of our B2C Fintech offerings.

Our B2B offering includes our "Flexible Payment Plan" solution that enables our sellers to make payments according to a payment schedule that suits their individual business needs. We believe that our "Flexible Payment Plan" helps our sellers manage their working capital and increase their sales on our Marketplace. In 2022 we introduced our new "Money Before Sales" offering for sellers working under the FBO model, which allows our sellers to access money even before the merchandise is sold on our platform. The offering covers a select assortment of goods where we see predictable buyer purchasing trend based on our internally developed AI-enabled systems.

A pre-approved list of sellers may opt to be scored by us or our financial partners based on metrics such as their revenue and inventory stored in our fulfillment centers, who may offer loans to these sellers directly on bespoke terms. We believe our B2B Fintech offering is designed to enhance seller retention by providing capital financing opportunities to support the growth of their businesses on our platform. In the year ended December 31, 2022, our financial services revenue was ₽1.1 billion.

***Advertising***

In March 2019, we launched an advertising platform for sellers to promote their products on promotional shelves and advertising banners on our platform. In the year ended December 31, 2022, our advertising revenue increased to ₽26.3 billion from ₽9.3 billion in the year ended December 31, 2021 and from ₽4.0 billion in the year ended December 31, 2020. We aim to grow our advertising revenue and expand our advertising services as this does not require us to incur any incremental variable costs or capital expenditure. We also receive advertising revenue from suppliers of products we sell under our Direct Sales model. Under bespoke arrangements with these suppliers, the relevant suppliers pay the fees for marketing activities, such as television marketing campaigns and promotional offers of their products on our platform.

**Buyer Experience**

***Shopping App and Buyer Website***

We developed our Shopping App and Buyer Website, both of which are accessible through desktop PCs, digital tablets and mobile phones, with a focus on delivering a rewarding and seamless buyer experience. We have teams of IT engineers, designers, data analysts and product managers who are dedicated to enhancing the OZON buyer experience. Our data science and machine learning teams analyze the data we collect to identify trends in our buyers' shopping activities and use these data-powered insights to generate relevant product recommendations to our customers, and thereby improving the shopping experience on our platform.

Once our buyers have selected all the products they intend to purchase and drop them into the buyer's digital "shopping cart," they will proceed to select the delivery method at the checkout page. Buyers can pay for their purchases by debit or credit card, mobile payment and digital wallet services. Buyers may also benefit from our Fintech offerings, such as OZON.Card (our OZON-branded debit card) and OZON.Installment (our buyer-facing lending option).

***Enhancing buyer loyalty***

In April 2019, we launched OZON.Card issued by partner bank, our OZON-branded debit card that offers cardholders a suite of benefits. In July 2022, we relaunched OZON.Card based on MIR payment system issued by our own Bank. Purchases on Ozon marketplace with the OZON.Card provide special discounts on a wide products mix for all cardholders. Transactions outside of marketplace give the cardholder cashback of 1% for all purchases and up to 10% for specific product categories of the value amount.

We believe that these reward programs incentivize holders of OZON.Card to increase the frequency of their purchases for both on-platform and off-platform purchases. In the three months ended December 31, 2022, OZON.Card was the most popular payment method on the Ozon platform.

**Seller Experience**

As one of the leading multi-category e-commerce companies in Russia, with a large and growing buyer base of approximately 35.2 million active buyers as of December 31, 2022, we believe that our platform presents an opportunity for businesses of all sizes and maturities across Russia to achieve greater online commercial success. Both businesses and entrepreneurs can become sellers on our platform, provided that they meet our onboarding criteria. Becoming a seller on our platform is designed to be as straightforward as possible, without compromise on the thoroughness of our security and KYC checks. Once a prospective seller has cleared our KYC checks, the prospective seller's account will be activated and it may start listing its products on our platform. Our engagement with our sellers, subject to our standard terms and conditions of the engagement, is for an indefinite period of time. We may unilaterally suspend a seller's account under certain circumstances, including where the seller's service quality has fallen to a level that we determine warrants such suspension, the seller is in default of its payment obligations to us, the seller's product listings are misleading or inaccurate, the seller infringed the intellectual property rights of a third party or sells counterfeit products.

Sellers across Russia can sell their goods on our platform for as long as they are able to procure the delivery of their products to one of our fulfillment centers (under the FBO model), fulfill and deliver parcels to our sorting hubs while OZON handles last-mile deliveries (under our FBS model) or fulfill and deliver parcels to customers directly (under our Storefront model).

Our OZON.Seller interface with our constantly evolving Seller App has been designed to be user friendly and gives sellers access to a broad set of advanced tools for inventory management, assortment management, product pricing and marketing, including downloadable analytical and financial performance reports on their sales and expenses, such as storage, returns or fulfillment costs. We also offer our sellers a suite of promotional and profit management tools, including the ability to tailor discount packages or marketing campaigns towards specific group of buyers, access to marketing impact analytics and the ability to participate in promotional activities.

**Fulfillment and Logistics Infrastructure**

Ozon logistics infrastructure serves two core functions, fulfillment and delivery for both our Marketplace business and our Direct sales business. The fulfillment process involves the acceptance, storage, consolidation and packaging of ordered products into parcels at our fulfillment centers. We mostly lease fulfillment centers from third-party contractors, who build fulfillment centers to our specifications to suit our business operations and bear the construction costs. We also own several fulfillment centers. Our fulfillment centers are equipped with our proprietary warehouse management system. Our warehouse management system enables the automation of the processes at our fulfillment centers, such as the acceptance, placement, selection, consolidation, sorting and packaging of products, and the tracking of each product during each stage of the fulfillment process. For further information on our fulfillment and logistics infrastructure, please refer to Item 4.D "*Information on the Company—Property, Plants and Equipment.*"

Once the fulfillment process of a product is completed, the parcel is transferred to one of our many sorting hubs located across Russia, which then directs it to the appropriate "last-mile" delivery channel, including our own fleet of delivery vehicles, our network of OZON-branded pick-up points and parcel lockers and delivery by third-party delivery service providers, where appropriate. We believe that our last-mile nationwide and multichannel delivery infrastructure is one of our key competitive advantages and makes shopping on our platform more convenient. We aim to further develop our network of pick-up points through a franchise model that will allow us to expand our delivery infrastructure without the need to purchase or lease real estate for the purpose of housing pick-up points.

**Marketing and Sales**

We have a dedicated marketing team that covers our nationwide advertising and marketing needs across all product categories and channels. Our marketing strategy has four core objectives:

- increase our buyer base and brand awareness;
- maximize user traffic on our platform and organically improve conversion;
- optimize our traffic acquisition costs; and
- increase order frequency and buyer loyalty.

We aim to achieve these objectives through a variety of strategies, including by maximizing our offline visibility by branding the assets and equipment used in our nationwide delivery infrastructure, expanding our product catalog, targeted advertisements to buyers and promoting our OZON Premium membership.

**Technology**

Our IT department is essential to our ability to implement our strategy, improve our operational performance, maintain the scalability, security and flexibility of our platform and strengthen our competitive position in the Russian e-commerce market.

Our IT product development teams are organized by verticals, such as buyer experience, seller experience, fulfillment, logistics and CRM, and are supported by our horizontally organized IT teams that are grouped into specializations, such as development operations and database administration, release engineering, security and incident management. We believe the organization of our IT product development teams optimally facilitates the scaling and maintenance of our core technology platform.

All of our core software, which includes all software necessary for our business to operate in the ordinary course of business and excludes proprietary software such as office software and enterprise resource planning systems or other general purpose software (such as issue-tracking and monitoring, code libraries), are developed in-house by our team of IT engineers.

***Cybersecurity***

We have developed a multi-level cybersecurity framework and a set of cybersecurity policies to protect our IT systems, databases and transactions conducted on our platform. The analytical processes and protection tools implemented to protect data and our IT systems include perimeter protection tools, perimeter scanning, user rights restrictions on workstations, Secure Sockets Layer (SSL) encryption technology, antivirus protection, software update controls, code review and stress and load tests. Our staff undergo our internally developed training program on workplace protection and password policy, rules of safe communication and use of software, incident management and personal data protection. We also regularly screen our IT systems to detect data leakages and security breaches.

We meet industry standards and international best practices in the field of information security and data protection, including compliance with applicable Russian laws, PCI DSS, CBR standards concerning financial transactions of our banking subsidiaries, as well as the standards of third-party technology solutions that we use.

See Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Privacy and Data Protection Regulation*" for more information.

**International Operations**

**Ozon Global**

Since 2019 our cross border business Ozon Global has enabled international sellers to offer goods to our customers. As of December 31, 2022 approximately 16 thousand international sellers from 45 countries, including China, Turkey, India, South Korea, Israel, Thailand, operated on our platform. In 2022 we continued to expand our global operations and launched Ozon Partner Delivery for goods from Turkey and China, and our Marketplace introduced direct sales of popular clothing and footwear brands by merchants through the Ozon Global platform. In October 2022, we established a sales office in Turkey to attract further local sellers, further expand our product assortment and improve delivery time.

***Operations in EEU countries***

We believe that our buyer and seller value propositions will be attractive to consumers and merchants in other EEU countries. Our international expansion allows us to further expand the total addressable market beyond Russia and capture the opportunity in additional underpenetrated e-commerce markets. We launched our operations in Belarus and Kazakhstan in 2021. Our customers in Belarus and Kazakhstan can order products on our platform and collect their parcels from one of numerous "Belpochta" offices (post offices) across Belarus and "Kazpochta" offices (post offices) across Kazakhstan. We also aim to onboard Belarussian and Kazakh merchants to our platform, which will provide Russian consumers an even greater assortment of products while providing Belarussian and Kazakh businesses, from SMEs and large brands, greater access to the Russian consumer market.

**Intellectual Property**

We rely primarily on a combination of trademark, software and domain names regulation in Russia, as well as contract provisions to protect our intellectual property.

"Ozon.ru" is a registered trademark in Russia where it is considered to be a "well-known" trademark with respect to our key services. Ozon.ru is also a registered trademark in the U.S., Israel, Germany, Latvia, Lithuania, Estonia and some former Commonwealth of Independent States ("CIS") countries that are designated contracting parties under the Madrid Agreement Concerning the International Registration of Marks dated April 14, 1891 (the "Madrid Agreement") and the Protocol to the Madrid Agreement dated June 27, 1989 (the "Protocol to the Madrid Agreement"). We have other registered trademarks in Russia, which include "Ozon" and "Ozon Travel."

Our employee contracts contain terms that provide us with rights to all software developed by our employees in the course of their employment with us. We occasionally engage third parties to develop software that is not material to our operations, and, in each case, we seek to engage such third parties under copyright assignment agreements or license agreements, as applicable.

Our domain name "Ozon" is duly registered and has legal protection in Russia.

**Litres**

We hold a 42.27% interest in Litres, the leader in the licensed digital books market in Russia and the CIS countries. We believe that Litres has demonstrated a high level of growth and profitability. In the year ended December 31, 2022, Litres had revenue of ₽7.3 billion, an 8% increase from ₽6.7 billion in the year ended December 31, 2021 and 43% from ₽5.1 billion in the year ended December 31, 2020. Litres had a net income margin (which we define as

Litres' total comprehensive income as a percentage of Litres' revenue) of 10% in the year ended December 31, 2022, compared to 8% in the year ended December 31, 2021 and 5% in the year ended December 31, 2020. Litres has a diversified offering of digital books products. Litres sells digital books and audiobooks through "pay-per-download" sales on the Litres website and mobile apps (that are compatible with both iOS and Android) or through paid subscriptions on its Mybook and "Zvuki slov" websites and mobile apps (that are compatible with both iOS and Android). Litres also serves as a self-publishing platform for authors through its Litres.Selfpub service.

**OZON.Travel**

OZON.Travel is one of the leading online travel agencies in Russia that offers a one-stop platform for flight and railway ticket bookings and hotel reservations for both B2C and B2B clients. OZON.Travel also offers B2B services to small and medium-sized enterprises by providing them a high-quality mobile app, flexible payment options and seamless electronic document reconciliation, reports and transactions. As of December 31, 2022, OZON.Travel was fully integrated with Ozon.ru, the main e-commerce platform business, which enables us to promote OZON.Travel to our large buyer base. In the year ended December 31, 2022, OZON.Travel had revenue of ₽0.7 billion, a 70% increase from ₽0.4 billion in the year ended December 31, 2021.

**Seasonality**

Our business is affected by seasonality, which historically has resulted in higher sales volume during the second half of the year compared to the first half. Higher sales during the second half of the year are mainly attributable to the increased demand for products during the peak New Year season in December, as well as Black Friday sales in November. We believe that our business will continue to demonstrate seasonal patterns in the future. For further information on our quarterly data, please refer to "*Quarterly Data*" and "*Other Factors*" in Item 5. "*Operating and Financial Review and Prospects.*"

**Licenses**

Please refer to Item 5.C. "*Operating and Financial Review and Prospects—Research and Development, Patents and Licenses, etc.*" for description of the licenses currently held by our group companies.

**Regulatory Environment**

***Intellectual Property Regulation***

Our intellectual property rights to trademarks and other types of intellectual property enjoy 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. The software and technologies 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 the provisions of the Civil Code, we are deemed to have acquired exclusive rights to copyright objects created by our employees during the course of their employment with us and within the scope of their job functions.

Under Russian law, the registration of copyright is not required. Software may be registered by a copyright holder, at its discretion, with the Russian Federal Service for Intellectual Property ("Rospatent").

Trademarks, inventions, utility models and industrial designs require mandatory registration with Rospatent 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 (the "Protocol"), have equal legal protection in Russia as trademarks registered locally. Our main brands are registered as trademarks in Russia. We have several Ozon-related brands registered in the U.S., Israel, Germany, Latvia, Lithuania, Estonia and some former CIS countries under the Madrid Agreement and the Protocol to the Madrid Agreement.

The Civil Code generally provides for the legal protection of trademarks registered with Rospatent. In addition, Russia protects trademarks registered under the Madrid Agreement and the Protocol, if international registration of such trademarks extends to Russia.

Registration of a trademark in Russia by Rospatent is valid for 10 years after the filing (extendable for additional 10 year rolling terms). The same term applies to international registration under the Madrid Agreement. Registration only protects the classes of goods or services subject of the registration. In the absence of registration, the trademark is not protected against unauthorized use by a third party.

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, including broader coverage (i.e. an exclusive right of the trademark owner to use it with classes of goods for which the trademark was not registered, provided 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 its legitimate interests) and an unlimited registration period. One of our trademarks is registered as a well-known trademark in Russia.

We note, however, that the Russian legal system is still evolving and courts do not have a reputation for protecting intellectual property rights as vigorously as jurisdictions such as the United States. As a result, we may face a higher risk of intellectual property infringement compared to companies operating in certain other jurisdictions. See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—If we fail to adequately protect our intellectual property rights, our business, prospects, financial condition and results of operations could be adversely affected.*"

***Advertising Regulation***

We advertise our product offerings to our buyers and also offer advertising services to our sellers and third parties. Advertising is a highly regulated activity in Russia, principally by the Law on Advertising dated March 13, 2006 (as amended, the "Advertising Law").

The Advertising Law prohibits various types of advertisements (including, among others, those which may induce criminal, violent or cruel behavior, those which use pornographic or indecent materials and those which are misleading), as well as advertisements for certain regulated products and services without appropriate certification, licensing or approval. Advertisements for products such as alcohol, 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.

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 Advertising Law, as well as the Competition Law, restrict unfair competition in terms of information flow such as the dissemination of false, inaccurate, or distorted information, misrepresentation with respect to the nature, method, and place of manufacture, consumer characteristics, quality and quantity of a product or incorrect comparison of one product with those sold or manufactured by others.

Pursuant to the Advertising Law, any email advertising is subject to preliminary consent of a recipient. The Advertising Law does not specifically regulate display advertising, such as pop-up ads appearing on third-party websites, which may potentially be qualified as "telecom" advertising, being subject to a recipient's consent pursuant to the Advertising Law.

Violation of the Advertising Law can lead to civil actions or administrative penalties imposed by the FAS.

The application of the Advertising Law and related legislation to parties that merely facilitate or distribute advertisements (as opposed to marketing or selling the relevant product or service) can be unclear. Pursuant to our terms of service, we require that our advertisers have all required licenses or authorizations. If they do not comply with these requirements, and the Advertising Law is interpreted to apply to us in these circumstances, or if our advertising serving system fail to include the necessary disclaimers, we may be exposed to administrative fines or other sanctions.

In 2021, amendments that require major internet and e-commerce companies, including ourselves, to allocate 5% of website advertising capacities to social advertisements were adopted. Further amendments are expected regarding the share of website commercial capacities (not only advertising) allocated to social advertisements.

Since September 2022, advertisers, advertising distributors and advertising system operators, including ourselves, are required to submit information about advertisements to the Unified Online Advertising Register, maintained by Roskomnadzor. Currently no special liability provisions have been introduced in the Code on Administrative Offences in connection with these new requirements, however we expect that further amendments will be adopted soon. See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Russia—We may be subject to existing or new advertising legislation that could restrict the types of advertisements we serve, which could result in a loss of advertising revenue.*"

***Privacy and Data Protection Regulation***

As we collect, store and otherwise handle personal data of our buyers, sellers and employees, we are subject to laws and regulations regarding privacy and protection of the user data, including the Personal Data Law. The Personal Data Law, among other things, requires that any processing of personal data of an individual (including collection, recording, systematization, accumulation, storage, use, transfer, blocking, deleting and destroying) is generally subject to such individual's preliminary consent (which must, from an evidential perspective, sufficiently attest to the fact that it has been obtained but, in most cases, not necessarily be in writing). However, in a number of cases the consent must be in writing (and signed by holographic or electronic signature), including for special sensitive categories of personal data and biometric personal data and the reporting or transferring of an employee's personal data to a third party.

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 individual. Failure to comply with legislation on personal data protection may lead to civil, disciplinary, administrative and criminal liability, and an obligation to terminate or procure the termination of any wrongful processing of personal data.

The Personal Data Law requires personal data operators to conduct certain types of personal data processing ("restricted processing actions", including recording, systematization, accumulation, storage, clarification (updating, modification), extraction or downloading) with respect to Russian citizens exclusively with the use of Russian databases. According to Roskomnadzor guidance, the parallel input of gathered personal data into a Russian information system and a foreign-based system is prohibited. These data may be transferred to a foreign-based system by way of cross-border transfer from a Russian-based system only. Failure to comply with data processing requirements, including the localization requirement, may result in a court decision blocking our website and our inclusion in a special register for infringers of personal data processing requirements, as well as imposition of an administrative fine.

We are required to comply with Russian legislation on information security and data protection, including the Law on Information, Information Technologies and Information Protection dated July 27, 2006 (as amended), the Law on Trade Secrets dated July 29, 2004 (as amended), and applicable CBR regulations concerning financial transactions of our banking subsidiaries.

The Russian legal framework governing data protection continues to develop, and therefore, there may be uncertainties as to the application or interpretation of these laws. See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Russia—The ongoing development of the Russian legal system and Russian legislation, including the legal framework governing e-commerce, data protection and related internet services, creates an uncertain environment for investment, business activity and our operations*."

***Antimonopoly Regulation***

Our Russian subsidiaries are subject to Russian antimonopoly regulation. Also, the Competition Law has extraterritorial application to transactions and actions which are performed outside of Russia but lead, or may lead, to the restriction of competition in Russia. 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 activities of market players that occupy dominant positions, prosecution of any wrongful abuse of a dominant position, prevention of cartels and other anti-competitive agreements or practices and counteracting unfair competition. The regulator may impose significant administrative fines on market players that abuse their dominant position or otherwise restrict competition, and is entitled to challenge contracts, agreements or transactions that violate or may violate competition. 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 the new entities established as result of such a mandatory reorganization cannot form a group of companies.

We currently consider that we do not occupy a dominant position in any of the commodity markets. At the same time, we cannot rule out that the FAS could view the product boundaries of a commodity market differently.

In February 2022, the FAS and leading Russian IT, internet and e-commerce companies, including ourselves, signed guidance introduced by the FAS on the basic principles of interaction between participants of digital markets, which provides for, among other things, reasonable transparency of digital platforms, neutrality towards other market participants, including competitors, and safeguards for the platform users' rights.

***Consumer Protection and Commerce Regulation***

As the majority of our buyers are individuals, we are subject to Russian laws and regulations regarding consumer protection and trade regulation, including:

- Law on Essentials of State Regulation of Commerce in the Russian Federation dated December 28, 2009 (as amended) which establishes the general legal framework for regulation of wholesale and retail activities carried out in Russia. Among other matters, it contains antimonopoly provisions and regulation of supply contracts with respect to food products, introduces a system of trade registers and requires the application of identification marks (the so-called "Fair Mark") to certain product categories for the purposes of product monitoring and counterfeit combat.
- Law on Technical Regulation dated December 27, 2002 (as amended) which establishes a general legal framework for the application of product requirements and the assessment of product conformity. There are also particular technical regulations that provide for detailed requirements in respect of product categories.
- Sanitary and Epidemiological Rules and Regulations approved by the Russian Chief Sanitary Officer which establish requirements regarding supporting documents, raw materials and components to be used in baby food products, as well as package and chemical compound requirements.
- Law on Quality and Safety of Food Products dated January 2, 2000 (as amended) which establishes a general framework for ensuring the quality and safety of food products, including requirements regarding their packaging, storage, transportation, sale and disposal.
- Law on Protection of Consumer Rights dated February 7, 1992 (as amended) which establishes a general legal framework for regulation of the relationship between sellers, manufacturers and service providers, on the one hand, and buyers, on the other hand, in the course of the sale of goods, performance of works or rendering of services. It prohibits contractual terms limiting consumer rights and contains certain minimum standards as well as information rights for consumers.
- Regulation of the Russian Government dated December 31, 2020, approving, among others, rules of the distant retail sale of products, which establishes a general framework between sellers and buyers in respect of distant sale of products. Among other matters, this provides for conditions of entering into contract of distant sale, specific rights of buyers, such as rejection and return of certain products, as well as certain minimum standards.

If we expand the categories of products we are offering (for example, alcoholic beverages), we will need to follow the effective rules of the sale of such products.

On May 16, 2020, the Russian Government adopted the procedure for the issuance of permits on distant sale of pharmaceuticals. In order to be eligible for such a permit from Roszdravnadzor, a company must have had a pharmaceutical license for at least one year; places for the storage of orders meeting certain requirements; a website or mobile app; its own or third-party courier service with cold chain capabilities; and an electronic or mobile payment system to pay for goods at the place of service.

We hold a license for pharmaceutical activities for medical use, permit for online sale of medicines and license for pharmaceutical activities for veterinary use.

***Regulation of the Sale and Lease of Real Estate***

The majority of the premises we use are leased (for example, the office of our key operating subsidiary, Internet Solutions LLC, and most of our fulfillment centers). From time to time, we may also manage real estate in accordance with our asset-light strategy. Under the Civil Code, agreements relating to sale or lease of real estate must expressly set out the details of the real estate and the purchase price or lease rate. Registration is required for real estate transfer agreements and lease agreements (other than short-term leases for less than one year). Subject to certain requirements, unregistered lease agreements are binding on the parties, but not against third parties. As a general rule, the tenant has a pre-emptive right to renew a lease upon its expiry on the terms and conditions to be agreed by the parties. Lease agreements may only be unilaterally terminated in limited prescribed situations (through a court procedure) or pursuant to the lease terms.

***Employment Regulation***

We have employees working in our fulfillment centers, delivery infrastructure operations and research labs and corporate offices. Employment matters in Russia are governed mainly by the Labor Code and numerous implementing enactments, which are enforced by the Russian courts and the Federal Service on Labor and Employment. The Labor Code sets out minimum rights of employees and requires a written employment agreement to be in place that must, as a general rule, be for an indefinite term. Unilateral early termination of employment agreements by an employer is possible only for certain grounds and subject to specified remedies for the employee, except in the case of termination for cause.

In 2018, the law on the special tax regime for the "self-employed" was adopted in several constituent entities of Russia (and extended to all of Russia from July 1, 2020). For the purposes of this law, a self-employed person is an individual conducting income-generating activities while not having an employer, not engaging employees and not benefiting from property income. The income tax rate for the self-employed varies from 4% to 6%, as opposed to the standard 13% applicable income tax rate.

One of our key Russian operating subsidiaries contracts with some individuals who are registered as self-employed and individual entrepreneurs (for example, couriers that help with our fulfillment and logistics). As such, based on current legislation, we do not consider these individuals to be members of our staff, and we are not obliged to pay or withhold any taxes or social contributions when making payments to them. See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Our Business or Industry—Our business may be adversely affected if counterparties that we contract with who are registered as individual entrepreneurs or self-employed persons, which includes couriers, are classified as our employees.*"

***Customs Regulation***

The Eurasian Economic Commission has the authority to establish customs duties. Personal use products sent to Russia through international mail or delivered by carriers are free from these duties if their price does not exceed a specified threshold. Since 2019, this threshold has fluctuated from €200 to €1,000 per mailing pack. Since 1 April 2023, the current threshold has been €200 per mailing pack weighting below 31 kg. See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—An increase in the share of international e-commerce companies in the Russian market or changes in measures aimed at restricting international e-commerce may adversely affect our business and results of operations.*"

***Banking Regulation***

Ozon Bank (ex-Ecom Bank), our subsidiary, operates as credit organization in Russia and is therefore subject to various banking laws and regulations. The Russian Law "On Banks and Banking Activities" dated December 2, 1990 (as amended, the "Banking Law") is the principal law regulating the Russian banking sector. Among other things, it establishes the framework for the registration and licensing of credit organizations and the regulation of banking activity by the CBR.

From 2017, the Banking Law divides Russian banks into two groups: banks with a general license and banks with a basic license. A bank with a basic license may not perform certain kinds of banking operations with foreign persons, such as placement of funds deposited with it by individuals and legal entities on its behalf and for its own account, depositing and placement of precious metals, issuance of bank guarantees or acting as a surety, leasing operations, acquisition of claims against foreign persons, as well as opening of a correspondent account with a foreign bank, save for the purposes of participating in foreign payment systems.

In April 2023, Ozon Bank and Ecom Bank completed a reorganization by way of accession of Ozon Bank to Ecom Bank. Ozon Bank was a holder of a basic banking license. Ecom Bank, the surviving entity in the reorganization, was renamed Ozon Bank and is a holder of a general banking license. The basic banking license was annulled by the CBR.

*Licensing*

A license must be obtained from the CBR to engage in banking activities as defined in the Banking Law. Applicants must be incorporated within Russia and registered with the CBR as a credit organization, and submit, among other things, a feasibility report and detailed information on the suitability of the applicant's management team.

The CBR must revoke a bank's license if, among other things:

- its capital adequacy ratio falls below 2%;
- its regulatory capital is less than its minimal charter capital as set by the CBR;
- the bank fails to adjust its charter capital to its regulatory capital according to CBR requirements within 45 days of CBR notification;
- the bank fails to satisfy the claims of its creditors or make mandatory payments (for example, taxes and duties) amounting to an aggregate minimum of ₽100 thousand within 14 days of such amounts falling due; or
- the amount of the bank's regulatory capital is less than a certain statutory threshold during a certain defined period of time.

The CBR may also revoke a bank's license on other grounds, including for failure to provide accurate information or engaging in activities which do not comply with Russian banking, insider trading or anti-money laundering regulations.

*Charter Capital Requirements*

Under the Banking Law:

- the minimum charter capital for newly-established banks in Russia holding general license is ₽1 billion; and
- the minimum regulatory capital for banks holding general license is ₽1 billion.

Ozon Bank (ex-Ecom Bank) is compliant with the above capital requirements.

*Reporting Requirements*

Russian banks must regularly submit balance sheets to the CBR, together with financial statements showing their actual respective financial positions. They must also inform the CBR in respect of providing large loans, guarantees and sureties (exceeding 5% of a bank's capital in respect of a single client). The CBR may at any time carry out full or selective checks of a bank's submissions and may inspect all books and records of the bank. In addition, annual audits must be carried out by an audit company that is a member of a self-regulatory organization of auditors. All credit organizations in Russia are required to prepare financial statements according to Russian Accounting Standards, while credit institutions holding a general license are also required to prepare financial statements according to IFRS. Banks must also regularly file reports on their activities with the CBR in the prescribed form.

*Mandatory Reserve Deposit Requirements*

To cover loan losses and currency, interest and financial risks, the CBR requires banks to form mandatory reserve deposits and keep them in designated non-interest-bearing accounts with the CBR or to maintain an average amount of mandatory reserves on the banks' correspondent accounts with the CBR.

From April 1, 2023, mandatory reserves applicable to credit organizations holding general banking license are:

- 4% in respect of each of the following categories of obligations in rubles: (i) obligations to foreign legal entities, (ii) obligations to individuals and (iii) other types of obligations;
- 7.5% in respect of each of the following categories of obligations in foreign currency of "hostile" states (including USD): (i) obligations to foreign legal entities, (ii) obligations to individuals and (iii) other types of obligations; and
- 5.5% in respect of each of the following categories of obligations in foreign currency of "non-hostile" states: (i) obligations to foreign legal entities, (ii) obligations to individuals and (iii) other types of obligations.

The CBR and its regional units have the right to conduct unscheduled audits of credit organizations to monitor their compliance with the reserve rules, with fines and direct debits applicable for contraventions.

***Capital Control and Protection Measures Related to the Geopolitical Crisis Surrounding Ukraine***

In response to the sanctions imposed on Russia and Russian persons by a number of countries in connection with the geopolitical crisis surrounding Ukraine, Russia identified various states, including the United States, all European Union member states and the United Kingdom (including the British Crown Dependencies and British Overseas Territories), as "hostile" and introduced a number of economic measures in connection with their actions, as well as economic measures aimed at ensuring financial stability in Russia.

In response, various decrees have been introduced in Russia, including, among others:

- Decree No. 79 of the Russian President dated February 28, 2022 which introduced a mandatory sale of foreign currency proceeds by Russian residents participating in foreign economic activity within the amounts determined by the Russian Government Commission for the Control of Foreign Investments (the "Government Commission") (currently set at 0%) and within the time periods determined by the CBR. This decree also banned foreign currency loans to non-Russian residents and certain foreign currency transfers abroad without a permit.

- Decree No. 81 of the Russian President dated March 1, 2022 which established the Government Commission's approval regime for transactions between persons from "hostile" states and Russian residents (and Russian entities controlled by persons from "hostile" states, for example Ozon) with respect to securities and real estate.
- Decree No. 95 of the Russian President dated March 5, 2022 which established a special procedure for the servicing and repayment of debt exceeding ₽10 million per month to foreign creditors from "hostile" states (including a requirement to use a special ruble type "C" account materially restricting operations from such account), unless a permit from the CBR or the Russian Ministry of Finance is granted.
- Decree No. 126 of the Russian President dated March 18, 2022 which requires Russian residents to obtain a permit from the CBR for certain types of capital injections to non-Russian residents, subject to certain exceptions, including for capital contributions in rubles or currencies of "non-hostile" states or in the amounts not exceeding ₽15 million in currencies of "hostile" states. This decree also established limitations on the amount of prepayments and advance payments made by Russian residents to non-Russian residents under certain types of contracts as set out by the CBR (currently set at 0%).
- Decree No. 254 of the Russian President dated May 4, 2022 which imposed restrictions on distribution of profits by Russian limited liability companies to persons from "hostile" states.
- Decree No. 520 of the Russian President dated August 5, 2022 which set out further prohibitions and restrictions on transactions which directly or indirectly affect control over credit institutions included on the list (both Ozon Bank and Ecom Bank are included on this list).
- Decree No. 618 of the Russian President dated September 8, 2022 which introduced restrictions on investors' ability to restructure holdings in or exit Russian limited liability companies.
- Decree No. 737 of the Russian President dated October 15, 2022 which introduced additional restrictions on transactions with share capital of Russian credit institutions with persons from "hostile" states.

See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" for more detail.

***Operations in other jurisdictions***

In addition to Russia, we have operations in other jurisdictions (including Kazakhstan and Belarus) which we do not consider material in the context of our Group and business. These operations are subject to the laws and regulations applicable in such jurisdictions. To the extent we expand into new jurisdictions, we will also be subject to the laws and regulations applicable in those new jurisdictions.

## C. Organizational Structure

We are an entity incorporated in Cyprus and are acting as a holding company for all of our operating subsidiaries. On October 22, 2020, Ozon Holdings Limited was converted from a private limited liability company incorporated in Cyprus into a public limited company incorporated in Cyprus, and our name changed pursuant to a special resolution at a general meeting of our shareholders to Ozon Holdings PLC. Our key operating subsidiary is Internet Solutions LLC, registered in Russia and wholly-owned by the Group.

### D. Property, Plants and Equipment

We lease and operate a network of fulfillment centers with a total building footprint of approximately 712,000 square meters. Our fulfillment centers are located in Moscow, Tver, Saint Petersburg, Kaliningrad, Kazan, Yekaterinburg, Rostov-on-Don, Novosibirsk, Voronezh, Novorossiysk, Nizhniy Novgorod, Chapayevsk and Khabarovsk. We also have fulfillment centers in Kazakhstan and Belarus.

We own the warehouse equipment used in our leased fulfillment centers, such as mezzanines, sorting machines and conveyor lines. We also own the computer equipment and hardware that we use in our warehouses, used to automate fulfillment and sorting processes, as well as the computer equipment and hardware in our call centers and offices.

All our offices, including our principal executive office of our key operating subsidiary, Internet Solutions LLC, located at 10 Presnenskaya Embankment, "Naberezhnaya Tower" Tower C, 123112, Moscow, Russia, are leased.

## Item 4A. Unresolved Staff Comments

None.

## Item 5. Operating and Financial Review and Prospects

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled Item 3.A. "Key Information—Selected Financial Data," and our consolidated financial statements and the related notes included elsewhere in this Annual Report. This discussion contains forward-looking statements and is affected by numerous risks and uncertainties, including those described in Item 3.D. "Key Information—Risk Factors" of this Annual Report. Actual results could differ materially from those contained in any forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements" for more information.*

### A. Operating Results

#### Overview

We are a leading e-commerce platform in the large, fragmented, underpenetrated and growing Russian e-commerce market, according to INFOLine. We connect and facilitate transactions between buyers and sellers on our Marketplace, where the respective GMV represented 76% of our GMV incl. services and the respective commissions represented 38% of our total revenue in the year ended December 31, 2022. We also sell products directly to our buyers through our Direct Sales business, which represented 19% of our GMV incl. services and 49% of our total revenue in the year ended December 31, 2022. We have approximately 170 million SKUs, as of December 31, 2022, spanning multiple categories, including electronics, home and decor, children's goods, FMCG, fresh food and car parts, at competitive prices and with a wide range of delivery options.

In the year ended December 31, 2022, our platform served approximately 35.2 million active buyers who placed an average of 13.2 orders per buyer during that year, an increase from approximately 25.6 million active buyers who placed an average of 8.7 orders per buyer in the year ended December 31, 2021. For the year ended December 31, 2022, our GMV incl. services increased by 86% to ₽832.2 billion from ₽448.3 billion in the year ended December 31, 2021, and for the year ended December 31, 2021, our GMV incl. services increased by approximately 127% to ₽448.3 billion from ₽197.4 billion in the year ended December 31, 2020.

Due to the significant expenses required to finance our growth as well as, for the year ended December 31, 2022, one-off expenses related to the convertible bonds and a fire incident, we incurred a loss of ₽58.2 billion, ₽56.8 billion and ₽22.3 billion in the years ended December 31, 2022, 2021 and 2020, respectively. See Item 5.A "*Operating and Financial Review and Prospectus—Operating Results—Comparison of the Results of Operations for the Years Ended December 31, 2022, December 31, 2021 and December 31, 2020—Loss on convertible bonds* and *Operations – Loss related to the fire incident*".

Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis relating to Ukraine, as well as further regulatory measures taken by the Russian Government in response, have had a significant, and in many cases, unprecedented, impact on companies operating in Russia. These actions have impacted our business and may continue to do so going forward. For more details, see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis relating to Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*."

**Factors Affecting Our Financial Condition and Results of Operations**

Our financial condition and results of operations are driven by our success in attracting and retaining buyers to our platform and increasing the frequency of the purchases they make, onboarding sellers to enlarge assortment, as well as our ability to enhance the efficiency of our operations as we continue to grow. In 2020 and 2021, our results of operations were affected by the COVID-19 pandemic and related response measures, while in 2022 our operations were affected by the ongoing geopolitical crisis relating to Ukraine. For more details, see Item 3.D *"Key Information—Risk Factors—Risks Relating to Our Business and Industry— Our business may be materially adversely affected by the COVID-19 pandemic"* and "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis relating to Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*."

***Number of our buyers and sellers and the product assortment offered on our platform***

The combination of our wide selection of products, competitive prices and convenient buyer shopping experience, coupled with our strong brand awareness and seller support tools and services, enable us to attract more buyers to our platform, which, in turn, draws more sellers to our Marketplace, resulting in an expansion of our product catalog and increased buyer retention. We have seen significant increases in the number of active buyers on our platform in recent periods. As of December 31, 2022, we had 35.2 million active buyers, compared to 25.6 million and 13.8 million active buyers as of December 31, 2021 and 2020, respectively. We have grown significantly faster than the Russian e-commerce market, with our GMV incl. services increasing by 86% to ₽832.2 billion for the year ended December 31, 2022, from ₽448.3 billion for the year ended December 31, 2021.

We actively focus on increasing the range of features we offer to sellers to enhance the attractiveness of our Marketplace to our current and potential sellers. We have developed a number of initiatives, including the OZON.Seller platform and our Seller App, which give our sellers access to a broad set of advanced tools for stock management, assortment management, product pricing and marketing, including analytical and financial performance reports on their sales and expenses such as storage, returns or fulfillment expenses, as well as a suite of promotional and profit management tools.

In addition to our Marketplace, we also operate our Direct Sales business, where we purchase products to be sold directly to our buyers. The successful operation of our Direct Sales business depends on a number of factors, including our ability to increase the range of products sold by us directly, achieve competitive prices for such products and ensure the necessary amount of stock in our fulfillment centers for the timely delivery of products to our buyers. See Item 3.D *"Key Information—Risk Factors—Risks Relating to Our Business and Industry—We may have difficulties with sourcing the products we sell through our Direct Sales business.*"

In any particular period, changes in the volume and share of products sold through our Marketplace or our Direct Sales business will impact our revenue and cost of sales as sales through our Marketplace generate higher gross margins.

***Loyalty and engagement of our buyers***

Our financial results have benefited from greater retention and higher order frequency in recent years. Annual frequency of orders in 2022 reached 13.2, marking significant step up from 8.7 and 5.4 in 2021 and 2020 respectively. We attribute this increase to continuous enhancements in shopping experience, convenient and fast delivery, wide assortment of goods at attractive prices. We plan to continue developing our core business and adjacent verticals to improve buyer loyalty and engagement, including our Fintech solutions, Ozon fresh and OZON Premium offerings.

***Efficiency of our fulfillment and delivery operations***

We have built a comprehensive logistics and e-commerce fulfillment and delivery infrastructure, which we believe is one of the leading infrastructures in Russia. Our logistics and fulfillment infrastructure is structured to maximize the efficiency we achieve in fulfillment and delivery activities. We generate revenue from our fulfillment activities mainly through Marketplace commissions collected from our sellers as well as delivery charges to our buyers. We incur fulfillment expenses primarily from our network of fulfillment centers, where we store products sold by us directly and provide storage services to our sellers using the FBO model. Delivery expenses are incurred for our delivery platform which integrates our sorting centers and third party delivery channels (couriers, pick-up points and parcel lockers) into a delivery network.

Our fulfillment and delivery expenses are highly dependent on a number of factors, such as volume of orders and level of utilization for fulfillment and sorting centers, as well as for the delivery network, density of orders, delivery distance and method. Our business already started gaining efficiency and improvement in fulfillment and delivery expenses as a percentage of GMV incl. services in fulfillment infrastructure in 2022, compared to 2021 and 2020 levels as a result of normalization of operating costs at our newly launched fulfillment centers as they reach normalized levels of utilization. We also expect to see improvement in the efficiency of the delivery network following the establishment of our new fulfillment centers in a number of Russian regions to decrease the delivery distance, future growth in density of courier orders and growth in utilization pick-up points and parcel lockers over the long term.

***Our ability to leverage our growing scale***

We have continued to scale our business, which has positively impacted our margins. While we expect our operating expenses to increase as we continue to expand our business, we expect such expenses to decrease as a percentage of GMV incl. services and revenue over time as we benefit from economies of scale and operating leverage.

***Other Factors***

Our business is affected by seasonality, which historically has resulted in higher sales volume during the second half of the year compared to the first half. Higher sales during the second half of the year are mainly attributable to the increased demand for products during the peak New Year season in December, as well as Singles Day and Black Friday sales in November. We recognized 56%, 60% and 58% of our annual revenue during the second half of 2022, 2021 and 2020, respectively. We believe that our business will continue to demonstrate seasonal patterns in the future. For further information on our quarterly data, please refer to Item 5. "*Operating and Financial Review and Prospects—Quarterly Data*."

Our business is also affected by macroeconomic conditions and the political environment in Russia, where our buyers and sellers are primarily located. For example, during 2020 and 2021, our results of operations were affected by the COVID-19 pandemic and related response measures. See Item 3.D *"Key Information—Risk Factors—Risks Relating to Our Business and Industry—Our business may be adversely affected by the COVID-19 pandemic".* Currently, the purchase capabilities of our buyers may be significantly influenced by political and economic developments in Russia and the effects of these factors on demand for products and services. The imposed sanctions in response to the ongoing geopolitical crisis relating to Ukraine and their impact on the Russian economy, alongside the associated inflationary pressures, may also have a significant impact on our ability to achieve profitability or our other financial objectives in the timeline we anticipate. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis relating to Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value of, and trading market for, our ADSs*."

**Segments**

For management purposes, our business is organized into business units, including Ozon.ru (our core e-commerce business, which is comprised of sales of multi-category consumer products through our Buyer Website and Shopping App) and other initiatives and verticals. These business units are managed separately and the results of their operations are reviewed by the chief operating decision maker on a regular basis, including for the purpose of allocating resources between the business units.

Ozon.ru represented over 99% of our revenue for each of the years ended December 31, 2022, 2021 and 2020. As Ozon.ru reflects the consolidated view of all operating segments, we present Ozon.ru as our only reportable segment.

**Key Indicators of Financial and Operating Performance**

We regularly review a number of metrics, including the following key financial and operating metrics, to evaluate our business, measure our performance and liquidity, identify trends in our business, prepare financial projections and make strategic decisions. We believe these IFRS and non-IFRS financial measures and operating measures are useful in evaluating our performance. We have not provided a discussion in this Annual Report of certain non-IFRS financial measures that we have disclosed in the past, including contribution margin and free cash flow, because we believe that the most directly comparable IFRS financial measures are sufficiently useful for evaluating our results of operations and liquidity.

| | For the year ended December 31, | | |
|---|---|---|---|
| **(₽ in millions, except as indicated)** | **2022** | **2021** | **2020** |
| GMV incl. services[1] | 832,240 | 448,260 | 197,414 |
| Share of Marketplace GMV, %[2] | 76.2 | 64.8 | 47.8 |
| Total revenue | 277,115 | 178,215 | 104,350 |
| Net cash (used in)/ generated from operating activities | (18,753) | (13,626) | 6,570 |
| Loss for the year | (58,187) | (56,779) | (22,264) |
| Loss for the year as a percentage of GMV incl. services, % | (7.0) | (12.7) | (11.3) |
| Adjusted EBITDA[4] | (3,215) | (41,156) | (11,716) |
| Adjusted EBITDA as a percentage of GMV incl. services, % | (0.4) | (9.2) | (5.9) |
| Number of orders, million[5] | 465.4 | 223.3 | 73.9 |
| Number of active buyers, million[6] | 35.2 | 25.6 | 13.8 |

(1) *GMV incl. services (gross merchandise value including revenue from services)* comprises the total value of orders processed through our platform, as well as revenue from services to our buyers, sellers and other customers, such as delivery, advertising and other services. GMV incl. services is inclusive of value added taxes, net of discounts, returns and cancellations. GMV incl. services does not represent revenue earned by us. GMV incl. services does not include travel ticketing and hotel booking commissions, other related service revenues or value of the respective orders processed.

(2) *Share of Marketplace GMV* represents the total value of orders processed through our Marketplace, inclusive of value added taxes, net of discounts, returns and cancellations, divided by GMV incl. services in a given period. Share of Marketplace GMV includes only the value of goods processed through our platform and does not include services revenue.

(3) *Adjusted EBITDA* is a non-IFRS financial measure that we calculate as loss for the period before income tax benefit/(expense), total non-operating income/(expense), depreciation and amortization, share-based compensation expense and losses related to the fire incident. Adjusted EBITDA is disclosed here and elsewhere in this Annual Report to provide investors with additional information regarding our results of operations.

Adjusted EBITDA is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We have included Adjusted EBITDA in this Annual Report because it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses, non-operating income/(expense), and material non-recurring items. Accordingly, we believe that Adjusted EBITDA provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

We believe it is useful to exclude non-cash charges, such as depreciation and amortization and share-based compensation expense, from our Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. We believe it is useful to exclude income tax benefit/(expense) and total non-operating income/(expense) as these items are not components of our core business operations. We believe it is useful to exclude losses related to the fire incident as these losses relate to a material non-recurring event, which is not indicative of our performance in future. Adjusted EBITDA has limitations as a financial measure, and you should not consider it in isolation or as a substitute for loss for the period as a profit measure or other analysis of our results as reported under IFRS. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- adjusted EBITDA does not reflect share-based compensation, which has been, and will continue to be for the foreseeable future, a recurring expense in our business and an important part of our compensation strategy;
- although share-based compensation expenses are non-cash charges, we cannot assure that we will not perform a buy-back or other similar transaction which leads to a cash outflow;
- although losses related to the fire incident are resulted from a material non-recurring event, there is no assurance that such or similar losses will not recur in the future; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, operating loss, loss for the period and our other IFRS results.

The following table presents a reconciliation of loss for the period to Adjusted EBITDA for each of the periods indicated:

| | For the year ended December 31, | | |
|---|---|---|---|
| **(₽ in millions)** | **2022** | **2021** | **2020** |
| Loss for the year | (58,187) | (56,779) | (22,264) |
| Income tax expense | 1,025 | 2 | 230 |
| Total non-operating expense/(income) | 13,013 | (2,079) | 4,711 |
| Depreciation and amortization | 19,770 | 9,880 | 4,963 |
| Share-based compensation expense | 10,999 | 7,820 | 644 |
| Losses related to the fire incident | 10,165 | — | — |
| **Adjusted EBITDA** | **(3,215)** | **(41,156)** | **(11,716)** |

(4) *Number of orders* is the total number of orders delivered in a given period, net of returns and cancellations.

(5) *Number of active buyers* is the number of unique buyers who placed an order on our platform within the 12-month period preceding the relevant date, net of returns and cancellations.

**Components of Our Results of Operations**

***GMV incl. services***

GMV incl. services (gross merchandise value including revenue from services) is the key driver of our revenue, as the majority of our revenue is a function of our GMV incl. services. Our primary sources of revenue are sales of goods under our Direct Sales model and Marketplace commissions from the sale of goods by sellers on our Marketplace. From time to time, the mix of products sold through our Direct Sales and Marketplace businesses may

change. These changes may impact our revenue, as we recognize gross sales of goods net of returns and cancellations as revenue for our Direct Sales business and Marketplace commissions as revenue for Marketplace sales. Accordingly, we do not measure the volume of our operations on the basis of revenue but rather on the basis of our GMV incl. services, which also includes revenues from services rendered to our sellers and buyers, such as advertising and delivery services processed through our platform. Revenues from these services correlate with the volume of goods sold on our platform.

***Revenue***

*Sales of goods* relate to transactions where we act directly as the seller of goods we purchase from our suppliers (namely, through our Direct Sales business model). We recognize revenue from sales of goods on a gross basis, net of return and cancellation allowances, when the goods are delivered to our buyers.

*Service revenue* includes Marketplace commissions, charges for delivery services and advertising services, financial services revenue, and travel commissions.

*Marketplace commissions* represent net commission fees charged to third-party sellers for selling their products through our Marketplace. Upon a sale, we charge the third-party sellers a commission fee, which consists of a base fee and variable fee component. The base fee component of the commission fee is charged based on the product category for the relevant product. The variable fee component of the commission fee is paid by the sellers based on the additional services rendered to the sellers, such as storage fees for products stored at our fulfillment centers and delivery fees. Marketplace commissions are recognized at the point of delivery of products to the buyers.

*Delivery services* represent charges for the delivery of products to our buyers who place their orders through our mobile apps and website, as well as other customers who benefit from our delivery services.

*Advertising services* allow our sellers and other customers to place advertisements or display their products in particular areas of our websites and mobile apps at fixed or variable fees. Advertising revenue is recognized evenly over the period in which the advertisement is displayed or based on the number of views or clicks.

*Financial services* revenue primarily relates to interest income on financial assets of our banking and microcredit entities as well as banking commissions. Interest income is recognized on an accrual basis using the effective interest rate method. Banking commission revenue is recognized as the related transaction occurs.

*Travel commissions* consist of commission fees and ticketing fees charged from the travel supplier and/or traveler for the sale of airline and railway tickets and hotel bookings, as applicable. Travel commission fees are recognized upon completion of the respective booking.

***Operating Expenses***

Our primary categories of operating expenses are cost of sales and fulfillment and delivery expenses, as well as sales and marketing, technology and content and general and administrative expenses. As our business continues to grow, we expect our operating expenses to increase in absolute terms but decrease over time as a percentage of GMV incl. services as we continue to benefit from our operating leverage.

*Cost of sales* consists of the purchase price of consumer products, supplier rebates and subsidies, write-downs and losses of inventories, cost of travel ticketing, the costs of obtaining and supporting contracts with sellers on our Marketplace, and cost of financial service revenues, which primarily consist of interest payable on external financing attracted to finance the loan portfolios.

*Fulfillment and delivery expenses* consist of outbound shipping costs, packaging material costs, costs incurred in operating our fulfillment centers, sorting centers, customer service centers, pick-up points, expenses related to payment processing, costs associated with the use by these functions of facilities and equipment, such as depreciation expenses, as well as write-offs and losses of sellers' inventory and other related costs. Fulfillment and delivery expenses also include amounts paid to employees and third parties that assist us in fulfillment, sorting, delivery and customer service operations. Fulfillment and delivery costs are expensed as incurred.

*Sales and marketing expenses* consist primarily of advertising costs, related employee costs, and other costs aimed at stimulating demand for our products and services, as well as costs aimed at improving loyalty of customers. We pay commissions to participants in the affiliates program when their customer referrals result in successful product sales and record such costs in sales and marketing expenses. Sales and marketing expenses are expensed as incurred.

*Technology and content expenses* include payroll and related expenses for employees involved in the research and development of new and existing products and services, development, design, and maintenance of our websites and mobile apps, and technology infrastructure costs. Technology and content expenses are expensed as incurred.

*General and administrative expenses* consist of payroll and related expenses for employees involved in general corporate functions, including general and administrative expenses related to the operation of our Marketplace. These expenses include the payroll of accounting, finance, tax, legal and human relations functions and the costs associated with the use by these departments of facilities and equipment, such as depreciation expenses, rental and other general corporate related expenses. General and administrative expenses are expensed as incurred.

**Comparison of the Results of Operations for the Years Ended December 31, 2022, December 31, 2021 and December 31, 2020**

The following table presents our results of operations for the years ended December 31, 2022, 2021 and 2020:

| | For the year ended December 31, | | |
|---|---|---|---|
| **(₽ in millions)** | **2022** | **2021** | **2020** |
| Revenue: | | | |
| Sales of goods | 135,278 | 120,792 | 81,414 |
| Service revenue | 141,837 | 57,423 | 22,936 |
| **Total revenue** | **277,115** | **178,215** | **104,350** |
| Operating expenses: | | | |
| Cost of sales | (121,475) | (112,548) | (72,859) |
| Fulfillment and delivery | (122,518) | (76,240) | (30,676) |
| Sales and marketing | (24,508) | (23,535)[1] | (10,015) |
| Technology and content | (22,851) | (12,862)[1] | (4,394) |
| General and administrative | (19,747) | (11,886)[1] | (3,729) |
| Losses related to the fire incident | (10,165) | — | — |
| **Total operating expenses** | **(321,264)** | **(237,071)** | **(121,673)** |
| **Operating loss** | **(44,149)** | **(58,856)** | **(17,323)** |
| Loss on convertible bonds | (8,567) | — | — |
| Expected credit losses on financial assets | (348) | — | — |
| Loss on disposal of non-current assets | (824) | (33) | (35) |
| Interest expense | (11,860) | (5,802) | (2,115) |
| Interest income | 2,869 | 1,484 | 311 |
| Net gain on revaluation of financial instruments at fair value through profit or loss | 726 | 6,341 | — |
| Share of profit of an associate | 289 | 197 | 112 |
| Impairment of non-financial assets | (255) | — | — |
| Foreign currency exchange gain/(loss), net | 4,963 | (108) | (1,984) |
| Other non-operating expenses | (6) | — | (1,000) |
| **Total non-operating (expense)/income** | **(13,013)** | **2,079** | **(4,711)** |
| **Loss before income tax** | **(57,162)** | **(56,777)** | **(22,034)** |
| Income tax expense | (1,025) | (2) | (230) |
| **Loss for the year** | **(58,187)** | **(56,779)** | **(22,264)** |
| ***Other comprehensive income – items that are or may be reclassified to profit or loss (net of tax):*** | | | |
| Exchange differences on translation of foreign operations | (67) | (3) | — |
| **Other comprehensive income, net of tax** | **(67)** | **(3)** | **—** |
| **Total comprehensive income for the year** | **(58,254)** | **(56,782)** | **(22,264)** |

(1) During 2022, we revised our presentation of expenses related to maintenance of content of our marketplace platform, which resulted in a corresponding reclassification of ₽1.2 billion from sales and marketing expenses to technology and content expenses, and ₽0.3 billion from general and administrative expenses to technology and content expenses as compared to the presentation for 2021.

***GMV including services***

In the year ended December 31, 2022, GMV incl. services increased to ₽832.2 billion, an increase of 86% year-on-year, compared to ₽448.3 billion in the year ended December 31, 2021. GMV incl. services in the year ended December 31, 2021, increased by 127% compared to ₽197.4 billion in the year ended December 31, 2020. The increases in GMV incl. services in the years ended December 31, 2022 and 2021 were primarily attributable to the strong growth in the number of orders, the expansion of our customer base and further growth in the order frequency of our buyers.

***Revenue***

The following table presents our revenue, broken down by type, for the years ended December 31, 2022, 2021 and 2020 and as a percentage of total revenue:

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2022 (₽ in millions)** | **2022 (% of revenue)** | **2021 (₽ in millions)** | **2021 (% of revenue)** | **2020 (₽ in millions)** | **2020 (% of revenue)** |
| **Revenue** | | | | | | |
| **Sales of goods** | **135,278** | **49** | **120,792** | **68** | **81,414** | **78** |
| **Service revenue** | **141,837** | **51** | **57,423** | **32** | **22,936** | **22** |
| Marketplace commissions | 106,428 | 38 | 44,345 | 25 | 16,503 | 16 |
| Advertising revenue | 26,268 | 9 | 9,322 | 5 | 3,965 | 4 |
| Delivery services | 6,287 | 2 | 2,750 | 2 | 1,761 | 2 |
| Financial services | 1,088 | — | — | — | — | — |
| Travel commissions | 730 | — | 429 | — | 445 | — |
| Other revenue | 1,036 | — | 577 | — | 262 | — |
| **Total revenue** | **277,115** | **100** | **178,215** | **100** | **104,350** | **100** |

In the year ended December 31, 2022, our total revenue was ₽277.1 billion, a 55% increase compared to ₽178.2 billion in the year ended December 31, 2021. In the year ended December 31, 2021, our revenue increased by 71% to ₽178.2 billion compared to ₽104.4 billion in the year ended December 31, 2020. In the years ended December 31, 2022 and 2021, the increases in total revenue were driven by increases in both revenue from sales of goods and service revenue. The increases in service revenues were driven primarily by increases in Marketplace commissions.

*Sales of goods*. Our revenue from sales of goods in the year ended December 31, 2022 was ₽135.3 billion, a 12% increase compared to ₽120.8 billion in the year ended December 31, 2021. Our sales of goods in the year ended December 31, 2021, increased by 48% to ₽120.8 billion compared to ₽81.4 billion in the year ended December 31, 2020. The increase in our revenue from sales of goods in the year ended December 31, 2022 was primarily attributable to an increase in the number of active buyers to 35.2 million as of December 31, 2022, from 25.6 million as of December 31, 2021, as well as an increase in buyer purchasing frequency to 13.2 average orders per buyer in the year ended December 31, 2022, compared to 8.7 average orders per buyer in the year ended December 31, 2021. The increase in our revenue from sales of goods in the year ended December 31, 2021 was primarily attributable to an increase in the number of active buyers to 25.6 million as of December 31, 2021, from 13.8 million as of December 31, 2020, as well as an increase in buyer purchasing frequency to 8.7 average orders per buyer in the year ended December 31, 2021, compared to 5.4 average orders per buyer in the year ended December 31, 2020.

*Service revenue.* In the year ended December 31, 2022, our service revenue increased by 147% to ₽141.8 billion from ₽57.4 billion in the year ended December 31, 2021, which increase was primarily attributable to a 140% increase in Marketplace commissions driven by significant growth in GMV incl. services by 86% combined with an increase in the Share of Marketplace GMV from 65% in the year ended December 31, 2021 to 76% in the year ended December 31, 2022. Also contributing to the increase in service revenue was a 182% increase in our advertising revenue, primarily due to the growth in our seller base to approximately 232 thousand active sellers in the year ended December 31, 2022 from more than 90,000 sellers in the year ended December 31, 2022 (an increase of 2.5 times year-on-year). In the year ended December 31, 2021, our service revenue increased by 150% to ₽57.4 billion compared to ₽22.9 billion in the year ended December 31, 2020, primarily attributable to the 169% increase in Marketplace commissions driven by significant growth in GMV incl. services by 127% combined with an increase in the Share of Marketplace GMV, which increased to 65% in the year ended December 31, 2021 from 48% in the year ended December 31, 2020, and a 135% increase in our advertising revenue, primarily due to the growth in our seller base to more than 90,000 active sellers in the year ended December 31, 2021 (an increase by more than 3.5 times year-on-year).

***Operating Expenses***

The following table presents our operating expenses, broken down by type, for the years ended December 31, 2022, 2021 and 2020 as a percentage of total operating expenses and of GMV incl. services:

| | For the year ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 |
| | (₽ in millions) | (% of operating expenses | % of GMV incl. services | (₽ in millions) | (% of operating expenses | % of GMV incl. services | (₽ in millions) | (% of operating expenses | % of GMV incl. services |
| **Operating expenses** | | | | | | | | | |
| Cost of sales | (121,475) | 38 | 15 | (112,548) | 48 | 25 | (72,859) | 60 | 37 |
| Fulfillment and delivery | (122,518) | 38 | 15 | (76,240) | 32 | 17 | (30,676) | 25 | 16 |
| Sales and marketing | (24,508) | 8 | 3 | (23,535)[1] | 10 | 5 | (10,015) | 8 | 5 |
| Technology and content | (22,851) | 7 | 3 | (12,862)[1] | 5 | 3 | (4,394) | 4 | 2 |
| General and administrative | (19,747) | 6 | 2 | (11,886)[1] | 5 | 3 | (3,729) | 3 | 2 |
| Losses related to the fire incident | (10,165) | 3 | 1 | — | — | — | — | — | — |
| **Total operating expenses** | **(321,264)** | **100** | **39** | **(237,071)** | **100** | **53** | **(121,673)** | **100** | **62** |

(1) During 2022, we revised our presentation of expenses related to maintenance of content of our marketplace platform, which resulted in a corresponding reclassification of ₽1.2 billion from sales and marketing expenses to technology and content expenses, and ₽0.3 billion from general and administrative expenses to technology and content expenses as compared to the presentation for 2021.

In the year ended December 31, 2022, our operating expenses were ₽321.3 billion, a 36% increase compared to ₽237.1 billion in the year ended December 31, 2021. In the year ended December 31, 2021, our operating expenses increased by 95% to ₽237.1 billion from ₽121.7 billion in the year ended December 31, 2020. The growth in operating expenses resulted from overall increase in scale of our operations as further described below.

*Cost of sales*. In the year ended December 31, 2022, cost of sales was ₽121.5 billion, an increase of 8% compared to ₽112.5 billion in the year ended December 31, 2021, which was primarily attributable to the growth in our sales of goods, which, in turn, was driven by the growth in total number of orders sold through our platform. The increase in the total number of orders was driven by an 37% increase in the number of our active buyers and a 52% increase in their purchase frequency in 2022 compared to 2021. The increase in our cost of sales in 2022 was also attributable to our investments in product categories that have high purchase frequencies, which contributed to the higher volume of goods purchased through our Marketplace.

*Fulfillment and delivery*. In the year ended December 31, 2022, fulfillment and delivery expenses were ₽122.5 billion, a 61% increase compared to ₽76.2 billion in the year ended December 31, 2021. In the year ended December 31, 2021, our operating expenses increased by 149% to ₽76.2 billion from ₽30.7 billion in the year ended December 31, 2020. The increases across the three years were driven by increases in the number of orders processed through our logistics infrastructure to 465.4 million in 2022 from 223.2 million in 2021 and from 73.9 million in 2020, as well as the significant expansion of our infrastructure in the years ended December 31, 2022 and 2021, and a related ramp-up effect due to temporary low utilization of new fulfillment and logistics infrastructure. Notwithstanding our investments in expanding our warehouse capacity, our fulfilment and delivery expenses as a percentage of GMV decreased to 15% in 2022 compared to 17% in 2021 and 16% in 2020 as a result of economies of scale and increasing utilization of infrastructure.

*Sales and marketing*. Our sales and market expenses increased slightly to ₽24.5 billion in the year ended December 31, 2022 from ₽23.5 billion in the year ended December 31, 2021. As a result of optimization of marketing channels and expenses as well as the increase in brand awareness. Sales and marketing expenses as a percentage of GMV incl.services decreased from 5% in 2021 to 3% in 2022.

*Technology and content*. The increase in our technology and content expenses from the year ended December 31, 2021 to the year ended December 31, 2022 and from the year ended December 31, 2020 to the year ended December 31, 2021 were primarily attributable to an increases in the number of our employees as we invested in improving our seller and buyer experience and our technology and data capabilities in order to accelerate our platform development.

*General and administrative*. The increases in our general and administrative expenses in 2022 compared to 2021 and 2021 compared to 2020 were mainly due to an increases in the number of employees in general and administrative functions over the relevant years as well as expansion of our office premises.

*Losses related to the fire incident.* In August 2022, a fire broke out at the Group's fulfillment center in the Moscow region, spreading to an area of 55,000 square meters and affecting two of the blocks of the three-block warehouse complex. In connection with the incident, the Group incurred losses of ₽10.2 billion, which included damages to the Group's merchandise, losses related to disposal, impairment and derecognition of the Group's property and equipment, third parties' claims and other expenses.

***Interest Expense***

In 2022, our interest expense was ₽11.9 billion, compared to ₽5.8 billion in 2021 and ₽2.1 billion in 2020. The increases in interest expense resulted from the growth of our outstanding borrowings to ₽94.1 billion as of December 31, 2022 from ₽62.1 billion as of December 31, 2021 and ₽9.4 billion as of December 31, 2020, primarily as a result of borrowings made under a credit facility in September and November 2022 and the issuance of the Bonds in February 2021 (see Item 5.B "*Operating and Financial Review and Prospectus—Liquidity and Capital Resources—Borrowings*"), and greater lease liabilities of ₽74.5 billion as of December 31, 2022, compared to ₽42.5 billion as of December 31, 2021 and ₽15.5 billion as of December 31, 2020.

***Loss on convertible bonds***

As a result of the Delisting Event (see Item 5.B "*Operating and Financial Review and Prospectus—Liquidity and Capital Resources*" below), the holders of the Bonds were entitled to require the Company to redeem their Bonds at the principal amount together with accrued interest on the redemption date, which was May 31, 2022. In March 2022, following the Delisting Event, we revised the schedule of cash flows underlying the amortized cost of the bonds to reflect the revised contractual maturity. This revision resulted in a remeasurement of the convertible bonds liability and in a reclassification of the revised carrying amount to short-term borrowings. The resulting loss on the convertible bond liability of ₽8.6 billion was included in non-operating expenses.

***Net gain on revaluation of financial instruments at fair value through profit or loss***

In 2022 and 2021, net gain on revaluation of financial instruments at fair value through profit or loss was ₽0.7 billion and ₽6.3 billion, correspondently. The gain resulted primarily from decline in fair values of the derivative financial liabilities related to our borrowings.

***Foreign Currency Exchange Gain, Net***

For the year ended December 31, 2022, we recognized a foreign currency exchange gain of ₽5.0 billion, compared to a foreign currency exchange loss of ₽0.1 billion in 2021 and a foreign currency exchange loss of ₽2.0 billion in 2020. The gain in our foreign currency exchange in 2022 was driven by favorable fluctuations of exchange rates for our open currency positions.

**Quarterly Data**

The following tables set forth certain unaudited financial data for the fiscal quarters indicated. The unaudited quarterly information includes all normal recurring adjustments that we consider necessary for a fair statement of the information shown. This information should be read in conjunction with our consolidated financial statements for the years ended December 31, 2022 and 2021 and related notes thereto appearing elsewhere in this Annual Report. Our quarterly results are not necessarily indicative of future operating results.

| | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| **(₽ in millions)** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter[1]** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** |
| Revenue: | | | | | | | | |
| Sales of goods | 24,364 | 26,410 | 27,279 | 42,739 | 39,267 | 28,257 | 26,624 | 41,130 |
| Service revenue | 9,043 | 10,608 | 14,213 | 23,559 | 24 312 | 30,257 | 34,772 | 52,496 |
| **Total revenue** | **33,407** | **37,018** | **41,492** | **66,298** | **63,579** | **58,514** | **61,396** | **93,626** |
| Operating expenses: | | | | | | | | |
| Cost of sales | (21,820) | (25,131) | (25,945) | (39,652) | (32,863) | (25,276) | (24,784) | (38,552) |
| Fulfillment and delivery | (11,721) | (14,234) | (18,780) | (31,505) | (28,974) | (24,247) | (26,892) | (42,405) |
| Sales and marketing | (3,677) | (5,455) | (6,217) | (8,186) | (7,461) | (5,813) | (5,239) | (5,995) |
| Technology and content | (1,757) | (2,457) | (4,110) | (4,538) | (5,310) | (5,911) | (5,464) | (6,166) |
| General and administrative | (1,776) | (2,075) | (3,335) | (4,700) | (4,658) | (5,255) | (5,011) | (4,823) |
| Losses related to the fire incident | — | — | — | — | — | — | (10,785) | 620 |
| **Total operating expenses** | **(40,751)** | **(49,352)** | **(58,387)** | **(88,581)** | **(79,266)** | **(66,502)** | **(78,175)** | **(97,321)** |
| **Operating loss** | **(7,344)** | **(12,334)** | **(16,895)** | **(22,283)** | **(15,687)** | **(7,988)** | **(16,779)** | **(3,695)** |
| Total non-operating (expense)/income | 666 | (2,925) | 2,896 | 1,442 | (3,007) | 1,369 | (3,873) | (7,502) |
| **Loss before income tax** | **(6,678)** | **(15,259)** | **(13,999)** | **(20,841)** | **(18,694)** | **(6,619)** | **(20,652)** | **(11,197)** |
| Income tax benefit/(expense) | (56) | 26 | (19) | 47 | (361) | (583) | (66) | (15) |
| **Loss for the period** | **(6,734)** | **(15,233)** | **(14,018)** | **(20,794)** | **(19,055)** | **(7,202)** | **(20,718)** | **(11,212)** |

(1) In the first quarter of 2022, we revised the presentation of expenses related to maintenance of content of our marketplace platform, which resulted in a corresponding reclassification of ₽150 million in the first quarter of 2021, ₽283 million in the second quarter of 2021, ₽376 million in the third quarter of 2021 and ₽631 million in the fourth quarter of 2021 from sales and marketing and general and administrative expenses to technology and content expenses as compared to the quarterly amounts presented in our 2021 Annual Report.

***Adjusted EBITDA*** [1]

| | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| **(₽ in millions)** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** |
| Adjusted EBITDA[2] | (4,855) | (9,130) | (11,285) | (15,886) | (8,946) | 188 | 1,610 | 3,933 |

(1) Adjusted EBITDA is a non-GAAP financial measure. See the definition of "Adjusted EBITDA" in "*Presentation of Financial and Other Information*" and this Item 5.A of the Annual Report. Adjusted EBITDA is used by other companies for a variety of purposes and is often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDA as reported by us to the same or similar measures as reported by other companies. Adjusted EBITDA may not be comparable to similarly titled metrics of other companies. Our Adjusted EBITDA data is unaudited and has not been prepared in accordance with IFRS or any other generally accepted accounting principles. See "*Presentation of Financial and Other Information*" for more detail.

(2) The following table presents a reconciliation of loss for the period to Adjusted EBITDA for each of the quarters indicated:

| | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| **(₽ in millions)** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** |
| Loss for the period | (6,734) | (15,233) | (14,018) | (20,794) | (19,055) | (7,202) | (20,718) | (11,212) |
| Income tax (benefit)/expense | 56 | (26) | 19 | (47) | 361 | 583 | 66 | 15 |
| Total non-operating expense/(income) | (666) | 2,925 | (2,896) | (1,442) | 3,007 | (1,369) | 3,873 | 7,502 |
| Depreciation and amortization | 1,739 | 2,132 | 2,678 | 3,331 | 4,012 | 5,070 | 5,161 | 5,527 |
| Share-based compensation expense | 750 | 1,072 | 2,932 | 3,066 | 2,729 | 3,106 | 2,443 | 2,721 |
| Losses related to the fire incident | — | — | — | — | — | — | 10,785 | (620) |
| **Adjusted EBITDA** | **(4,855)** | **(9,130)** | **(11,285)** | **(15,886)** | **(8,946)** | **188** | **1,610** | **3,933** |

***Other Key Indicators of Financial and Operating Performance*[1]**

| | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| **(₽ in millions, except as indicated)** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** |
| GMV incl. services | 74,208 | 88,957 | 108,290 | 176,805 | 177,449 | 170,647 | 188,125 | 296,019 |
| Share of Marketplace GMV, % | 58.4 | 62.1 | 66.7 | 67.7 | 70.4 | 76.1 | 78.2 | 78.4 |
| Loss for the period | (6,734) | (15,233) | (14,018) | (20,794) | (19,055) | (7,202) | (20,718) | (11,212) |
| Loss for the period as a percentage of GMV incl. services, % | (9.1) | (17.1) | (12.9) | (11.8) | (10.7) | (4.2) | (11.0) | (3.8) |
| Net cash (used in)/generated from operations | (12,118) | (7,673) | (9,101) | 15,266 | (29,767) | (5,361) | 7,841 | 8,534 |
| Adjusted EBITDA as a percentage of GMV incl. services, % | (6.5) | (10.3) | (10.4) | (9.0) | (5.0) | 0.1 | 0.9 | 1.3 |
| Number of orders, million | 34.1 | 40.9 | 56.2 | 92.1 | 93.0 | 90.2 | 107.5 | 174.6 |
| Number of active buyers, million | 16.0 | 18.4 | 21.3 | 25.6 | 28.7 | 30.7 | 32.7 | 35.2 |

(1) See the definitions of our key indicators of financial and operating performance in "*Presentation of Financial and Other Information*" and this Item 5.A of the Annual Report.

**Recent Accounting Pronouncements**

Please refer to Note 2.5 to our consolidated financial statements for the years ended December 31, 2022, 2021 and 2020 included elsewhere in this Annual Report for information regarding recent accounting standards issues that are of significance or potential significance to us.

**B. Liquidity and Capital Resources**

As of December 31, 2022, we had cash and cash equivalents of ₽90.5 billion. Our cash and cash equivalents consist primarily of cash in bank accounts and short-term bank deposits with original maturities of three months or less, generally denominated in U.S. dollars and Russian rubles.

The currency split between cash and cash equivalents held in U.S. dollars and Russian rubles is managed based on market conditions and liquidity needs.

Historically, we have financed our operations primarily through equity issuances, convertible loans and credit facilities, as well as leases, which we use to finance our fulfillment and delivery infrastructure and office premises. See Item 5.B "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Borrowings*." We primarily attract financing for general corporate purposes, capital expenditures and operating expenses related to the expansion of our business.

We generally manage our liquidity risk by maintaining adequate cash reserves and attracting credit facilities. We monitor forecasts and actual cash flows and match the maturity profiles of financial assets and liabilities. The tables below summarize the maturity profile of our financial liabilities based on contractual undiscounted payments as of December 31, 2022:

| **December 31, 2022**<br>**(₽ in millions)** | **Within 1 year** | **1 to 3 years** | **3 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|
| Trade and other payables | 94,781 | 122 | 116 | 167 | 95,186 |
| Borrowings | 55,582 | 2,850 | 57,231 | 903 | 116,566 |
| Lease liabilities | 18,699 | 34,557 | 23,926 | 45,159 | 122,341 |
| Customer deposits and other financial liabilities | 6,144 | — | — | — | 6,144 |
| **Total financial liabilities** | **175,206** | **37,529** | **81,273** | **46,229** | **340,237** |

Our liquidity may be materially affected by:

- the seasonality of the business. In particular, we have experienced seasonal uplifts in our sales volumes during the New Year season in December, as well as Singles Day and Black Friday sales in November. Therefore, we typically expect a material part of cash inflow from our working capital change to be generated during the quarter ended December 31 of each respective year;
- scheduled repayment of our outstanding indebtedness;
- our fulfillment infrastructure expansion program and the timing of the corresponding capital expenditures, in particular those that we do not lease from third-party contractors but instead finance in accordance with our capital structure with a mix of debt and equity resources;
- our investments in growing our customer base; and
- further expansion of sanctions imposed on Russia by the United States, the European Union, the United Kingdom and other countries if these new sanctions adversely affect business operations of the banks where we hold cash and cash equivalents in short-term deposits and current bank accounts.

The trading of the Company's ADSs on the NASDAQ Global Select Market was suspended on February 28, 2022 and remains suspended as of the date of this Annual Report. Under the terms and conditions of the Company's USD 750 million 1.875% senior unsecured convertible bonds due 2026 (the "Bonds"), this trading suspension constituted a "Delisting Event" entitling the holders of the Bonds to exercise their rights to require redemption of their Bonds by way of giving the Company an irrevocable notice. The Delisting Event under the Bonds occurred following the close of trading on March 8, 2022. Under the terms and conditions of the Bonds, the bondholders, who exercised the rights to require redemption, forfeited their conversion rights under the Bonds.

A substantial portion of bondholders exercised the right to require redemption and were entitled to require the Company to redeem their Bonds at the principal amount together with accrued interest on the redemption date, which was May 31, 2022. Due to, among other things, uncertainty around the impact of restrictions under the enacted Russian capital control and protection measures on the ability to transfer cash funds outside of Russia from the Company's Russian subsidiaries to the Company, the Company did not have sufficient liquidity available at the relevant time to fund payments required for the redemption of the Bonds. The Company consequently did not fund the payment required for the redemption of the Bonds. On June 14, 2022, this failure to fund the payment and redeem the Bonds became an "Event of Default" under the terms and conditions of the Bonds. In addition, a further Event of Default occurred 14 days after the Company failed to make the interest payment due under the Bonds on August 24, 2022.

Following the Delisting Event, the Company and an ad hoc group of unaffiliated holders of the Bonds reached an agreement with respect to the terms of a restructuring of the Bonds, according to which the terms of the Bonds shall be amended through a consent solicitation process to allow the Company to redeem the Bonds as follows:

(i) if the relevant bondholder is outside the United States ("US") and a non-US person and elects for redemption in Rubles, at an amount in Rubles representing 83 per cent. of the principal amount outstanding of the Bonds (converted into Rubles at the USD/RUB exchange rate of the Central Bank of Russia as of September 23, 2022) plus accrued interest up to (including) August 24, 2022 (which amount was subsequently increased to the interest accrued up to the settlement date for USD redemption); or

(ii) if the relevant bondholder is in the US or a US person, elects for redemption in US dollars or does not make an election, at an amount in US Dollars representing 65 per cent. of the principal amount outstanding of the Bonds plus accrued interest up to (including) August 24, 2022 (which amount was subsequently increased to the interest accrued up to the settlement date for USD redemption) (the "Restructuring").

In September 2022, to support implementation of the Restructuring, the Company and certain bondholders entered into lock-up agreements, pursuant to which each non-sanctioned bondholder party to or who has acceded to the relevant lock-up agreement prior to 4.00 p.m. (London time) on October 28, 2022, was eligible to receive a lock-up fee in the amount of 1.0625 per cent. of the principal amount of its Bonds, payable upon completion of the Restructuring. Further, in September 2022, the Company entered into a deed poll pursuant to which the Company has undertaken to settle any conversion rights exercised by the bondholders under the terms and conditions of the Bonds in cash until the Bonds are redeemed in full and cancelled.

In October 2022, holders of over 75% in principal amount of the Bonds outstanding voted in favor of the resolutions and approved certain consents and amendments to the terms and conditions of the Bonds to implement the Restructuring (the "Consents and Amendments"). By December 31, 2022, the Company obtained U.S. and Cyprus sanctions licenses regarding the Restructuring, and in March 2023 the UK sanctions authority published a general license INT/2023/2824812 regarding the Restructuring and its implementation.

Under the terms of the Restructuring, the Consents and Amendments became effective on the date when the licenses or authorizations under any sanctions were obtained from the UK, Cyprus and U.S. sanctions authorities, which was March 29, 2023. The Company has estimated that the total redemption payments for the Bonds will amount to approximately ₽40.9 billion (as determined in accordance with the Consents and Amendments and translated with the exchange rate as of April 19, 2023: RUB 81.6).

The Company has funded the redemption primarily by upstreaming funds from its Russian subsidiaries and the Group has obtained the relevant approvals from the Ministry of Finance of the Russian Federation to allow such upstreaming. As of the date of this Annual Report, the Company redeemed approximately 94% in principal amount of the Bonds for the total redemption payment of approximately ₽38.6 billion (at the exchange rate as at the payment date). In accordance with the terms of the Restructuring, the trust deed relating to the Bonds and all ancillary documents relating to the Bonds shall terminate on the date when the Company announces the cancellation date for the Bonds, except for a deed poll issued by the Company allowing the holders of the Bonds who have not participated in the Restructuring to make claims for payment of redemption amounts in accordance with the terms and conditions of that deed poll.

As of December 31, 2022, the Group had cash, cash equivalents and short-term bank deposits of ₱90.5 billion. The Group's management believes that there is sufficient liquidity available to the Group to fund operational needs, to settle obligations in a normal course of business and to complete the redemption of the Bonds (as described above). The Group's management is committed to perform in accordance with the budget and liquidity plan and is progressing in improving efficiency and reducing the needs for additional funding. Therefore, the existing cash and cash equivalents, short-term deposits, and undrawn credit facilities, are sufficient to meet the Group's anticipated cash needs for at least the next twelve months. From time to time, the Group may explore additional financing sources to fund expansion of its business or it may phase out certain capital expenditures to manage its liquidity needs. Therefore, the Group's management believes that the Group will retain its ability to continue as a going concern in the foreseeable future.

See also Item 8.A "*Financial Information—Consolidated Statements and Other Financial Information—Dividend Policy.*"

**Working Capital**

Our working capital is mainly comprised of trade accounts payable and inventory.

Our accounts payable mainly include trade payables for products purchased from suppliers and payables to third-party sellers on our Marketplace. As of December 31, 2022 and 2021, our short-term accounts payable amounted to ₽94.7 billion and ₽89.3 billion, respectively. These changes reflect significant growth in the scale of our business.

Our inventories mainly include merchandise held for resale, adjusted for write-downs and losses of inventories. As of December 31, 2022 and 2021, we had ₽34.6 billion and ₽26.4 billion of inventories, respectively. These changes are attributable to recent growth in our Direct Sales business.

**Cash Flows**

The following table summarizes our cash flows for the years ended December 31, 2022, 2021 and 2020:

| | For the year ended December 31, | | |
|---|---|---|---|
| **(₽ in millions)** | **2022** | **2021** | **2020** |
| Net cash (used in)/generated from operating activities | (18,753) | (13,626) | 6,570 |
| Net cash used in investing activities | (16,040) | (35,403) | (6,580) |
| Net cash generated from financing activities | 18,394 | 53,892 | 102,567 |
| Net (decrease) / increase in cash and cash equivalents | (16,399) | 4,863 | 102,557 |
| Cash and cash equivalents at the beginning of the period | 108,037 | 103,702 | 2,994 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (1,169) | (528) | (1,849) |
| Cash and cash equivalents at the end of the period | 90,469 | 108,037 | 103,702 |

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

During the year ended December 31, 2022, we had net cash used in operating activities of ₽18.8 billion, primarily due to our operating losses, compounded by the loss related to the fire incident, but partially offset by favorable changes in our working capital. During the year ended December 31, 2021, we had net cash used in operating activities of ₽13.6 billion, primarily due to our operating losses, partially offset by favorable changes in our working capital. During the year ended December 31, 2020, we had net cash generated from operating activities of

₽6.6 billion, primarily driven by favorable changes in our working capital, partially offset by our operating losses. Our operating losses in each year presented were primarily attributable to increases in operating expenses resulting from the overall increase in scale of our operations across the relevant years as well as losses related to the fire incident. While we expect our operating expenses to increase as we continue to expand our business, we expect such expenses to decrease as a percentage of GMV incl. services and revenue over time as we benefit from economies of scale and operating leverage, which will have a positive effect on our cash flows from operating activities. Due to the geopolitical crisis relating to Ukraine and the significant and in many ways unprecedented nature of the sanctions adopted in response, it is possible that further developments, or developments unknown to us, may have a material adverse impact on our cash flows from operating activities.

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

During the year ended December 31, 2022, we had net cash used in our investing activities of ₽16.0 billion, compared to ₽35.4 billion during the year ended December 31, 2021 and ₽6.6 billion during the year ended December 31, 2020. In the years ended December 31, 2022, 2021 and 2020, we increased our capital expenditures as we continued to invest in our fulfillment and delivery infrastructure, as well as launched fulfillment centers in Moscow and several regions of Russia. Further, in 2022 and 2021, the cash flows used in financing activities were affected by placement and return of banks deposits.

***Net cash generated by financing activities***

During the year ended December 31, 2022, we had net cash generated from our financing activities of ₽18.4 billion, compared to ₽53.9 billion during the year ended December 31, 2021 and ₽102.6 billion during the year ended December 31, 2020. In 2022, net cash generated from financing activities primarily represented proceeds from borrowings partially offset by repayments of borrowings and regular payments on principal portion of lease liabilities, while in 2021, net cash generated from financing activities primarily represented the proceeds received from the offering of the Bonds. In 2020, net cash generated from financing activities primarily represented the proceeds received from our initial public offering and the concurrent private placements.

**Capital Expenditures**

Our capital expenditures, which are comprised of payments for purchase of property, plant and equipment and intangible assets, for the years ended December 31, 2022, 2021 and 2020 were ₽35.8 billion, ₽19.3 billion and ₽6.8 billion, respectively.

Our capital expenditures over the years presented mainly included payments for warehouse equipment, computer equipment and other hardware, as we expand our business and our fulfillment and delivery infrastructure and invest in technology to support anticipated growth of our business.

**Lease Liabilities and Commitments**

Our lease liabilities as of December 31, 2022, 2021 and 2020 were ₽74.5 billion, ₽42.5 billion and ₽15.5 billion, respectively. The increases across these dates are primarily attributable to the expansion of our fulfillment and logistic infrastructure and office premises as we scaled up our business.

Our lease liabilities arise primarily from our long-term leases of fulfillment and sorting centers, office premises, pick-up points and vehicles. These lease liabilities are primarily denominated in Russian rubles and have the maturity periods ranging from two to twelve years.

We have also entered into lease contracts for offices, fulfillment and sorting centers that have not yet commenced operations as of December 31, 2022. The terms for these leases range from 8 months to 12 years. The future undiscounted lease payments pursuant to these lease contracts are as follows:

| (₽ in millions) | Within 1 year | 1 to 3 years | 3 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| December 31, 2022 | 1,986 | 8,033 | 8,906 | 34,044 | **52,969** |
| December 31, 2021 | 4,611 | 19,176 | 18,273 | 45,311 | **87,371** |

**Borrowings**

Our borrowings as of December 31, 2022, 2021 and 2020 were ₽94.1 billion, ₽62.1 billion and ₽9.4 billion, respectively.

In February 2021, we completed an offering of our $750 million Bonds. Total proceeds from the offering of the Bonds amounted to ₽54.5 billion, net of ₽1 billion of issue costs. Interest is payable semi-annually in arrears in each year, with the first payment beginning on August 24, 2021. Under the terms and conditions of the Bonds, the Bonds are convertible into cash, ordinary shares of the Company, represented by the ADSs, or a combination of cash and the ADSs, at the Group's discretion, based on the conversion price set at $86.6480. In May 2022, under the terms and conditions of the Bonds, the bondholders, who exercised the rights to require redemption, forfeited their conversion rights under the Bonds. Further, in September 2022, the Company entered into a deed poll pursuant to which the Company has undertaken to settle any conversion rights exercised by the bondholders under the terms and conditions of the Bonds in cash until the Bonds are redeemed in full and cancelled.

At initial recognition, the conversion feature of the Bonds with a fair value of ₽7.0 billion was classified as financial liability and measured at fair value through profit and loss, while the host liability was accounted for at amortized cost using the market interest rate of 5.1% per year. Please refer to Item 5.B "*Operating and Financial Review and Prospectus—Liquidity and Capital Resources*" for information regarding the Bond Restructuring and Item 5.A "*Operating and Financial Review and Prospectus—Operating results —Loss on convertible bonds*" for information on remeasurement of liability under the Bonds.

Following May 31, 2022 and through the effective date of the Restructuring the Bonds continued to carry interest at 1.875% per annum.

See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis relating to Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" and this Item 5.B of the Annual Report for more details.

In September 2022, the Group entered into credit facility agreements for a total principal amount of up to ₽60 billion with third parties (the "Facility"). The Facility carries a floating interest rate linked to the Russian key rate or a fixed rate (as determined in each of the credit facility agreements). A portion of interest is payable quarterly in arrears, while the other portion is capitalized on a quarterly basis and is repayable with the principal amount at the maturity of the debt. The principal amount, together with the capitalized interest, is repayable in 2025-2026. The Group incurs fees and commissions in connection with utilization and maintenance of the Facility. Concurrently with the facility agreement, the Group entered into an option contract with one of the creditors, whereby the creditor is eligible for a net payment, either in cash or in the Company's shares at the discretion of the Company, which is linked to internal rate of return of the Facility and price of the Company's shares (the "Option") at the exercise dates. The Option is exercisable, at the discretion of the creditor, from 2024 to 2027. The Facility and the Option are linked transactions and are collectively referred to as the "Financing Arrangement". The Group's liabilities under the Financing Arrangement are partially secured by a pledge over shares in the Group's key operating subsidiary.

In September and November 2022, the Group drew down ₽15.0 billion and ₽25.0 billion of principal amount in cash under the Financing Arrangement (the "Tranches"), respectively. At the initial recognition of each Tranche, the derivative feature of the Financing Arrangement related to the Option (the "derivative feature") with a total fair value of ₽3.1 billion was classified as a financial liability at fair value through profit and loss, while the host liabilities of the Financing Arrangement (the "debt component") were initially recognized at fair value with an effective interest rate of 14.3% and 13.5% per annum, correspondently, and were carried after the initial recognition at an amortized cost.

As of December 31, 2022, ₽20 billion under the Facility remained available to be drawn down for the purposes specified in the facility documentation. In April 2023, the Group drew down ₽19.9 billion under the Facility.

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

Our Russian operating subsidiaries currently hold licenses for pharmaceutical business, retail and storage of veterinary medical products, technical protection of confidential information, development of crypto protection devices, operation of explosive and chemically hazardous production facilities and water use. Ozon Bank, which we acquired in May 2021, held a basic banking license, and Ecom Bank, which we registered with the CBR in March 2022, holds a general banking license. In April 2023, Ozon Bank and Ecom Bank completed a reorganization by way of accession of Ozon Bank to Ecom Bank. Ecom Bank, the surviving entity in the reorganization, was renamed Ozon Bank and is a holder of a general banking license. The basic banking license was annulled by the CBR. See Item 3.D "Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis relating to Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs" for more details.

### D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any additional material recent trends in production, sales and inventory, the state of the order book and costs and selling prices since the year ended December 31, 2022 and are not aware of any additional known trends, uncertainties, demands, commitments or events for the year ended December 31, 2022 that are reasonably likely to have a material adverse effect on our net 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. Due to the geopolitical crisis relating to Ukraine and the significant and in many ways unprecedented nature of the sanctions adopted in response, however, it is possible that further developments, or developments unknown to us, may also have a material adverse impact on our business, financial condition and results of operations. See Item 3.D "*Key Information—Risk Factors*," Item 5.A "*Operating and Financial Review and Prospectus—Operating Results—Factors Affecting Our Financial Condition and Results of Operations*" and Item 5.B "*Operating and Financial Review and Prospectus—Liquidity and Capital Resources*" for more details.

### E. Critical Accounting Estimates

See Note 3 to our consolidated financial statements for the years ended December 31, 2022, 2021 and 2020 included elsewhere in this Annual Report for information regarding our critical accounting estimates.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

The following individuals are our executive officers and board members. The table below includes their ages as of the date of this Annual Report:

| Name | Age | Title |
|---|---|---|
| *Executive Officers* | | |
| Igor Gerasimov | 30 | Chief Financial Officer, Executive Director |
| Anton Stepanenko | 36 | Chief Technology Officer |
| ***Board Members*** | | |
| Elena Ivashentseva | 56 | Chairperson of the Board, Non-Executive Director |
| Tagir Sitdekov | 46 | Non-Executive Director |
| Lydia Jett | 42 | Independent Non-Executive Director |
| Dmitry Kamensky | 41 | Non-Executive Director |
| Alexey Katkov | 45 | Non-Executive Director |
| Nilesh Lakhani | 63 | Independent Non-Executive Director |
| Charles Ryan | 55 | Independent Non-Executive Director |
| Peter Sirota | 47 | Independent Non-Executive Director |

The current business address for our executive officers is at the office of our key operating subsidiary, Internet Solutions LLC, at 10 Presnenskaya Embankment, "Naberezhnaya Tower," Tower C, 123112, Moscow, Russia. The current business address for our board members is at Arch. Makariou III, 2-4, Capital Center, 9th floor, 1065, Nicosia, Cyprus.

**Executive Officers**

The following is a brief summary of the business experience of our executive officers.

***Igor Gerasimov*** has served as our key operating subsidiary's Chief Financial Officer since March 2021 and as an executive member of our board of directors since April 2022. Mr. Gerasimov joined Ozon in December 2019 as Head of Corporate Development and was promoted to Corporate Finance Director in January 2021. From 2016 to 2019, Mr. Gerasimov served as investment manager at Baring Vostok Capital Partners Group Limited, where he specialized in investments in Fintech, e-commerce, mobility and food tech. Prior to joining Baring Vostok Capital Partners Group Limited, Mr. Gerasimov worked from 2014 to 2016 in equity research at Goldman Sachs, where he became Primary Analyst for CEEMEA Banks. Prior to that he worked in the infrastructure and project finance department of PricewaterhouseCoopers (PwC). Mr. Gerasimov graduated with honors from the Graduate School of Management at Saint Petersburg State University in 2014. He also completed exchange studies at the Rotterdam School of Management at Erasmus University in 2012.

***Anton Stepanenko*** has served as our Chief Technology Officer since February 2020, having joined Ozon as the Platform Development Director in 2018. From March 2018 to July 2018, Mr. Stepanenko worked as head of technical projects at Yandex.Market. From 2016 to 2018, Mr. Stepanenko served as Vice President of Engineering at Lazada Group. From 2012 to 2016, Mr. Stepanenko managed the platform development department at the social networking website, Badoo. Mr. Stepanenko holds a degree in applied physics and mathematics, having graduated from the department of Radio Engineering and Cybernetics at the Moscow Institute of Physics and Technology.

**Board of Directors**

The primary responsibility of our board of directors is to oversee the operations of our company, and to supervise the policies of senior management and the affairs of our company.

Our board is comprised of nine members, including four independent directors. See Item 6.C. "*Directors, Senior Management and Employees—Board Practices*." Our board members are elected by our general meeting of shareholders in accordance with our articles of association to serve until their successors are duly elected and qualified.

The following is a brief summary of the business experience of our board members.

***Elena Ivashentseva*** is a senior partner at BVCPG LLC, investment advisor to Baring Vostok Capital Partners Group Limited a leading private equity firm focused on investments in Russia and the CIS. Baring Vostok Capital Partners structured the initial investment by the Baring Vostok Private Equity Funds in Ozon in 2000, and since then Ms. Ivashentseva has been overseeing the investment in Ozon on behalf of the Baring Vostok Private Equity Funds. Ms. Ivashentseva is also a member of the board of Ivi.ru and other portfolio companies of the Baring Vostok Private Equity Funds. Ms. Ivashentseva was previously a member of the board of directors of Yandex from 2000 until 2017, a Nasdaq-listed large Russian technology company in which the Baring Vostok Private Equity Funds had invested. Before joining Baring Vostok Capital Partners in 1999, Ms. Ivashentseva led telecom and media investments of the Sector Capital Fund. Ms. Ivashentseva holds a Master's degree in finance and accounting from the London School of Economics and a diploma with honors in economics and mathematics from the Novosibirsk State University.

***Tagir Sitdekov*** has been serving as the President of Sistema since July 2022. Before joining Sistema in 2021 as a managing partner, he spent more than 15 years on senior positions in major investment and private equity companies where he was responsible for origination and execution of complex investment transactions across a wide spectrum of industries. From 2003 to 2005, Mr. Sitdekov served as the chief financial officer of OJSC Sochi Thermal Power Plant. Before that he worked as a senior consultant at Creditanstalt Investment Bank from 2002 to 2003. Mr. Sitdekov started his career as an audit consultant in the Energy and Mining Group at PricewaterhouseCoopers where he worked from 1999 until 2002. In 2001 he graduated from Plekhanov Russian University of Economics with a degree in economics. In 2006 Mr. Sitdekov also got an MBA degree from the University of Chicago Booth School of Business.

***Lydia Jett*** has served as a founding Investment Partner at SoftBank Investment Advisors (the Softbank Vision Fund) since 2015, where she focuses on investing in e-commerce, consumer internet, Fintech and robotics companies on a global basis, including SoftBank's e-commerce investments: Coupang, Fanatics, Flipkart, Tokopedia, Klook and Fetch Robotics. Prior to joining Softbank, from 2009 to 2015, Ms. Jett was a Vice President at M/C Partners, a growth equity firm focused on the communications, media and information technology sectors. From 2005 to 2007, Ms. Jett worked at Goldman Sachs in the Principal Investment Area, where she was actively involved in investments across the technology, media and education sectors. From 2003 to 2005, Ms. Jett was an Investment Banking Analyst at JPMorgan. Ms. Jett also serves on the Venture Advisory Board of Silicon Valley Bank, the advisory board of multiple technology startups and investment funds and is actively involved in initiatives to promote the advancement of women in venture capital and technology. Ms. Jett holds a Master of Business Administration degree from the Stanford Graduate School of Business and a Bachelor's degree from Smith College. Ms. Jett is also a graduate of the General Course at The London School of Economics.

***Dmitry Kamensky*** is a partner at BVCPG LLC, investment advisor to Baring Vostok Capital Partners Group Limited. Mr. Kamensky is also a member of the board of directors of Ivi.ru and other portfolio companies of the Baring Vostok Private Equity Funds. Mr. Kamensky joined Baring Vostok Capital Partners in 2006 and has since 2008 been involved in monitoring the Baring Vostok Private Equity Funds' investment in Ozon. Mr. Kamensky holds a Master's degree in finance from Manchester Business School and a Bachelor's degree with honors in economics from the Moscow State University.

***Alexey Katkov*** has served as a Managing Partner in Sistema since April 2018 responsible for its digital segment. From 2016 to 2020, Mr. Katkov served as the CEO and President at Sistema Venture Capital Fund, and from 2016, Mr. Katkov has been the President of its holding company, Sistema Venture Capital JSC (formerly Sistema Mass Media LLC). From 2015 to 2016, Mr. Katkov served as the First Vice President and Chief Operation Officer of Sistema Venture Capital JSC. From 2000 to 2015, Mr. Katkov worked at the Mail.ru Group, where he served as Vice President, Commercial Director and Director for International and Regional Development. In 1999, Mr. Katkov graduated from the Russian Presidential Academy of National Economy and Public Administration with a degree in management.

***Nilesh Lakhani*** has over 25 years of operating experience and has served on the boards of a number of emerging market consumer internet companies. He has served as an independent director on the board of directors of Despegar since 2012 and as Chairperson of its board of directors since 2019. Mr. Lakhani was a member of the board of directors and Chairperson of the audit committee of Netshoes from 2013 to 2019. He also served as an independent director on the board of directors of QIWI from 2013 to 2014. From 2015 to 2018, Mr. Lakhani was an Operating Partner at Lumia Capital, a venture capital fund focused on technology companies in emerging markets. He also held key executive positions with growth companies in the technology, media and financial services industries. From 2010 to 2012, Mr. Lakhani served as the Chief Financial Officer of oDesk Corporation (now Upwork). Previously, he was Chief Financial Officer of Yandex from 2007 to 2010. He also served as Chief Financial Officer of CTC Media from 2004 to 2007. Prior to that, Mr. Lakhani was Vice President of Global Operations at Electronic Arts. He also served as Senior Vice President with Transamerica Corporation from 1991 to 1997 and worked with GE Capital from 1984 to 1991. Mr. Lakhani holds a Bachelor's degree in economics from the University of Manchester, and a Master of Business Administration degree from the University of San Francisco.

***Charles Ryan***'s distinguished financial career combines top level expertise and deep knowledge of both Russian and international markets. Mr. Ryan began his professional career in 1989 with CS First Boston, where he was a Financial Analyst. From 1991 to 1994, Mr. Ryan was an Associate and Principal Banker with the European Bank for Reconstruction and Development in London, where he played a crucial role in St. Petersburg's privatization program for industry and real estate. In 1994, Mr. Ryan co-founded the United Financial Group, an independent investment bank in Moscow. UFG Asset Management was founded as part of the United Financial Group in 1996. In 2005, when Deutsche Bank acquired 100% of UFG's investment banking business, Mr. Ryan was appointed as

the Chief Country Officer and CEO of the Deutsche Bank Group in Russia. He stepped down as the CEO of Deutsche Bank in Russia in September 2008 and became the Chairman of UFG Asset Management in October 2008. In addition to his role as the Chairman, Mr. Ryan is also responsible for the overall management of UFG's private equity business. Mr. Ryan has also served as a non-executive director of Yandex since 2011. Mr. Ryan graduated with honors in Government from Harvard College.

***Peter Sirota*** has served as a CEO at Mapbox since March 2021. He previously served as a Senior Vice President of Engineering at Mapbox from May 2018, where he focused on defining and building search, map, navigation, and logistic services, building scalable distributed systems and operating services at a large scale. From 2014 to 2018, Mr. Sirota was a Senior Vice President of Engineering at Quantcast, where he helped to build a large automated advertising platform. From 2008 to 2014, Mr. Sirota founded and served as a General Manager for Amazon Elastic MapReduce, a cloud big data platform for processing petabyte-scale data using open source tools such as Apache Spark and Hadoop that enables businesses, researchers, data analysts and developers to build sophisticated machine learning and data processing solutions. From 2005 to 2008, Mr. Sirota was a Senior Manager of Amazon Web Services, where he managed engineering teams to build the AWS Platform, which includes billing, accounts, authentication and authorization services upon which the AWS business is built. From 1999 to 2005, Mr. Sirota was a Software Development Manager at RealNetworks, where he managed engineering teams to build the first audio and video streaming network—RealBroadcast Network (RBN). From 1996 to 1997, Mr. Sirota was a consultant at the Microsoft Corporation. Mr. Sirota holds a Bachelor's degree in computer science from Northeastern University in Boston. Mr. Sirota also studied economics and international business at ESB in Reutlingen, Germany.

**Family Relationships**

There are no family relationships among any of executive officers or members of our board of directors.

**B. Compensation**

The compensation for each of our executive officers consists of the base salary and share-based awards. The total amount of compensation paid and benefits in kind provided to our executive officers and members of our board of directors for the year ended December 31, 2022 was ₽60 million. We do not currently maintain any profit-sharing or pension plan for the benefit of our executive officers.

The compensation accrued for our non-executive directors for the year ended December 31, 2022 for their service as committee members and their service as a committee chairperson was $291,000. We also compensate all our board members for all expenses incurred by them in relation to their attendance at all meetings of our board of directors.

The monetary compensation for each of our independent non-executive directors consists of up to $12,000 per year for their service as a committee member and up to $25,000 per year for their service as a chairperson of any committee other than the Audit Committee, or up to $40,000 for their service as a chairperson of an Audit Committee. In addition, we pay to our independent non-executive directors a fee of up to $35,000 for each meeting of the board of directors that such independent non-executive director attends in person. We also compensate all our board members for all expenses incurred by them in relation to performing their duties.

The following table sets forth the share-based awards granted to our key executive officers and directors:

| Name | Award type | Number of ordinary shares called for | Exercise / purchase price per share | Grant date | Expiration date |
|---|---|---|---|---|---|
| Igor Gerasimov | RSU | 18,746 | — | December 19, 2019 | December 19, 2029 |
| Igor Gerasimov | RSU | 67,781 | — | January 28, 2021 | January 28, 2031 |
| Igor Gerasimov | RSU | 40,000 | — | April 1, 2021 | April 1, 2031 |
| Igor Gerasimov | RSU | 500,000 | — | March 29, 2022 | March 29, 2032 |
| Anton Stepanenko | RSU | 75,090 | — | September 15, 2019 | September 15, 2029 |
| Anton Stepanenko | RSU | 218,750 | — | June 25, 2020 | June 25, 2030 |
| Anton Stepanenko | RSU | 75,000 | — | November 2, 2020 | November 2, 2030 |
| Anton Stepanenko | RSU | 375,000 | — | March 29, 2022 | March 29, 2032 |
| Lydia Jett | RSU | 13,333 | — | November 27, 2020 | November 27, 2030 |
| Lydia Jett | RSU | 6,667 | — | December 23, 2021 | December 23, 2031 |
| Peter Sirota | RSU | 13,333 | — | November 27, 2020 | November 27, 2030 |
| Peter Sirota | RSU | 6,667 | — | December 23, 2021 | December 23, 2031 |
| Charles Ryan | RSU | 20,000 | — | December 23, 2021 | December 23, 2031 |
| Nilesh Lakhani | RSU | 20,000 | — | December 23, 2021 | December 23, 2031 |

**Equity Incentive Plans**

***EIPs***

We have the 2020 Equity Incentive Plan (the "2020 EIP") and its predecessor, the original 2018 Equity Incentive Plan (the "2018 EIP" and, together with the 2020 EIP, "EIPs") for individuals who contribute to our performance. In accordance with the EIPs, executives, senior employees, external strategic advisers, key third-party business partners and consultants, as determined by our board of directors, may be awarded equity share-based awards ("SBAs") in the form of options, share appreciation rights ("SARs") and restricted share units ("RSUs"). Under the EIPs, we may issue ordinary shares or ADSs representing such ordinary shares. The material terms of the EIPs are summarized below.

The 2020 EIP was approved by our board of directors on December 21, 2020. Awards under the 2018 EIP have been amended and are now subject to the same terms as the 2020 EIP. Subsequently, on January 27, 2021, we registered a reserved pool of 30,800,000 ordinary shares to be granted to EIP participants until December 31, 2024, including the outstanding number of awards previously granted from the reserved pool, under a Form S-8.

In August 2021, our board of directors approved an increase in the reserved pool by 1,920,000 ordinary shares to be granted to EIP participants through December 31, 2024.

Under the 2020 EIP, all awards will expire on the tenth anniversary of the date of grant or, in the case of an award that has vested but not lapsed, if earlier, 90 days after the date on which the recipient ceases to be an eligible participant. All vested awards remain exercisable until delivery of an acquisition notice by participant to us.

As of March 31, 2023, 18,387,088 RSUs have been granted and outstanding under the EIPs, of which 6,738,793 RSUs have vested but have not been exercised. In addition, all 221,443 outstanding SARs are vested as of March 31, 2023.

*Plan administration*. Our EIPs are administered by our board of directors and the compensation committee.

*Eligibility*. We may grant SBAs to employees, directors and external advisers of our Group and, under the 2020 EIP, key third-party business partners.

*Vesting schedules*. Awards generally vest over a four-year period, unless otherwise decided by our board of directors. Under the 2018 EIP, 1/4 of each award vested on the first anniversary of nomination and an additional 1/16 vesting each calendar quarter thereafter. Also, under the 2020 EIP, 1/16 of each award may vest at the end of each calendar quarter following the grant of the award if so determined by our board of directors.

Under the 2020 EIP, in the event of a control stake transaction in which a mandatory offer must be made under our articles of association, 50% of all outstanding awards will vest automatically. Awards provide the participant with the right to receive ADSs (while ADSs remain listed) immediately upon vesting or any other date after the vesting. In the 2020 EIP, when a participant's employment or service is terminated, the portion of the award vested as of the termination date will be satisfied, unless the termination is within 12 months of a control stake transaction in the case of the 2020 EIP, in which case the entire award vests, unless the termination is for cause. Awards under the 2018 EIP have been amended and are now subject to the same terms as the 2020 EIP.

*Ozon employee benefit trust* ("EBT"). In April 2021, we entered into a trust deed with a trustee for the efficient operation of our EIPs. The EBT holds our ordinary shares or the ADSs to be distributed under SBAs granted to and exercisable by directors, officers and employees and delivers the shares or other securities exercisable under the EIPs to such participants upon exercise. We neither own shares nor have voting rights in the EBT. However, we established the EBT and may appoint or substitute a trustee. Thus, we considered that we control the EBT through a contractual arrangement. In 2021, we issued a total of 12,200,000 ordinary shares to the EBT and converted them to ADSs.

**Insurance and Indemnification**

Our articles of association provide that, subject to certain limitations, we 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.

Insofar as indemnification of liabilities arising under the Securities Act may be permitted to executive officers and board members or persons controlling us pursuant to the foregoing provisions, 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**

The primary responsibility of our board of directors is to oversee the operations of our company, and to supervise the policies of senior management and the affairs of our company.

**Duties of Board Members and Conflicts of Interest**

Under Cypriot law, our directors 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 or her. 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 articles of association or Cypriot law.

A director who is in any way directly or indirectly interested in a contract or proposed contract with us shall 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 shall not have the right to vote (and shall not be counted in the quorum).

**Audit Committee**

The audit committee, which consists of Nilesh Lakhani, Lydia Jett and Charles Ryan, assists the board of directors in overseeing our accounting and financial reporting processes and the audits of our financial statements.

Mr. Lakhani serves as Chairperson of the committee. Under the Nasdaq listing requirements and applicable SEC rules, the audit committee is required to have at least three members, all of whom must be independent, subject to exemptions available to foreign private issuers. Our audit committee consists exclusively of members of our board who are financially literate, and our board determined that Nilesh Lakhani is considered an "audit committee financial expert" as defined in applicable SEC rules. Our board has determined that Nilesh Lakhani, Lydia Jett and Charles Ryan each 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 the Nasdaq 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 party transaction (as defined in our related party transaction policy) in accordance with our related party transaction policy.

The audit committee meets as often as one or more members of the audit committee deem necessary, but in any event will meet at least four times per year. The audit committee will meet at least once per year with our independent accountant, without our executive officers being present.

**Compensation Committee**

The compensation committee, which consists of Peter Sirota, Elena Ivashentseva, Lydia Jett and Alexey Katkov, assists the board of directors in determining executive officer compensation and compensation of directors. Mr. Sirota serves as Chairperson of the committee. The committee recommends to the board for determination the compensation of each of our executive officers and directors. Under SEC and Nasdaq 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. Pursuant to exemptions from such independence standards as a result of being a foreign private issuer, the members of our compensation committee may not be independent under such standards.

The compensation committee is responsible for:

- reviewing and approving recommendations relevant to compensation of our executive officers and members of the board of directors; and
- reviewing and approving or making recommendations to the board regarding incentive compensation and equity-based plans and arrangements.

**Nominating Committee**

The nominating committee, which consists of Lydia Jett, Nilesh Lakhani and Charles Ryan, assists the board of directors in identifying individuals qualified to become members of our board consistent with criteria established by our board and in developing our corporate governance principles. Ms. Jett serves as Chairperson of the committee. Under Nasdaq rules, all such directors must be independent; however, pursuant to exemptions from such requirements as a result of being a foreign private issuer, the members of our nominating committee may not be independent under the Nasdaq standards.

The nominating committee is responsible for:

- drawing up selection criteria for board members;
- reviewing and evaluating the composition of our board;
- recommending nominees for selection to our board and its corresponding committees;
- making recommendations to the board as to criteria of board member independence;
- leading the board in a self-evaluation, at least annually, to determine whether it and its committees are functioning effectively; and
- developing recommendations to the board regarding governance matters.

**D. Employees**

We believe that our corporate culture and our positive relationship with our employees have contributed to our success. We endeavor to maintain a "start-up" culture that encourages continuous innovation and growth within our company. We conduct semi-annual review and feedback sessions in which the development aspirations of our employees are discussed and explored. We also benefit from a motivated and experienced management team with incentive plans in place for each senior management member.

As of December 31, 2022, we had 49,889 employees working in our fulfillment centers, delivery infrastructure operations and research labs and offices. The table below sets out the number of employees by job category as of December 31, 2022:

| Function | Number of employees as of December 31, 2022 |
|---|---|
| Supply Chain | 36,021 |
| Marketing | 555 |
| IT | 4,748 |
| Sales | 1,248 |
| Contact Center | 4,062 |
| General and Administrative | 3,255 |
| **Total** | **49,889** |

The table below sets out the number of employees by location as of December 31, 2022:

| Function | Number of employees as of December 31, 2022 |
|---|---|
| Moscow and Moscow Region | 23,412 |
| Saint Petersburg and Leningrad Region | 5,995 |
| Other regions | 20,482 |
| **Total** | **49,889** |

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes. Our employees are not represented by any collective bargaining agreements or labor unions.

**E. Share Ownership**

See Item 7.A. "*Major Shareholders and Related Party Transactions—Major Shareholders*" for information about the share ownership of directors and officers.

See Item 6.B. "*Directors, Senior Management and Employees—Compensation*" for information about our equity incentive plans.

**F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

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

**A. Major Shareholders**

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of March 20, 2023:

- 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 members of our board of directors individually; and
- our executive officers and members of our board of directors as a group.

For information regarding material transactions between us and principal shareholders, see Item 7.B. "*Major Shareholders and Related Party Transactions—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, or the right to receive the economic benefit of ownership, as well as any shares that the individual has the right to acquire within 60 days of March 20, 2023 through the exercise of any option, warrant or other right. Except as otherwise indicated, to our knowledge and subject to applicable community property laws, all persons named in the table below have sole voting and investment power and the right to receive the economic benefit of ownership with respect to all ordinary shares held by that person. Funds advised by Baring Vostok Capital Partners Group Limited (and its predecessors) first acquired shares in Ozon in 2000. Sistema first acquired shares in Ozon in 2014. There is no agreement or arrangement between them with respect to their ownership in our Company, other than the registration rights agreement, dated November 22, 2020.

The percentage of shares beneficially owned is computed on the basis of 216,413,733 of our ordinary shares outstanding as of March 20, 2023 and two Class A shares outstanding as of March 20, 2023. Ordinary shares that a person has the right to acquire within 60 days of March 20, 2023 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.

As of March 20, 2023, an aggregate of 81,895,385 ordinary shares were held by BNY (Nominees) Limited, as depositary. We have been informed by the depositary that as of March 20, 2023 there were six registered holders of ADSs with addresses in the United States, holding an aggregate of 80,035,432 ADSs. To our knowledge, there are no U.S. holders of record of our ordinary shares. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Ozon Holdings PLC, Arch. Makariou III, 2-4, Capital Center, 9th floor, 1065, Nicosia, Cyprus.

| Name of Beneficial Owner | Shares Beneficially Owned | |
|---|---|---|
| | Number | Percentage |
| Sistema[1] | 68,827,227 | 31.76% |
| Baring Vostok Private Equity Funds[2] | 60,059,091 | 27.75% |
| **Executive Officers and Board Members** | — | — |
| Igor Gerasimov | * | * |
| Anton Stepanenko | * | * |
| Elena Ivashentseva | * | * |
| Tagir Sitdekov | — | — |
| Lydia Jett | * | * |
| Dmitry Kamensky | — | — |
| Alexey Katkov | — | — |
| Nilesh Lakhani | — | — |
| Charles Ryan | * | * |
| Peter Sirota | * | * |
| All executive officers and board members as a group (10 persons) | * | * |

* Indicates beneficial ownership of less than 1%.

(1) Includes 52,743,552 ordinary shares and one Class A share and ADS directly held by Sistema Public Joint Stock Financial Corporation and 16,083,675 ordinary shares directly held by Sistema Venture Fund Ltd, an investment vehicle controlled by Sistema. Sistema may be deemed to be the beneficial owner of all of these shares. The address for Sistema is 13/1 Mokhovaya Street, 125009, Moscow, Russia.

(2) Includes 22,941,069 ordinary shares directly held by Baring Vostok Ozon LP ("Ozon LP"); 188,333 ordinary shares directly held by BV Special Investments Limited ("BVSIL"); 36,929,688 ordinary shares directly held by Baring Vostok Fund V Nominees Limited ("BVFVNL"), a nominee company holding in trust for each of the three limited partnerships comprising Baring Vostok Private Equity Fund V ("BVPEFV") and Baring Vostok Fund V Supplemental Fund, LP ("Supp Fund" and, together with BVPEFV, the "Fund V Funds") and other Baring Vostok affiliated entities. Also includes one Class A share held by BVFVML in trust for the Fund V Funds with an agreement that BVFVML will consult with Ozon LP prior to exercising its rights under the Class A share. Voting and investment control over the investments held by Ozon LP is exercised by the board of directors of Baring Vostok Ozon Managers Limited ("BVOML") as the general partner to Baring Vostok Ozon (GP) L.P., who is the general partner to Ozon LP. The board of directors of BVOML is comprised of Holly Nielsen, Julian Timms Andrey Costyashkin and Gillian Newton. Each member of the board of directors disclaims beneficial ownership of the investments held by Ozon LP. Voting and investment control over the investments held by BVFVNL under a declaration of trust on behalf of the Fund V Funds is exercised in each case by the board of directors of Baring Vostok Fund V Managers Limited ("BVFVML") as the general partner to Baring Vostok Fund V (GP) L.P. and Baring Vostok Fund V Supplemental Fund (GP) L.P., who are the general partners to BVPEFV and the Supp Fund, respectively, as well as the board of directors of BVFVML under similar arrangements in the case of other Baring Vostok affiliated entities. Voting and investment control over investments held by BVFVNL under a declaration of trust on behalf of other Baring Vostok affiliated entities is also exercised in each case by the board of directors of BVFVML. The board of directors of BVFVML is comprised of Holly Nielsen, Julian Timms and Gillian Newton. Each member of the board of directors of BVFVML disclaims beneficial ownership of the investments held by BVFVNL on behalf of the Fund V Funds and on behalf of other Baring Vostok affiliated entities. Voting and investment control over the investments held by BVSIL is exercised by the board of directors of BVSIL. The board of directors of BVSIL is comprised of Andrey Costyashkin, Julian Timms and Gillian Newton. Each member of the board of directors of BVSIL disclaims beneficial ownership of the investments held by BVSIL. Baring Vostok Capital Partners Group Limited ("BVCPGL"), a limited liability company incorporated under the laws of and registered in Guernsey, acts as investment advisor to BVOML, BVFVML and other Baring Vostok fund management entities. BVCPGL as investment advisor to BVOML and BVFVML has no voting or investment control over the investments held by Ozon LP, BVSIL or through BVFVNL. BVOML and BVFVML make decisions based on recommendations of investment committees appointed in respect of each of Ozon LP and Fund V Funds, respectively. BVCPGL disclaims beneficial ownership of the ordinary shares held by each such fund and on behalf of other Baring Vostok affiliated entities. Each of Ozon LP, BVFVNL, the Fund V Funds, the respective general partners of each such fund and the directors of

each such general partner and the directors or each such Baring Vostok affiliated entities disclaims beneficial ownership of the ordinary shares beneficially owned or deemed beneficially owned by each of the other such persons, except to the extent of its pecuniary interest therein. The address for BVFVNL, BVFVML, Baring Vostok Fund V (GP) L.P. and Baring Vostok Fund V Supplemental Fund (GP) L.P. and each of the Fund V Funds is 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW, Channel Islands. The address for BVOML, Baring Vostok Ozon (GP) L.P., Ozon LP and BVSIL is 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW, Channel Islands. Based on information provided by the Baring Vostok Private Equity Funds.

As of December 31, 2022, there were 216,413,733 ordinary shares outstanding. To the extent known to us, the Company is not directly or indirectly owned or controlled by another corporation or foreign government and there are no arrangements the operation of which may at a subsequent date result in a change of control.

**B. Related Party Transactions**

Since January 1, 2022, we have not entered into any material or unusual related party transactions. We make sales to and purchases from related parties and enter into other transactions in the ordinary course of business. Outstanding balances with related parties are unsecured and carry market interest (where applicable) and settlement is generally made in cash. During 2022, we did not incur material expected credit losses or impairments relating to amounts owed by related parties.

**C. Interests of Experts and Counsel**

Not applicable.

**Item 8. Financial Information**

**A. Consolidated Statements and Other Financial Information**

**Consolidated Financial Statements**

See Item 18 "*Financial Statements.*"

**Legal Proceedings**

We are not currently involved in any material litigation or regulatory actions that we believe would have a material adverse effect on our financial condition or results of operation, nor are we aware of any such material litigation or regulatory actions threatened against us.

**Dividend Policy**

We have never declared or paid cash dividends on our ordinary shares. We intend to retain all available liquidity sources and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future.

The terms of certain of our outstanding borrowings restrict our ability to pay dividends or make distributions on our ordinary shares without consent of a lender, and 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. In addition, as a result of sanctions imposed on Russia and reactive capital control and protection measures introduced by the Russian Government in connection with the ongoing geopolitical crisis surrounding Ukraine, our Russian operating subsidiaries are also restricted from transferring cash outside of Russia, which would affect dividend payments, if any, to our holding company. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*" and Item 4.B "*Information on the Company—Business Overview—Regulatory Environment—Capital Control and Protection Measures Related to the Geopolitical Crisis Surrounding Ukraine.*"

Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our shareholders at a general meeting and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our shareholders at a general meeting may deem relevant. We may only pay our dividends from the profits as shown in our annual IFRS accounts. Under Cypriot law, we are not allowed to make distributions if such distributions would reduce our net assets to below the total sum of the issued share capital and the reserves that we must maintain under Cypriot law and our amended and restated memorandum and articles of association. No dividend shall exceed the amount recommended by our board of directors.

### B. Significant Changes

Except as disclosed elsewhere in this Annual Report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this Annual Report.

## Item 9. The Offer and Listing

### A. Offer and Listing Details

Not applicable.

### B. Plan of Distribution

Not applicable.

### C. Markets

The ADSs, each representing one ordinary share, have been listed on Nasdaq and MOEX since November 24, 2020 under the symbol "OZON."

See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Ownership of the ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*" for more details on the current suspension of trading of the ADSs on Nasdaq.

### 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.

## C. Material Contracts

### Convertible Bonds

In February 2021, we issued and sold our $750 million Bonds to institutional investors that are not U.S. persons, outside the United States, in reliance on Regulation S under the Securities Act. The Bonds are senior unsecured obligations with maturity date of February 24, 2026, unless earlier repurchased, redeemed or converted in accordance with their terms. The net proceeds from the offering of the Bonds were approximately $736.6 million, after deducting the initial purchasers' discount and estimated offering expenses.

In connection with the offering of the Bonds, we entered into a Trust Deed, dated February 24, 2021, with BNY Mellon Corporate Trustee Services Limited as trustee. The Trust Deed includes the terms and conditions upon which the bonds are to be authenticated, issued and delivered. The Bonds are convertible into cash, the ADSs representing our ordinary shares or a combination of cash and the ADSs, at our election, based on a 42.5% premium above the reference share price of $60.8056. The reference share price was calculated by taking the volume weighted average price of the ADSs between opening and closing of trading on Nasdaq on February 17, 2021. Accordingly, the corresponding initial conversion price is $86.6480 per ADS, subject to adjustment on the occurrence of certain events.

In October 2022, holders of over 75% in principal amount of the Bonds outstanding voted in favor of early redemption of the Bonds. As of the date of this Annual Report, the Company redeemed approximately 94% in principal amount of the Bonds for the total redemption payment of approximately ₽38.6 billion (at the exchange rate as at the payment date). In accordance with the terms of the restructuring, on the date when the Company announces the cancellation date for the Bonds, the Trust Deed shall terminate.

## D. Exchange Controls

There are no Cypriot exchange control regulations that would affect the import or export of capital or the remittance of dividends, interest or other payments to non-resident holders of our shares.

## 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 the tax laws of the United States and regulations thereunder as of the date hereof, all of which are subject to change.*

### Material Cyprus Tax Considerations

***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:

- whether the company is incorporated in Cyprus and is a tax resident only in Cyprus;
- whether 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 meeting of the board of directors take place in Cyprus and the minutes 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;

- whether the shareholders' meetings take place in Cyprus;
- whether the terms and conditions of the general powers of attorney issued by the company do not prevent the company and its board of directors to exercise control and make decisions;
- whether the corporate seal and all statutory books and records are maintained in Cyprus;
- whether the corporate filings and reporting functions are performed by representatives located in Cyprus; and
- whether the agreements relating to the company's business or assets are executed or signed in Cyprus.

From 2023, a company incorporated and registered in Cyprus that 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 or she may be considered to be a resident of Cyprus for tax purposes in a tax year (which is the calendar year) if he or she is physically present in Cyprus for a period or periods exceeding in aggregate more than 183 days in that calendar year. As from January 1, 2017, an individual can elect to be a tax resident of Cyprus even if he or she spends less than or equal to 183 days in Cyprus provided that he or 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, is employed in Cyprus 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:

| Taxable Income, € | Tax Rate, % | Cumulative Tax, € |
|---|---|---|
| 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 | 10,885 plus 35 euro cents for each euro over 60,000 |

***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, global depositary shares or receipts and bonds of companies and options thereon) shall be exempt from taxation in Cyprus.

In case of a Cyprus company which is the direct or indirect (subject to conditions for indirect ownership) owner of immovable property situated in Cyprus and its shares are not 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 the shares of which are sold. We do not own any immovable property located in Cyprus.

*Dividend income*

Dividend income (whether received from Cyprus resident or non-Cyprus resident companies) is exempt from income tax in Cyprus, subject to certain anti-avoidance provisions.

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 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 SDC at a rate of 30% which is levied on the gross interest received. 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 SDC and only be subject to income tax.

As of June 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%. Moreover, as of 8 June 2022, Cyprus state organizations and local authorities, pension funds, provident funds, and the Cyprus Social Insurance Fund will be subject to SDC at the reduced rate of 3% on all interest income that they earn.

***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 resident individuals.

*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 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 (American or global depositary shares or receipts), 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. We do not own any immovable property located in Cyprus.

*Dividend income*

Cyprus tax resident individual holders of ADSs are exempt from income tax on dividend income, but are subject to 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, they have their domicile of origin in Cyprus based on the provisions of the Cyprus Wills and Succession Law, Cap. 195, or
- they have been a tax resident of Cyprus for at least 17 years out of the last 20 years prior to the tax year.

Individual holders of ADSs must consult their own tax advisers 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 who 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.

However, from December 31, 2022, withholding taxes will apply on dividend and interest payments made to companies that: (i) are tax resident in jurisdictions included in the EU list of non-cooperative jurisdictions for tax purposes (the "EU Blacklist"); or (ii) 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.

Effective from February 21, 2023, Russia and British Virgin Islands were added to the EU Blacklist and as a result, withholding taxes may be applicable upon dividend or interest payments in the future to companies who are tax resident in these jurisdictions. Cypriot Tax Authorities have not yet issued official communication with respect to the year when the updated EU Blacklist will be applied in Cyprus. This development does not have any adverse tax effect on our results for the year ended December 31, 2022.

*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 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 or forwards on securities, swaps on securities, depositary receipts on securities (American or global depositary shares or receipts), 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. We do not own any immovable property located in Cyprus.

*Dividend income*

Dividend income received by a Cyprus tax resident company, holder of ADSs, is exempt from income tax in Cyprus, subject to certain anti-avoidance provisions.

Dividend income received or deemed to be received by a Cyprus tax resident company, is exempt from SDC, except in the event that the payer is not a Cyprus tax resident company in which case SDC is levied at the rate of 17% provided the following conditions are met:

- if the payer engages directly or indirectly more than 50% in activities 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***

In case 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, it would be deemed to have distributed this amount as a dividend two years after that year end. On such amount of deemed dividend SDC, currently at a rate of 17%, is imposed to the extent that the ultimate direct or indirect shareholders of the Company are individuals who are both Cyprus tax resident and Cyprus tax domiciled.

SDC may also be payable on deemed dividends in case of liquidation or capital reduction of the company.

Deemed dividends attributable to Cypriot tax resident individuals (irrespective of their domicile status) are subject to GHS at the rate of 2.65%.

***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.

With effect as of 1 January 2022, transfer pricing documentation requirements have been introduced. The transfer pricing documentation compliance obligations include the preparation of Master File, Cyprus Local File and Summary Table for Cyprus tax resident persons and permanent establishments of non-Cyprus tax resident persons situated in Cyprus that engage in transactions with related parties.

***Stamp Duty***

Cyprus levies stamp duty on every written 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 €0.05 to €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.

In case it is payable (a) the maximum amount of stamp duty would be €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 €4,100 would have to be paid.

**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.

**Prospective holders of the ADSs should consult their tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of ADSs and receiving payments of dividends and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect as at the date hereof. The information and analysis contained in this section are limited to issues relating to taxation, and prospective holders should not apply any information or analysis set out below to other issues, including (but not limited to) the legality of transactions involving the ADSs.**

***General***

The following is a summary of certain Russian tax considerations relevant to the purchase, ownership and disposal of ADSs, as well as the receipt of dividend income, by Russian resident and non-resident investors based on the Russian laws 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 taxes levied at the level of regional, municipal, or other non-federal authorities of Russia or procedures related to them. Likewise, this overview does not address the availability of double tax treaty relief in respect of ADSs, and it should be noted that practical difficulties, including satisfying certain documentation requirements, may arise from claiming relief under a double tax treaty. Prospective holders should consult their own professional advisers regarding the tax consequences of investing in ADSs. No representations with respect to the Russian tax consequences for any particular holder are made hereby.

The provisions of the Russian Tax Code applicable to holders of and transactions involving ADSs are ambiguous and lack interpretive guidance. Both the substantive provisions of the Russian Tax Code applicable to financial instruments and the interpretation and application of those provisions by the Russian tax authorities may be subject to rapid and unpredictable change and inconsistency compared to jurisdictions with more developed capital markets or taxation systems. In practice, the interpretation and application of these provisions rests largely with local Russian tax inspectorates.

The interpretation of different tax inspectorates in Russia may be inconsistent or contradictory, and tax inspectorates may impose conditions, requirements or restrictions not stipulated by the existing legislation. Similarly, in the absence of binding precedents, court rulings on tax or related matters by different Russian courts relating to the same or similar circumstances may also be inconsistent or contradictory.

For the purposes of this summary, a "Russian Resident Holder" is a holder of ADSs who is:

- an individual holding ADSs who actually stays in Russia for an aggregate period of 183 days (including the day of arrival in Russia and the day of departure from Russia) or more in a period of 12 consecutive months. Medical treatment or education outside Russia also counts as days spent in Russia if the individual spent less than six months outside Russia for these purposes. The Ministry of Finance's interpretation of this definition suggests that for tax withholding purposes, an individual's tax residence status should be determined on the date of the income payment (based on the number of days in Russia in a 12 month period preceding the date of payment), and nevertheless, individuals' final tax liability in Russia for the reporting calendar year should be determined based on their tax residence status for such calendar year, i.e., those individuals who spend 183 days of a calendar year or more in Russia qualify as Russian tax residents, thus final tax liability may require a reassessment;
- a Russian legal entity, or organization (including international companies registered in accordance with the Federal Law "On International Companies and International Funds" No 290-FZ);
- a legal entity or organization established in a jurisdiction other than Russia that purchases, holds and/or disposes of ADSs through a permanent establishment in Russia;
- a legal entity or organization established in a jurisdiction other than Russia that is recognized by the Russian tax authorities as a Russian tax resident based on Russian domestic law (whereby Russia is recognized as the place of effective management of the legal entity or organization as determined in the Russian Tax Code), unless otherwise envisaged by a double tax treaty;
- a legal entity or organization established in a jurisdiction other than Russia that is, in the case of conflicting tax residency statuses under 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 application of such double tax treaty); or
- a legal entity or organization established in a jurisdiction other than Russia that has voluntarily obtained Russian tax residence on the basis of its registered subdivision in Russia.

For the purposes of this summary, a "Non-Resident Holder" is a holder of ADSs who does not qualify as a Russian Resident Holder according to the criteria provided above. According to Russian tax legislation, taxation of income of Non-Resident Holders who are individuals depends on whether the income is assessed as coming from Russian or non-Russian sources.

The definition of Russian-sourced income is broad, and in terms of investment income it generally includes dividends from Russian organizations and legal entities that are recognized as Russian tax residents, income from sale of securities in Russia, and other investment income received by taxpayers as a result of their activities in Russia.

We are a Cypriot tax resident based on the place of our management and control in Cyprus. While we do not believe we will be treated as having a tax residence outside of Cyprus, including in Russia, we cannot assure that the Russian tax authorities will not attempt to claim us to be a tax resident of Russia (see Item 3.D. "*Key Information—Risk Factors—Risks Relating to Russian Taxation—Our Cypriot entities may be exposed to taxation in Russia if they are treated as having a Russian permanent establishment or as being Russian tax residents*"). If this occurs, the rules similar to those applicable to Russian companies will become relevant to the purchase, ownership and disposal of ADSs. These rules are not fully detailed in this document.

Trading of the ADSs on Nasdaq was suspended in February 2022; holders of ADSs should seek professional advice regarding their tax status and the relevant tax consequences in Russia.

***Taxation of ADS Acquisition***

The Russian Tax Code stipulates a capital gains principle with respect to the calculation of either personal or corporate income tax for operations with securities. Pursuant to this provision, personal or corporate income tax is to be calculated at the moment of security disposal. Thus, at the moment of security acquisition, no tax implications should arise, except for the cases described below.

*Russian Resident Holders – Individuals*

No Russian tax implications should generally arise for Russian Resident Holders – Individuals upon acquisition of ADSs except for the deemed income taxation as described below.

Taxable deemed income may arise for the Russian Resident Holders – Individuals when ADSs are purchased at a price below their market value, which is unlikely in the market conditions. There is however a temporary exemption from Personal Income Tax provided for the period 2022 – 2023. We suggest that Russian Resident Holders – Individuals consult their tax advisers with respect to the tax consequences of acquiring the ADSs.

*Russian Resident Holders – Legal Entities*

No Russian tax implications generally arise for Russian Resident Holders – Legal Entities when they acquire ADSs for a consideration.

In certain circumstances, Russian Resident Holders – Legal entities acquiring the ADSs must fulfil 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 organisations being responsible for withholding Russian tax) with respect to withholding tax from the sales proceeds of the ADSs to be transferred to a Non-Resident Holder – Legal Entity disposing of the ADSs (if any) or Russian Resident and Non-resident Holders – Individuals under sale or barter agreements.

We suggest that Russian Resident Holders – Legal Entities consult their tax advisers in this respect.

*Non-Resident Holders – Individuals*

No Russian tax implications generally should arise for Non-Resident Holders – Individuals. Even though we cannot rule out the risk that deemed income received by Non-Resident Holders – Individuals upon acquisition of ADSs for a price below their market value would be assessed as received from Russian sources, such income would not be subject to Personal Income Tax in Russia due to temporary exemption set for the period 2022 – 2023.

We suggest that Non-Resident Holders – Individuals consult their tax advisers in this respect.

*Non-Resident Holders – Legal Entities*

No Russian tax implications generally arise for Non-Resident Holders – Legal Entities when they acquire ADSs for a consideration.

We suggest that Non-Resident Holders – Legal Entities consult their tax advisers in this respect.

***Taxation of Dividends and Other Distributions (including distributions in kind)***

We are a Cypriot tax resident and, therefore, according to Russian tax law are not required to act in a capacity of a tax agent for the Russian tax purposes.

However, in case we are recognized by the Russian tax authorities as a Russian tax resident, the Russian tax implications could arise for Holders of ADSs as described in *"Risk Factors—Risks Relating to Russian Taxation— Our Cypriot entities may be exposed to taxation in Russia if they are treated as having a Russian permanent establishment or as being Russian tax residents"*. As we do not anticipate such scenario the below summary does not address such implications. Holders of ADSs should therefore consult their own tax advisers with this respect.

*Russian Resident Holders – Individuals*

Payments of dividends from the ADSs to the Russian Resident Holders – Individuals should be subject to a statutory Russian tax at a rate from 13% to 15% under the progressive personal income tax scale. Whereas the distribution is made in kind, the taxable base should be determined as the gross market price of the distribution received. We suggest that Russian Resident Holders – Individuals 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.

*Russian Resident Holders – Legal Entities*

Payment of dividends from ADSs received by Russian Resident Holders – Legal Entities, with certain exceptions, should be subject to a statutory Russian tax at a rate of 13% of the gross dividend amount.

We suggest that Russian Resident Holders – Legal Entities 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.

*Non-Resident Holders – Individuals*

No Russian tax consequences shall arise for Non-Resident Holders – Individuals with respect to dividends on the ADSs. We suggest that non-Resident Holders – Individuals consult their own tax advisers.

*Non-Resident Holders – Legal Entities*

No Russian tax consequences shall arise for Non-Resident Holders – Legal Entities with respect to dividends on the ADSs. Non-Resident Holders – Legal Entities should consult their own tax advisers in this respect.

***Taxation of Disposal of ADS / Capital Gains***

The following sections summarize the taxation of capital gains with respect to the disposal of ADSs.

*Russian Resident Holders – Individuals*

Capital gains arising from the sale, exchange or other disposal of ADSs by Russian Resident Holders – Individuals 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 there is a tax agent that calculates and withholds Russian personal income tax at source in full (for example, a Russian broker or Russian legal entity, a buyer of the ADSs). See Item 10.E "*Additional Information—Taxation—Material Russian Tax Considerations—Taxation of ADS Acquisition—Russian Resident Holders – Legal Entities*."

The taxable capital gain of Russian Resident Holders – Individuals upon the sale of securities is calculated as the gross sale proceeds calculated in Russian rubles at the date of sale minus the actual expenses calculated in Russian rubles at the date of purchase. For the purpose of currency conversion, the official exchange rates of the CBR on specific dates are used. Expenses must be proved by documentary evidence related to the purchase of the ADSs (including the cost of the securities and the expenses associated with their purchase, holding and sale, and the deemed income amount on which personal income tax was accrued and paid on acquisition (receipt) of the ADSs).

Taxable base for operations in securities and derivatives is calculated for personal income tax purposes separately from other tax bases. Further, the financial result in respect of activities connected with securities quoted on a stock exchange should be calculated separately from a financial result in respect of trading in non-quoted securities. The 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. The remaining losses on operations in quoted securities could be carried forward and offset against future capital gains from the sale, exchange or other disposal of other quoted securities for the period of up to 10 years. No loss carry-forward is available for non-quoted securities and derivatives.

The Russian Tax Code contains a certain exemption from taxation of capital gains from the sale, exchange or other disposal of participation shares and equities of Russian organizations and equities of foreign organizations (subject to certain conditions) provided that such participation shares and (or) equities are continuously owned by the taxpayer for a period of more than 5 years. Since this exemption refers to capital gains on participation shares (and equities) and does not directly mention depository receipts there is ambiguity whether such exemption could be applied to disposal of depository receipts. Therefore, Russian Resident Holders – Individuals should consult their own tax advisers in this respect.

The Russian Tax Code also contains certain tax deductions that may be applied by Russian Resident Holders – 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 – Individual for at least 3 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 —Individual.

Trading of the ADSs on Nasdaq was suspended in February 2022 and remains suspended. Further, on March 15, 2023, the Listing Qualifications Staff of Nasdaq (the "Staff") notified us that it had determined that our securities would be delisted from The Nasdaq Stock Market as of March 24, 2023, unless Ozon appeals the Staff's determination. On March 21, 2023, Ozon submitted a request for a hearing to appeal such determination. See Item 3.D "*Key Information—Risk Factors—Risks Relating to Ownership of our ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*." While we believe that we comply with all Nasdaq listing standards, there is an uncertainty on whether Nasdaq will allow trading of the ADS to resume. Russian Resident Holders – Individuals should consult their own tax advisors with respect to their tax position regarding the ADSs.

*Russian Resident Holders – Legal Entities*

Capital gains arising from the sale or other disposal of the ADSs by a Russian Resident Holder – Legal Entity are taxable at the regular Russian corporate profits tax rate of 20%. Russian Resident Holders – Legal Entities may be able to offset losses incurred through operations on 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 Russian Tax Code also lays out special rules for the calculation of the tax base for the purposes of transactions with securities, which are subject to transfer pricing control in Russia.

The Russian Tax Code contains a certain exemption from taxation of capital gains from the sale, exchange or other disposal of participation shares and equities, including equities of foreign organizations (subject to certain conditions) provided that such participation shares and (or) equities are continuously owned by the taxpayer for a period of more than 5 years. Since this exemption refers to capital gains on participation shares (and equities) and does not directly mention depository receipts there is ambiguity whether such exemption could be applied to disposal of depository receipts.

Trading of the ADSs on Nasdaq was suspended in February 2022. While we believe that we comply with all Nasdaq listing standards, there is an uncertainty on whether Nasdaq will allow trading of the ADS to resume. Therefore, Russian Resident Holders – Legal Entities should therefore consult their own tax advisers.

*Non-Resident Holders – Individuals*

Generally, income received by Non-Resident Holders – Individuals from disposal of ADSs is not considered as a taxable event in Russia unless it is qualified as having been received from Russian source.

According to Russian tax legislation, income received from the sale or disposal of ADSs should be treated as having been received from Russian source if the sale or disposal occurred in Russia. However, Russian tax law gives no clear indication as to how to identify the source of income received from the sale and disposal of securities, except that income received from the sale of securities "in the Russian Federation" 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 the Russian Federation", 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, location of the broker, 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.

In the view of suspended trading of the ADS on Nasdaq and uncertainty on whether Nasdaq will allow trading to resume, Non-Resident Holders – Individuals should consult their own tax advisers with respect to the tax consequences of disposal of ADSs.

*Non-Resident Holders – Legal Entities*

Capital gains arising from the sale, exchange or other disposal of the ADSs by Non-Resident Holders – Legal Entities should generally not be subject to tax in Russia unless more than 50% of assets of shares of the company which shares are represented by the ADSs directly or indirectly consist of immovable property located in Russia.

We believe that our assets do not indirectly consist of immovable property located in Russia by more than 50%.

We suggest that Non-Resident Holders – Legal Entities consult their tax advisers in this respect.

***Stamp Duties***

Holders are not subject to any Russian stamp duties for transactions with ADSs as discussed in this section of this Annual Report (for example, on the purchase or sale of ADSs), except for transactions involving the inheritance of ADSs.

***Double Tax Treaty Relief***

*Application of a foreign tax credit in Russia by Russian Resident Holders – Individuals*

According to the general provisions of Russian tax law, the amounts of tax actually paid according to tax legislation of a foreign state by a taxpayer who is a Russian Resident Holder – Individual on the income received outside Russia could not be credited against Russian personal income tax liability of the taxpayer unless otherwise provided for by a relevant double tax treaty between Russia and that foreign state. Therefore, a taxpayer may have the right to make a foreign tax credit against his or her Russian personal income tax liabilities provided that all of the following conditions are met:

- a taxpayer is recognized as the Russian tax resident in the tax period when the income taxable in Russia and in the foreign state was received;

- there is a valid double tax treaty between Russia and the foreign state, which provides for a foreign tax credit in the state of residence (Russia);
- the taxpayer can confirm the amount claimed for tax credit with the documents required by Russian tax law. Also, the tax authorities may request a confirmation of the residency status, however, current provisions of the Russian Tax Code do not oblige the taxpayer to provide such evidence along with supporting documents when claiming a foreign tax credit.

If the above-mentioned conditions are not met, the taxpayer will not be able to apply foreign tax credit and reduce his or her tax liability in Russia.

*Application of tax treaty relief*

We are a Cyprus tax resident and, therefore, according to Russian tax law are not required to act in a capacity of a tax agent for the Russian tax purposes.

However, in case we are recognized by the Russian tax authorities as a Russian tax resident (see Item 3.D. "*Key Information—Risk Factors—Risks Relating to Russian Taxation—Our Cypriot entities may be exposed to taxation in Russia if they are treated as having a Russian permanent establishment or as being Russian tax residents"*) Russian tax implications could arise. While we do not anticipate such a scenario, we believe it is reasonable to assume that the Russian tax authorities may try to challenge our tax residency status.

Generally, Russian legislation prescribes how tax treaty benefits can be obtained by Non-Resident Holders via the tax agent, i.e. if tax on such income is subject to tax at source. If advance tax treaty relief is not obtained at source it is generally possible to claim a refund of tax withheld under the procedure established under the Russian Tax Code.

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 taxation treaty, documentary evidence is required to confirm the applicability of the double taxation treaty under which benefits are claimed.

Currently, a Non-Resident Holder – Legal Entity is required to provide to a tax agent a tax residence confirmation issued by the competent tax authority of the relevant treaty country (duly apostilled or legalised, translated into Russian and notarised). The tax residency confirmation needs to be renewed on an annual basis and should confirm tax residency for the relevant year. In addition to a certificate of tax residency, the tax agent is obliged to obtain a confirmation from the Non-Resident Holder – Legal Entity, that it is the beneficial owner of the relevant income. Also, the implementation of MLI to certain Russian double tax treaties should lead to introduction of a variety of measures designed to update double taxation treaties and reduce opportunities for tax avoidance. In particular, the MLI sets forth additional requirements for the purposes of application of the reduced tax rates. These developments may potentially impact the availability of double taxation treaty benefits for non-resident holders.

In order to enjoy benefits of the applicable taxation treaty a Non-Resident Holder—Individual should confirm to a tax agent that he or she is tax resident in a relevant foreign jurisdiction having a double taxation treaty with the Russian Federation by providing the tax agent with (i) a passport of a foreign resident, or (ii) another document envisaged by an applicable federal law or recognised 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 notarised 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.

The possibility of applying the reduced tax rate depends on the investor's jurisdiction and provisions of an applicable double tax treaty.

Non-Resident Holders should consult their own tax advisers about available double tax treaty relief and the procedures for obtaining such relief with respect to any Russian taxes imposed in respect of dividend income from the ADSs or any income received in connection with the acquisition, sale or other disposal of the ADSs given that the ADSs trading on Nasdaq were suspended, Nasdaq has issued a delisting notice and currently it is unclear what the outcome of such delisting or suspension will be.

**U.S. Federal Income Tax Considerations for U.S. Holders**

The following is a discussion of material U.S. federal income tax considerations relating to the ownership and disposition of the ADSs by U.S. Holders (as defined below) that hold such ADSs as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens, or residents of the United States, and accrual method U.S. Holders that have an "applicable financial statement," U.S. Holders that hold the ADSs as part of a straddle, hedge, conversion or other integrated transaction, U.S. Holders that have a "functional currency" other than the U.S. dollar, or U.S. Holders that own (or are deemed to own) 10% or more (by vote or value) of our stock). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of an ADS that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes invests in an ADS, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such partnership and the particular partner. Any such entity or arrangement should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of an ADS.

Except as discussed below under Item 10.E "*Additional Information—Taxation—U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Considerations*," this discussion assumes that we are not and will not be a passive foreign investment company for U.S. federal income tax purposes.

EACH PERSON HOLDING AN ADS SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSIDERATIONS RELATING TO THE OWNERSHIP AND DISPOSITION OF AN ADS IN LIGHT OF SUCH PERSON'S PARTICULAR CIRCUMSTANCES.

***Treatment of the ADSs***

A U.S. Holder of an ADS generally should be treated for U.S. federal income tax purposes as the owner of such U.S. Holder's proportionate interest in the ordinary shares held by the depositary (or its custodian) that are represented by such ADS. However, such tax treatment may be affected by actions taken by the depositary or other intermediaries in the chain of ownership between the holder of such ADS and us that are inconsistent with the beneficial ownership of the underlying shares. If the U.S. Holder is treated as the owner of such ordinary shares, any deposit or withdrawal of such ordinary shares by such U.S. Holder in exchange for its ADSs will not result in the realization of gain or loss to such U.S. Holder for U.S. federal income tax purposes. Each U.S. Holder should consult its own tax advisor regarding U.S. federal income tax considerations relating to the ownership and disposition of the ADSs (including tax consequences if the foregoing tax treatment is not respected and tax consequences of owning and disposing of ordinary shares not represented by ADSs). The following discussion assumes that the foregoing tax treatment is respected.

The discussion below assumes that a U.S. Holder will be treated for U.S. federal income tax purposes as the owner of its proportionate interest in the ordinary shares held by the depositary (or its custodian) that are represented and evidenced by such ADS.

***Distributions with respect to the ADSs***

A U.S. Holder that receives a distribution of cash or other property (other than certain distributions of our stock or rights to acquire our stock) with respect to an ADS generally will be required to include the amount of such distribution in gross income as a dividend (without reduction for any non-U.S. tax withheld from such distribution) to the extent of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). To the extent the amount of such distribution exceeds such current and accumulated earnings and profits, it generally will be treated first as a non-taxable return of capital to the extent of such U.S. Holder's adjusted tax basis in such ADS and then as gain (which will be treated in the manner described below under "*—Sale, Exchange or Other Taxable Disposition of the ADSs*"). We have not maintained and do not plan to maintain calculations of earnings and profits for U.S. federal income tax purposes. As a result, a U.S. Holder may need to include the entire amount of any such distribution in income as a dividend.

A distribution on an ADS that is treated as a dividend generally will constitute income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income." Such dividend will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations. A U.S. Holder may be eligible to elect to claim a U.S. foreign tax credit against its U.S. federal income tax liability, subject to applicable limitations and holding period requirements, for any non-U.S. tax withheld from distributions received in respect of an ADS. A U.S. Holder that does not elect to claim a U.S. foreign tax credit for non-U.S. income tax withheld may instead claim a deduction for such withheld tax, but only for a taxable year in which the U.S. Holder elects to do so with respect to all non-U.S. income taxes paid or accrued by such U.S. Holder in such taxable year. The rules relating to U.S. foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

A distribution on an ADS treated as a dividend that is received by an individual (or certain other non-corporate U.S. Holders) in respect of stock of a non-U.S. corporation may qualify for preferential rates of tax in certain circumstances, so long as (i) the distributing corporation is not a passive foreign investment company (as described under Item 10.E "*Additional Information—Taxation—U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Considerations*") during the taxable year in which the distribution is made or the preceding taxable year and (ii) certain holding period and other requirements are met. These circumstances are generally met if either (x) the stock of the non-U.S. corporation is readily tradable on an established securities market in the United States or (y) the non-U.S. corporation is eligible for benefits under certain income tax treaties with the United States. Although the ADSs are listed on Nasdaq, trading of the ADSs on Nasdaq was halted on February 28, 2022, and factors outside our control will determine when and if trading may resume. Further, currently we do not expect to be eligible for the benefits of the income tax treaty between Cyprus and the United States. Therefore, under the current circumstances, we do not expect that such preferential rates of tax will apply to dividends paid on an ADS held by a U.S. Holder. Each U.S. Holder that is a non-corporate taxpayer should consult its own tax advisor regarding the possible applicability of the preferential rates of tax and the related restrictions and special rules.

***Sale, Exchange or Other Taxable Disposition of the ADSs***

A U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of an ADS in an amount equal to the difference, if any, between the amount realized on such sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in such ADS. Any gain or loss so recognized generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such ADS for more than one year at the time of such sale, exchange or other disposition. Net long-term capital gain of certain non-corporate U.S. Holders generally is subject to preferential rates of tax. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be from sources within the United States.

***Passive Foreign Investment Company Considerations***

In general, a corporation organized outside the United States will be treated as a passive foreign investment company ("PFIC") in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% (determined on the basis of quarterly average unless elected otherwise) of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and net gains from commodities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) generally is taken into account.

While we believe that we were not a PFIC for U.S. federal income tax purposes in 2022, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control and may be impacted by external events, including the geopolitical crisis surrounding Ukraine (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Current Geopolitical Environment—Sanctions imposed by the United States, the European Union, the United Kingdom and other countries in response to the geopolitical crisis surrounding Ukraine are likely to have a material adverse effect on our business, financial condition and results of operations and on the value and trading of our ADSs*") or the halting of trading of the ADSs on Nasdaq (see Item 3.D "*Key Information—Risk Factors—Risks Relating to the Ownership of the ADSs—Trading of the ADSs on Nasdaq has been, and remains, suspended and Ozon has received a delisting notice from Nasdaq*"), we are unable to make a determination as to whether we will be a PFIC in 2023. Additionally, there can be no assurance that we will be able to make a determination regarding our PFIC status for any taxable year or, if such determination were made, that the IRS would agree with our determination in any taxable year. If we are a PFIC in any taxable year, U.S. Holders could suffer adverse consequences as discussed below.

If we are a PFIC in any taxable year during which a U.S. Holder owns an ADS, such U.S. Holder could be liable for additional taxes and interest charges upon certain distributions by us or upon a sale, exchange or other disposition of an ADS at a gain, whether or not we continue to be a PFIC. The tax would be determined by allocating such distributions or gain, ratably to each day of such U.S. Holder's holding period. The amount allocated to the current taxable year and any holding period of such U.S. Holder prior to the first taxable year in which we are a PFIC would be taxed as ordinary income (rather than capital gain) earned in the current taxable year. The amount allocated to other taxable years would be taxed at the highest marginal rates applicable to ordinary income for each such taxable year, and an interest charge would also be imposed on the amount of taxes so derived for each such taxable year. In addition, a person who acquires an ADS from a deceased U.S. Holder who held such ADS in a taxable year in which we were a PFIC generally would be denied the step-up of the tax basis in such ADS for U.S. federal income tax purposes to the fair market value of such ADS at the date of such deceased U.S. Holder's death. Instead, such person would have a tax basis in such ADS equal to the lower of such fair market value or such deceased U.S. Holder's tax basis in such ADS.

The tax consequences that would apply if we were a PFIC would be different from those described above if a "mark-to-market" election were available and a U.S. Holder validly made such an election as of the beginning of such U.S. Holder's holding period. If such election were made, (i) such U.S. Holder generally would be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, an ADS at the end of each taxable year in which we were a PFIC as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis in such ADS and (ii) any gain from a sale, exchange or other disposition of such ADS in a taxable year in which we were a PFIC would be treated as ordinary income, and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. A mark-to-market election would be available to a U.S. Holder only if the ADS is considered "marketable stock." Generally, stock is considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of the applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Nasdaq constitutes a qualified exchange.

The tax consequences that would apply if we were a PFIC would also be different from those described above if a U.S. Holder were eligible for and timely made a valid "qualified electing fund" ("QEF") election. If a QEF election were made, such U.S. Holder generally would be required to include in income on a current basis its pro rata share of our ordinary income and net capital gains in each taxable year in which we are a PFIC. In order for a U.S. Holder to be able to make a QEF election, however, we would be required to provide such U.S. Holder with certain information. As we do not expect to provide U.S. Holders with the required information, prospective investors should assume that a QEF election would not be available.

If we are a PFIC in any taxable year during which a U.S. Holder owns an ADS, such U.S. Holder (i) may also suffer adverse tax consequences under the PFIC rules described above with respect to any other PFIC in which we have a direct or indirect equity interest and (ii) generally will be required to file annually a statement setting forth certain information with its U.S. federal income tax returns.

Prospective investors should consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in a PFIC, including the potential extension of the period of limitations on assessment and collection of U.S. federal income taxes arising from a failure to file the statement described in the preceding paragraph.

***Medicare Taxes***

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their income arising from a distribution with respect to an ADS and net gain from the sale, exchange or other disposition of an ADS.

***Information Reporting and Backup Withholding***

Under certain circumstances, information reporting and/or backup withholding may apply to U.S. Holders with respect to payments made on or proceeds from the sale, exchange or other disposition of an ADS, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

***Disclosure Requirements for Specified Foreign Financial Assets***

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury regulations) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include an ADS if it is not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

### H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year, which is December 31. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

### I. Subsidiary Information

Not applicable.

### J. Annual Report to Security Holders

Not applicable.

## Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, foreign currency risk, interest rate risk and risk related to fluctuations of market variables underlying the fair value of certain financial instruments. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. For a detailed discussion and sensitivity analyses of our exposure to these risks, see Note 32.2 to our consolidated financial statements for the years ended December 31, 2022, 2021 and 2020 included elsewhere in this Annual Report.

## 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

| ***Persons depositing or withdrawing shares or ADS holders must pay:*** | ***For:*** |
|---|---|
| $5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | 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 |
| $.05 (or less) per ADS | Any cash distribution to ADS holders |

| *Persons depositing or withdrawing shares or ADS holders must pay:* | *For:* |
|---|---|
| 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 | Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| $.05 (or less) per ADS per calendar year | Depositary services |
| No fee for registration or transfer | Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares |
| Expenses of the depositary | Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) |
| | Converting foreign currency to U.S. dollars |
| Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes | As necessary |
| Any charges incurred by the depositary or its agents for servicing the deposited securities | As necessary |

The depositary 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 depositary 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 depositary may collect its annual fee for depositary 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 depositary 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 depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary 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 depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, adviser, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available

upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

**Payment of Taxes**

Holders of ADSs are responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of their ADSs. The depositary may refuse to register any transfer of ADSs or allow holders of ADSs to withdraw the deposited securities represented by their ADSs until those taxes or other charges are paid. It may apply payments owed to them or sell deposited securities represented by their ADSs to pay any taxes owed and holders of ADSs will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to holders of ADSs any property, remaining after it has paid the taxes.

See also Item 3.D. "*Key Information—Risk Factors*" and Item 10.E. "*Additional Information—Taxation*" as regards dividend distributions. A full description of the ADSs is set out in Exhibit 2.4 to this Annual Report.

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

### Item 15. Controls and Procedures

***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures, as such 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 our 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 principal executive and principal 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 principal executive and principal 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 principal executive and principal financial officer concluded that, as a result of the material weakness in our internal control over financial reporting described below, the design and operation of our disclosure controls and procedures were not effective as of December 31, 2022.

***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 Rules 13a-15(f) and 15d-15(f) under the Exchange Act. These rules define internal control over financial reporting as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and 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 ("COSO"). Based on this assessment, our management concluded that, as of December 31, 2022, our internal control over financial reporting was not effective.

SEC guidance defines a material weakness as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, in the course of preparing the financial statements that are included in this Annual Report, management identified a material weakness in control activities as we did not perform a sufficient risk assessment to identify and assess the risk of material misstatement in certain disclosures to the consolidated financial statements and, consequently, did not maintain effective controls, including controls with respect to the relevant input data, to mitigate those risks. The material weakness resulted in material misstatements in certain financial risk management disclosures in notes to the consolidated financial statements that were corrected in our consolidated financial statements as of and for the year ended December 31, 2022 prior to our issuance of those financial statements.

Notwithstanding this material weakness, our management, based on the substantial work performed, concluded that our consolidated financial statements for the periods covered by and included in this Annual Report are fairly stated in all material respects in accordance with IFRS. See Item 3.D "*Key Information—Risk Factors—Risks Relating to the Ownership of ADSs—We have identified a material weakness in our internal control over financial reporting, and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired*" for more details.

Our independent registered public accounting firm, JSC "Kept", who audited the consolidated financial statements included in this Annual Report, has issued an adverse attestation report on our internal control over financial reporting. JSC "Kept"s report is included elsewhere in this Annual Report.

***Remediation Activities***

We are working on a plan to remediate the identified deficiency in our internal control over financial reporting relating to the risk assessment process, design and implementation of controls with respect to certain financial risk management disclosures in notes to the consolidated financial statements that resulted in a material weakness discussed above. Specifically, we are planning to:

- revise our risk assessment with respect to the risk of material misstatement within the financial reporting process to re-consider risks of misstatements as applied to the disclosures in notes to the consolidated financial statements;
- improve the design of controls over disclosures in notes to the consolidated financial statements, including controls with respect to the input data and precisions of review controls;
- develop checklists to be used by our accounting team to ensure that the disclosures are compiled in accordance with the relevant accounting framework; and
- improve documentation to support our review and approval of the disclosures in notes to the consolidated financial statements and strengthening supervisory reviews by accounting experts and management.

While we believe that these remedial efforts will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. Due to this ongoing testing, we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. Management will test and evaluate the implementation of these new and revised procedures and control activities to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in our financial statements.

***Attestation Report of the Registered Public Accounting Firm***

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors
Ozon Holdings PLC:

*Opinion on Internal Control Over Financial Reporting*

We have audited Ozon Holdings PLC's and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position of the Company 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 years in the three-year period ended December 31, 2022, and the related notes (collectively, the "consolidated financial statements"), and our report dated April 25, 2023 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective controls over the preparation of certain disclosures to the consolidated financial statements due to insufficient risk assessment has been identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ JSC "Kept"

Moscow, Russia

April 25, 2023

***Changes in Internal Control over Financial Reporting***

In the course of preparing our financial statements for the year ended December 31, 2021, we identified control deficiencies that we concluded represented a material weakness in our internal control over financial reporting. The material weakness identified for the year ended December 31, 2021 related to a material weakness in control activities as we did not appropriately design and maintain controls related to the accounting for leases in accordance with IFRS 16 "Leases" attributable to insufficient risk assessment in relation to the design of manual control activities in this area. The control activities with respect to accounting for leases were designed with a significant reliance on manual procedures, while review controls with respect to these manual procedures were not designed and maintained as required to timely detect and prevent a material error.

To address our material weakness, in 2022, we developed and implemented a remediation plan that included the following activities:

- we streamlined the design of the lease accounting process;
- we developed checklists and standard working papers to be used by our accounting and finance team to ensure that all terms and conditions of lease contracts are reviewed and the applicable accounting guidance is appropriately applied to each of our lease arrangements; and
- improved documentation to support our review and approval of the corresponding lease adjustments and strengthened supervisory reviews by accounting experts and management.

Accordingly, as of December 31, 2022, based on the management's assessment of the effectiveness of our internal control over financial reporting, this material weakness was remediated.

Except for the remediation actions and the material weakness described in this item 15, there were no changes in our internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) 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 Nilesh Lakhani is considered an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act. Our board of directors has also determined that Lydia Jett, Nilesh Lakhani and Charles Ryan each satisfy the "independence" requirements set forth in Rule 10A-3 under the Exchange Act.

**Item 16B. Code of Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all our employees, officers and directors. The Code of Business Conduct and Ethics covers a broad range of matters including the handling of conflicts of interest, compliance issues and other corporate policies such as equal opportunity and non-discrimination standards. The full text of the Code of Business Conduct and Ethics is available on our website at www.corp.ozon.com. Our Russian subsidiaries have also adopted detailed procedures for the implementation and enforcement of the provisions of our Code of Business Conduct and Ethics.

**Item 16C. Principal Accountant Fees and Services**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by JSC "Kept", our independent registered public accounting firm, for the periods indicated.

| **(₽ in millions)** | **For the year ended December 31,** | |
|---|---|---|
| | **2022** | **2021** |
| Audit fees[1] | 67 | 77 |
| Audit-related fees | — | — |
| Tax fees | — | 2 |
| All other fees | — | 5 |
| **Total fees** | **67** | **84** |

(1) Audit fees for years ended December 31, 2022 and 2021 were related to professional services provided for the interim review procedures and the audit of our consolidated financial statements included in our annual reports on Form 20-F or services normally provided in connection with statutory engagements for those fiscal years.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

None.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None.

**Item 16F. Change in Registrant's Certifying Accountant**

None.

**Item 16G. Corporate Governance**

As we are not listed on a regulated market or the Cyprus Stock Exchange, we are not required to comply with any corporate governance requirements applicable to Cypriot public companies. As a foreign private issuer whose shares are traded on Nasdaq, we have the option to follow certain Cypriot corporate governance practices rather than those of Nasdaq, 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 Nasdaq requirements:

- We follow home country practice that permits us not to provide in our bylaws for a generally applicable quorum of not less than one-third of the outstanding voting stock, rather than Nasdaq Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock.
- We follow home country practice that permits our board of directors to consist of less than a majority of independent directors, rather than Nasdaq Listing Rule 5605(b)(1), which requires that a majority of the board be independent (although all of the members of the audit committee must be independent under the Exchange Act).
- We follow home country practice that permits the compensation committee of our board of directors not to consist entirely of independent directors, rather than Nasdaq Listing Rule 5605(d)(2), which requires boards to have a compensation committee consisting entirely of independent directors.
- We follow home country practice that does not require our board of directors to be nominated by a majority of our independent directors, rather than Nasdaq Listing Rule 5605(e)(1), which requires director nominees to either be selected, or recommended for the board's selection, either by independent directors constituting a majority of the board's independent directors in a vote in which only independent directors participate, or a nominations committee comprised solely of independent directors.
- We follow home country practice that permits us not to hold regular executive sessions where only independent directors are present, rather than Nasdaq Listing Rule 5605(b)(2), which requires an issuer to have regularly scheduled meetings at which only independent directors attend.
- We follow home country practice that generally permits the board of directors, without shareholder approval, to establish or materially amend any equity compensation arrangements, rather than Nasdaq Listing Rule 5635(c) of the Nasdaq Rules that requires that our shareholders approve the establishment or any material amendments to any equity compensation arrangements.
- Our board of directors has not made any determination with respect to the Company's intention to follow Rule 5635(a), (b) and (d) of the Nasdaq Rules, relating to matters requiring shareholder approval. Cypriot law and our articles of association generally permit us, with approval of our board of directors and without shareholder approval (in case of share issuances, if the right to issue shares has been delegated to the board of directors), to take the following actions:
  - acquire the stock or assets of another company, where such acquisition results in the issuance of 20% or more of our outstanding share capital or voting power, in contrast to Rule 5635(a) of the Nasdaq Rules, which would require shareholder approval in order to enter into such an acquisition;
  - enter into any transaction that may result in a person, or group of persons acting together, holding more than 20% of our outstanding share capital or voting power. Such transaction may be considered a change of control under Rule 5635(b) of the Nasdaq Rules, requiring shareholder approval. Notwithstanding the above, Cyprus law would not permit us to enter into any reorganization, merger or consolidation and take certain other actions without shareholder or board approval; and

- enter into any transaction other than a public offering involving the sale, issuance or potential issuance by the company of shares (or securities convertible into or exercisable for shares) equal to 20% or more of the outstanding share capital of the Company or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock, in contrast to Rule 5635(d), which would require shareholder approval for such issuance of shares (or securities convertible into or exercisable for shares).

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## PART III

### Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

### 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 JSC "Kept", an independent registered public accounting firm, is included herein preceding the audited consolidated financial statements.

### Item 19. Exhibits

| Exhibit No. | Description | Form | File No. | Exhibit No. | Filing Date | Filed/ Furnished |
|---|---|---|---|---|---|---|
| 1.1 | Articles of Association of Ozon Holdings PLC. | F-1 | 333-249810 | 3.1 | November 2, 2020 | |
| 2.1 | Form of Deposit Agreement among Ozon Holdings PLC, The Bank of New York Mellon as depositary, and Owners and Holders of American Depositary Shares issued thereunder. | F-1/A | 333-249810 | 4.1 | November 17, 2020 | |
| 2.2 | Form of American Depositary Receipt (included in Exhibit 2.1). | F-1/A | 333-249810 | 4.2 | November 17, 2020 | |
| 2.3 | Registration Rights Agreement among Ozon Holdings PLC, Sistema, BVFVNL, Ozon LP and BVSIL, dated November 22, 2020. | 20-F | 001-39713 | 2.3 | March 30, 2021 | |
| 2.4 | Description of Securities. | | | | | * |
| 4.1 | Trust Deed between Ozon Holdings PLC and BNY Mellon Corporate Trustee Services Limited, dated February 24, 2021. | 20-F | 001-39713 | 4.15 | March 30, 2021 | |
| 4.2† | Rules of the Equity Incentive Plan 2020 (as amended as of May 27, 2022 and amended and restated as of October 18, 2022) | 6-K | 001-39713 | 99.1 | December 20, 2022 | |
| 4.2† | Rules of the Equity Incentive Plan 2020. | S-8 | 333-252457 | 10.1 | January 27, 2021 | |
| 4.5† | Rules of the Equity Incentive Plan 2018. | S-8 | 333-252457 | 10.4 | January 27, 2021 | |
| 8.1 | List of Significant Subsidiaries. | | | | | * |
| 12.1 | Certification of the Chief Financial Officer and Executive Member of the Board of Directors Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | * |

| Exhibit No. | Description | Form | File No. | Exhibit No. | Filing Date | Filed/ Furnished |
|---|---|---|---|---|---|---|
| 13.1 | Certification of the Chief Financial Officer and Executive Member of the Board of Directors Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | ** |
| 15.1 | Consent of JSC "Kept", independent registered public accounting firm. | | | | | * |
| 101 | The following financial information formatted in Inline eXtensible Business Reporting Language (XBRL): (i) consolidated statements of profit and loss and other comprehensive income for the years ended December 31, 2022, 2021 and 2020; (ii) consolidated statements of financial position as of December 31, 2022, 2021 and 2020; (iii) consolidated statements of changes in equity for the years ended December 31, 2022, 2021 and 2020; (iv) consolidated statements of cash flows for the year ended December 31, 2022, 2021 and 2020; and (v) notes to the consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020. | | | | | |
| 104 | Inline XBRL for the cover page of this Annual Report included in the Exhibit 101 Inline XBRL Document Set. | | | | | |

* Filed herewith.
** Furnished herewith.
† Indicates management contract or compensatory plan or arrangement.

**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.

Date: April 25, 2023

Ozon Holdings PLC

By: /s/ Igor Gerasimov

Name: Igor Gerasimov
Title: Chief Financial Officer, Executive Member of the Board of Directors

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**


| | |
|---|---|
| REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | F-2 |
| CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020: | |
| Consolidated statements of profit or loss and other comprehensive income | F-4 |
| Consolidated statements of financial position | F-5 |
| Consolidated statements of changes in equity | F-6 |
| Consolidated statements of cash flows | F-7 |
| Notes to the consolidated financial statements | F-8 -F-53 |

## Report of Independent Registered Public Accounting Firm

**To the Shareholders and Board of Directors**
**Ozon Holdings PLC:**

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Ozon Holdings PLC and subsidiaries (the Company) 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 years in the three year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission" and our report dated April 25, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Measurement of inventory valuation allowance

As discussed in Note 19 to the consolidated financial statements, the Company had inventories of RUB 34,615 million and an inventory valuation allowance of RUB 3,673 million as of December 31, 2022. As discussed in Note 2.6 (q) and 3, the Company records inventory valuation allowances to write down the cost of inventory to the estimated net realizable value. In determining the write-downs to inventories, the Company considers the historical demand for inventories, expected selling prices and estimated costs necessary to make the sales.

We identified the measurement of inventory valuation allowance as a critical audit matter. Evaluating the net realizable value required subjective and complex auditor judgment, specifically the identification and estimation of costs necessary to make the sale of inventories.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of an internal control over the identification and estimation of costs necessary to make the sale of inventories. We challenged the completeness of costs necessary to make the sale by analyzing certain of the Company's operating expenses, specifically fulfillment and delivery, sales and marketing and technology and content costs, and evaluated the portion that is estimated as necessary to make the sales by comparing them to underlying support.

/s/ JSC "Kept"

We have served as the Company's auditor since 2018.

Moscow, Russia

April 25, 2023

**OZON HOLDINGS PLC**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**
***(in millions of Russian Rubles, unless otherwise stated)***

| | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Revenue: | | | | |
| Sales of goods | | 135,278 | 120,792 | 81,414 |
| Service revenue | | 141,837 | 57,423 | 22,936 |
| **Total revenue** | 4 | **277,115** | **178,215** | **104,350** |
| Operating expenses: | | | | |
| Cost of sales | | (121,475) | (112,548) | (72,859) |
| Fulfillment and delivery | 6 | (122,518) | (76,240) | (30,676) |
| Sales and marketing | 7 | (24,508) | (23,535) | (10,015) |
| Technology and content | 8 | (22,851) | (12,862) | (4,394) |
| General and administrative | 9 | (19,747) | (11,886) | (3,729) |
| Losses related to the fire incident | 10 | (10,165) | — | — |
| **Total operating expenses** | | **(321,264)** | **(237,071)** | **(121,673)** |
| **Operating loss** | | **(44,149)** | **(58,856)** | **(17,323)** |
| Loss on convertible bonds | 25 | (8,567) | — | — |
| Expected credit losses on financial assets | | (348) | — | — |
| Loss on disposal of non-current assets | | (824) | (33) | (35) |
| Interest expense | | (11,860) | (5,802) | (2,115) |
| Interest income | | 2,869 | 1,484 | 311 |
| Net gain on revaluation of financial instruments at fair value through profit or loss | 11 | 726 | 6,341 | — |
| Share of profit of an associate | 12 | 289 | 197 | 112 |
| Impairment of non-financial assets | | (255) | — | — |
| Foreign currency exchange gain / (loss), net | | 4,963 | (108) | (1,984) |
| Other non-operating expenses | 13 | (6) | — | (1,000) |
| **Total non-operating (expense) / income** | | **(13,013)** | **2,079** | **(4,711)** |
| **Loss before income tax** | | **(57,162)** | **(56,777)** | **(22,034)** |
| Income tax expense | 14 | (1,025) | (2) | (230) |
| **Loss for the year** | | **(58,187)** | **(56,779)** | **(22,264)** |
| ***Other comprehensive income*** | | | | |
| ***Items that are or may be reclassified to profit or loss (net of tax):*** | | | | |
| Exchange differences on translation of foreign operations | | (67) | (3) | — |
| **Net other comprehensive loss that may be reclassified to profit or loss** | | **(67)** | **(3)** | **—** |
| Other comprehensive income, net of tax | | (67) | (3) | — |
| **Total comprehensive income for the year** | | **(58,254)** | **(56,782)** | **(22,264)** |
| Basic and diluted loss per share attributable to ordinary equity holders of the parent, RUB | 15 | **(278.7)** | **(276.1)** | **(135.1)** |
| Basic and diluted weighted average number of ordinary shares | 15 | 208,752,123 | 205,619,832 | 164,605,952 |

The accompanying notes are an integral part of these consolidated financial statements.

**OZON HOLDINGS PLC**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021**
***(in millions of Russian Rubles)***

| | Notes | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | 55,754 | 29,970 |
| Right-of-use assets | 17 | 68,439 | 39,940 |
| Intangible assets | 18 | 661 | 1,171 |
| Investments in an associate | 12 | 1,269 | 1,238 |
| Deferred tax assets | | 133 | 80 |
| Other financial assets | 21 | 2,610 | 2,312 |
| Other non-financial assets | 21 | 1,052 | 41 |
| **Total non-current assets** | | **129,918** | **74,752** |
| **Current assets** | | | |
| Inventories | 19 | 34,615 | 26,362 |
| Accounts receivable | 20 | 7,151 | 6,611 |
| Other financial assets | 21 | 3,488 | 32 |
| Other non-financial assets | 21 | 13,014 | 4,107 |
| VAT receivable | | 1,025 | 3,440 |
| Short-term bank deposits | 23 | — | 17,954 |
| Loans to customers | 22 | 5,141 | 43 |
| Cash and cash equivalents | 23 | 90,469 | 108,037 |
| **Total current assets** | | **154,903** | **166,586** |
| **Total assets** | | **284,821** | **241,338** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 24 | 12 | 12 |
| Share premium | 24 | 135,523 | 134,924 |
| Treasury shares | 24 | (1) | (1) |
| Equity-settled employee benefits reserves | 30 | 18,200 | 7,800 |
| Other capital reserves | | (70) | (3) |
| Accumulated losses | | (170,311) | (112,124) |
| **Total equity** | | **(16,647)** | **30,608** |
| **Non-current liabilities** | | | |
| Borrowings | 25 | 38,900 | 50,577 |
| Lease liabilities | 17 | 64,151 | 34,770 |
| Derivative liabilities | 25 | 3,000 | 594 |
| Deferred tax liabilities | | 21 | 46 |
| Deferred income | 28 | 230 | 289 |
| Trade and other payables | 26 | 292 | 518 |
| **Total non-current liabilities** | | **106,594** | **86,794** |
| **Current liabilities** | | | |
| Trade and other payables | 26 | 94,749 | 89,273 |
| Borrowings | 25 | 55,215 | 11,539 |
| Lease liabilities | 17 | 10,344 | 7,697 |
| Taxes payable | | 1,654 | 1,077 |
| Accrued expenses | 27 | 8,936 | 4,716 |
| Contract liabilities and deferred income | 28 | 17,838 | 9,634 |
| Customer deposits and other financial liabilities | 29 | 6,138 | — |
| **Total current liabilities** | | **194,874** | **123,936** |
| **Total liabilities** | | **301,468** | **210,730** |
| **Total equity and liabilities** | | **284,821** | **241,338** |

The accompanying notes are an integral part of these consolidated financial statements.

**OZON HOLDINGS PLC**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**
***(in millions of Russian Rubles)***

| | Share capital | Share premium | Treasury shares | Equity-settled employee benefits reserve | Other capital reserves | Accumulated losses | Total |
|---|---|---|---|---|---|---|---|
| **As of January 1, 2020** | **6** | **32,053** | **—** | **541** | **1,043** | **(32,826)** | **817** |
| Loss for the year | — | — | — | — | — | (22,264) | **(22,264)** |
| **Total comprehensive income for the year** | **—** | **—** | **—** | **—** | **—** | **(22,264)** | **(22,264)** |
| Issue of ordinary shares, net of transaction costs (note 24) | 5 | 101,353 | — | — | — | — | **101,358** |
| Issue of shares upon exercise of share-based awards | — | 33 | — | (33) | — | — | — |
| Share-based compensation expense (note 30) | — | — | — | 644 | — | — | **644** |
| Convertible loans | — | — | — | — | (1,043) | (255) | (1,298) |
| **As of December 31, 2020** | **11** | **133,439** | **—** | **1,152** | **—** | **(55,345)** | **79,257** |
| Loss for the year | — | — | — | — | — | (56,779) | **(56,779)** |
| Other comprehensive income | — | — | — | — | (3) | — | **(3)** |
| **Total comprehensive income for the year** | **—** | **—** | **—** | **—** | **(3)** | **(56,779)** | **(56,782)** |
| Issue of shares upon exercise of share-based awards (note 24) | — | 1,485 | — | (1,172) | — | — | **313** |
| Issue of shares to employee benefit trust (note 24) | 1 | — | (1) | — | — | — | — |
| Share-based compensation expense (note 30) | — | — | — | 7,820 | — | — | **7,820** |
| **As of December 31, 2021** | **12** | **134,924** | **(1)** | **7,800** | **(3)** | **(112,124)** | **30,608** |
| Loss for the year | — | — | — | — | — | (58,187) | **(58,187)** |
| Other comprehensive income | — | — | — | — | (67) | — | **(67)** |
| **Total comprehensive income for the year** | **—** | **—** | **—** | **—** | **(67)** | **(58,187)** | **(58,254)** |
| Issue of shares upon exercise of share-based awards (note 24) | — | 599 | — | (599) | — | — | — |
| Share-based compensation expense (note 30) | — | — | — | 10,999 | — | — | **10,999** |
| **As of December 31, 2022** | **12** | **135,523** | **(1)** | **18,200** | **(70)** | **(170,311)** | **(16,647)** |

The accompanying notes are an integral part of these consolidated financial statements.

**OZON HOLDINGS PLC**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**
***(in millions of Russian Rubles)***

| | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Loss before income tax | | (57,162) | (56,777) | (22,034) |
| **Adjusted for:** | | | | |
| Depreciation and amortization of non-current assets | 6,9 | 19,770 | 9,880 | 4,963 |
| Interest expense | | 11,860 | 5,802 | 2,115 |
| Interest income | | (2,869) | (1,484) | (311) |
| Foreign currency exchange (gain)/loss, net | | (4,963) | 108 | 1,984 |
| Write-downs and losses of inventories | | 5,591 | 3,317 | 482 |
| Loss on disposal of non-current assets | | 2,157 | 33 | 35 |
| Forgiveness of lease payments | | — | — | (21) |
| Share of profit of an associate | 12 | (289) | (197) | (112) |
| Changes in expected credit losses | | 652 | (19) | 131 |
| Loss on convertible bonds | 25 | 8,567 | — | — |
| Share-based compensation expense | 30 | 10,999 | 7,820 | 644 |
| Derecognition and impairment of non-current assets | | 668 | — | — |
| Net gain on revaluation of financial instruments at fair value through profit or loss | 11 | (726) | (6,341) | — |
| **Changes in working capital:** | | | | |
| Changes in inventories | | (13,801) | (14,278) | (5,005) |
| Changes in accounts receivable | | 164 | (3,125) | (482) |
| Changes in loans to customers | | (5,185) | — | — |
| Changes in other assets | | (9,619) | (7,042) | (481) |
| Changes in accounts payable and other liabilities | | 17,921 | 53,311 | 26,087 |
| Changes in customer deposits and other financial liabilities | | 6,138 | — | — |
| Cash (used in) / generated from operations | | (10,127) | (8,992) | 7,995 |
| Interest paid | | (8,345) | (4,485) | (1,356) |
| Income tax paid | | (281) | (149) | (69) |
| **Net cash (used in)/ generated from operating activities** | | **(18,753)** | **(13,626)** | **6,570** |
| **Cash flows from investing activities** | | | | |
| Interest received | | 2,775 | 1,267 | 260 |
| Purchase of property and equipment | | (35,422) | (18,680) | (6,714) |
| Purchase of intangible assets | | (391) | (661) | (126) |
| Proceeds from disposal of property and equipment | | 204 | — | — |
| Advances on lease contracts not yet commenced | | (1,085) | — | — |
| Dividends received from an associate | 12 | 205 | 211 | — |
| Placement of bank deposits | | — | (17,200) | — |
| Return of bank deposits | | 18,297 | — | — |
| Issuance of loans to employees | | (623) | (340) | — |
| **Net cash used in investing activities** | | **(16,040)** | **(35,403)** | **(6,580)** |
| **Cash flows from financing activities** | | | | |
| Equity instruments issue proceeds, net of transaction costs | | — | — | 90,480 |
| Convertible loans issue proceeds | | — | — | 6,171 |
| Proceeds from exercise of share option | | — | 313 | — |
| Proceeds from borrowings, net of transaction costs | | 40,725 | 10,371 | 8,711 |
| Proceeds from issue of a convertible bond, net of transaction costs | | — | 54,499 | — |
| Amounts deposited for the convertible bond restructuring | | (2,264) | — | — |
| Repayment of borrowings | | (10,834) | (6,522) | (499) |
| Payment on principal portion of lease liabilities | | (9,233) | (4,769) | (2,296) |
| **Net cash generated from financing activities** | | **18,394** | **53,892** | **102,567** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(16,399)** | **4,863** | **102,557** |
| **Cash and cash equivalents at the beginning of the year** | 23 | **108,037** | **103,702** | **2,994** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | (1,169) | (528) | (1,849) |
| **Cash and cash equivalents at the end of the year** | 23 | **90,469** | **108,037** | **103,702** |

The accompanying notes are an integral part of these consolidated financial statements.

## 1. CORPORATE INFORMATION

These consolidated financial statements of Ozon Holdings PLC (hereinafter "the Company") and its subsidiaries (collectively, "the Group") for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the directors on April 25, 2023.

Ozon Holdings PLC (until October 22, 2020 - Ozon Holdings Limited and until November 8, 2007 - Jolistone Enterprises Limited) is a public limited company that was incorporated on August 26, 1999 under the law of the Republic of Cyprus ("Cyprus"). The Company's registered office is located at Arch. Makariou III, 2-4, Capital Center, 9th Floor, 1065 Nicosia, Cyprus.

The Group is a leading e-commerce platform that enables third-party sellers to offer their products to consumers through its on-line marketplace. In addition to the marketplace operation, the Group operates a direct sales business, where the Group offers a wide variety of multi-category consumer products to the general public through the Group's mobile apps and websites. The Group provides a wide range of additional services, including advertising services, delivery services and financial products to its customers.

The principal subsidiaries of the Company, all of which have been included in these consolidated financial statements, are as follows:

| | | % Equity interest | |
|---|---|---|---|
| **Subsidiary** | **Principal activity** | **2022** | **2021** |
| Ozon Holding LLC | Holding entity for Russia-based assets | 100% | 100% |
| Internet Solutions LLC | Internet retailer of consumer goods | 100% | 100% |
| Internet Logistics LLC | Holding entity for financial institutions | 100% | 100% |
| ECOM Bank LLC | Banking activities | 100% | - |
| MCC Ozon Credit LLC | Microcredit financing activities | 100% | 100% |
| Internet Travel LLC | Internet retailer of travel services | 100% | 100% |
| Ozon Technologies LLC | IT services and development | 100% | 100% |

All the principal subsidiaries of the Company are incorporated in the Russian Federation ("Russia").

On November 27, 2020, the Company completed an initial public offering ("IPO") of 37,950,000 newly issued ordinary shares, represented by 37,950,000 American depositary shares ("ADSs"), on Nasdaq. In addition, the Group issued 4,500,000 ordinary shares to its existing shareholders, Sistema PJSFC and Baring Vostok Private Equity Funds ("Baring Vostok"), in concurrent private placements. Sistema PJSFC and Baring Vostok are the Group's major shareholders. The Group has no ultimate controlling party since March 5, 2012.

As of December 31, 2022, the Group's principal geographic market is Russia.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis, except for circumstances where IFRS requires another basis of accounting (e.g., fair value).

### 2.2 Going concern

As of December 31, 2022, the Group had cash, cash equivalents and short-term bank deposits of 90,469 (December 31, 2021: 125,991). As of December 31, 2022, the Group had a net current liability position of 39,971 and net asset deficit of 16,647 (December 31, 2021: net current assets position of 42,650 and positive net assets of 30,608). The working capital deficit is primarily driven by classification of liability for convertible bonds of 53,597 as of December 31, 2022 to current liability as further described below and in note 32.2.3. The accumulation of negative net assets is primarily driven by cumulative losses incurred by the Group during the year ending December 31, 2022, including losses related to the fire incident (note 10) and loss on convertible bonds (note 25).

There is sufficient liquidity available to the Group to fund operational needs, to settle obligations in a normal course of business and to complete the redemption of the Bonds (note 32.2.3). The Group's management is committed to perform in accordance with the budget and liquidity plan and is progressing in improving efficiency and reducing the needs for additional funding.

The Group's management believes that, based on the current budget and operating plan, the existing cash and cash equivalents, short-term deposits, and undrawn credit facilities, are sufficient to meet the Group's anticipated cash needs for at least the next twelve months. The Group may explore additional financing sources to fund expansion of its business and phase out certain capital expenditures to manage its liquidity needs. Therefore, the Group's management believes that the Group will retain its ability to continue as a going concern in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has an 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;
- the ability to use its power to affect its returns.

The Group reassesses whether it controls 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 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 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 into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to 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.

### 2.4 Presentation

During 2022, the Group revised presentation of expenses related to maintenance of content of our marketplace platform, which resulted in a corresponding reclassification of 1,160 from sales and marketing expenses to technology and content expenses, and 280 from general and administrative expenses to technology and content expenses as compared to the amounts reported in 2021.

### 2.5 New standards, interpretations and amendments adopted by the Group

***New and amended standards and interpretations adopted by the Group***

There were no new standards, interpretations and amendments effective as of January 1, 2022 that had a material impact on the consolidated financial statements.

***New standards and interpretations issued not yet effective***

The new and amended standards and interpretations that have been published, but not yet effective, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| Standard / Interpretation | Effective date |
|---|---|
| IFRS 17 Insurance Contracts | 1/1/2023 |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1/1/2023 |
| Definition of Accounting Estimate (Amendments to IAS 8) | 1/1/2023 |

The amendments to the standards and interpretations presented are expected to have only an insignificant impact on the consolidated financial statements and are therefore not discussed further.

### 2.6 Summary of significant accounting policies

#### a) Business combinations

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.

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 contributes 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.
The Group elects on a transaction-by-transaction basis to apply the optional test (the concentration test) to assess whether a transaction qualifies as a business.

#### b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate since the acquisition date. Dividends received or receivable from an associate reduce the carrying amount of the investments in associates. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within "Share of profit / (loss) of an associate" in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

#### c) Foreign currencies

The Group's consolidated financial statements are presented in Russian Rubles ("RUB"), which is also the parent 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 Russian operating subsidiaries, which account for the significant majority of our operations, is the Russian ruble.

The Group determines the functional currency based on a combination of factors and considers the primary economic environment in which these companies operate, and the related currency, in which they generate and expend its cash flows. Further, if a foreign subsidiary of the Group serves as an extension of operations of its parent or its sister company, its functional currency could be similar to the functional currency of the parent or the sister company.

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.

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.

Russian ruble is not a fully convertible currency outside Russia. Within the Russian Federation, official exchange rates are determined by the Central Bank of Russia.

**d) Revenue from contracts with customers**

The Group evaluates whether it is appropriate to record the gross amount of sales and related costs or the net amount earned as commissions based on a determination of whether it is a principal in providing a good or a service to a customer, or whether it is an agent of another entity. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. In this context, the Group as a principal may satisfy its performance obligation to provide the specified good or service itself or it may engage another party to satisfy some or all of the performance obligation on the Group's behalf.

When the Group is primarily responsible for fulfilling the promise to provide the specified good or service (including responsibility to integrate third party inputs in the specified good or service), bears an inventory risk, has discretion in establishing prices, or has several but not all of these indicators, it controls the specified good or service before that good or service is transferred to a customer and recognizes revenues on a gross basis. When the Group's performance obligation is to arrange for the provision of the specified good or service by another party, revenues are recorded on a net basis.

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

**i. Revenue from sales of goods**

The Group recognizes revenue from sales of goods on a gross basis as the Group controls goods before the goods are transferred to a customer. Payment for the purchased goods is generally made either before delivery or upon delivery. Revenue is recognized at the point in time when control of the promised goods is transferred to customers, which generally occurs upon delivery to the customers. The Group recognizes revenue net of return allowances when the goods are delivered to customers. Delivery of goods to customers, who place their orders for goods online through the Group's website and mobile app, is not separately identifiable from sales of goods, and the Group accounts for sales of goods and delivery services to its customers as a single performance obligation.

For certain categories of goods customers have a right to return these goods within a specified period. Return allowances, which reduce revenues from sales of goods, are estimated based on historical experiences.

For goods that are expected to be returned from the customers, the Group recognizes a refund liability (included in Accrued expenses in the consolidated statement of financial position). The liability is measured at the amount the Group ultimately expects it will have to return to the customers. The expectation is based on historical return rates. A right of return asset (included in Inventories in the consolidated statement of financial position) and corresponding adjustment to cost of sales are also recognized for the right to recover products from the customers.

**ii. Service revenue**

The service revenues primarily consist of revenue from marketplace commissions, advertising revenue, delivery services, financial services, and travel services.

The Group offers a marketplace platform that enables sellers to sell their products through the Group's website and use the Group's logistics infrastructure to deliver products to the end-customer. Marketplace commission represents commission and service fees charged to third-party sellers for arranging a sale of their products through the Group's online marketplace. Upon sale, the Group charges the third-party sellers a commission fee, which consists of a base fee component and a variable fee component. The base fee is based on the percentage of the selling price depending on the product category and other factors. The variable fee component of the commission is paid by the sellers based on the additional services the Group renders to the sellers in fulfilling its promise to arrange the sale of their products, such as fulfillment and logistics fees for orders processed through the Group's fulfillment and delivery infrastructure. The Group's performance obligation with respect to these transactions is to arrange the sale to the end-customer through the online platform. In the event of product returns, the Group charges a commission to process the return. As the Group's promise is to arrange the sale of sellers' products, marketplace commission is recognized on a net basis at the point of delivery of products. The commission revenue is generally withheld by the Group from the payments collected from the customers, either before delivery or upon delivery.

Revenue from additional marketplace services to sellers such as storage fees, product utilization charges, additional fulfillment and logistics services, charges for convenient payment options are recognized upon fulfillment of the respective performance obligations which generally matches the invoicing pattern (monthly or weekly acceptance of services performed over the respective period).

The Group's advertising services allow customers to place advertisements in particular areas of the Group's websites at fixed or variable prices (cost per click or cost per view). Advertising revenue is recognized evenly over the period in which the advertisement is displayed or based on the number of views or clicks, when the advertisement has been displayed.

Revenue from paid delivery services for customers is recognized upon fulfillment of the respective performance obligations upon delivery of each individual order. The Group maintains Ozon Premium program, a subscription-based service which provides customers with free delivery, additional discounts and other benefits. The cash collected from the sales of Ozon Premium is initially recorded as deferred revenue (contract liability) in the consolidated statement of financial position and subsequently recognized as revenues over the subscription period (1, 6 or 12 months). Revenue from Ozon Premium is included in delivery revenue.

Revenue from provision of financial services primarily relates to interest income on loans granted to customers and other financial assets of the Group's fintech operations, including banking and microcredit entities. Such revenue is recognized on an accrual basis using the effective interest rate method. Banking commission revenue is recognized as the related transaction occurs.

Revenue from travel services consists of commission fees and ticketing fees charged from the travel supplier and/or traveler for the sale of airline and railway tickets, and hotel bookings through the Group's website and app. The Group acts as the agent in these transactions, passing reservations booked by the traveler to the relevant travel provider. Commission fees and ticketing fees are recognized upon booking of airline and railway transactions or hotel reservations as the Group has no significant post-delivery obligations.

**iii. Financing component in revenue arrangements**

The Group allows certain customers to pay for goods in installments generally over a six-month period. The Group applies the practical expedient and does not adjust the promised amount of consideration for the effects of a significant financing component because the period between the transfer of the promised goods and the payment is less than one year.

**iv. Loyalty program**

The Group has loyalty points programs which allow customers to accumulate points in connection with the purchase of goods or services on the Group's marketplace platform that can be redeemed against future purchases, subject to a

certain threshold. Where the loyalty points give rise to a material right to the customer, a portion of the transaction price is allocated to the respective performance obligation 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, expired or the likelihood of the customer redeeming the points becomes remote. Generally, the deferred revenue related to loyalty programs is recognized within one year after the reporting date.

**v. Gift certificates**

The Group sells gift certificates which can be redeemed to purchase products sold on the Group's marketplace. The cash collected from the sales of gift certificates is initially recorded as deferred revenue (contract liability) in the consolidated statement of financial position and subsequently recognized as revenue upon the sales of the respective products through redemption of gift certificates. Revenue from unredeemed gift certificates is recognized over the expected customer redemption period (usually 12 months) and included in service revenue.

**e) 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 shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Fulfillment and sorting centers | 3-12 |
| Office premises | 2-7 |
| Vehicles | 3-4 |
| IT and other equipment | 3-8 |

Right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.5 (p) Impairment of long-lived assets.

**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 on 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 (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and information on the cost of financing available to the Group at the assessment date.

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 contract modification, including 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.

**Separating components of a contract**

As a practical expedient, the Group elected not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

On a contract-by-contract basis, the Group determines whether a contract contains several separate leases, or a single lease. Such determination is important in further accounting for contracts where the underlying right to use an asset is transferred to the Group in stages. Should the Group determine that there are several separate leases, the Group accounts for such transfers as separate leases with individual lease commencement dates. In other cases, the Group considers increases in scope of such leases in connection with transfer of right of use as lease modifications.

**Leases of low-value assets**

The Group applies the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

**Sale and leaseback transactions**

In a sale and leaseback transaction, an entity (seller-lessee) sells an asset to another entity (buyer-lessor) who then leases it back to the seller-lessee. The Group applies the requirements of IFRS15, *Revenue from Contracts with Customers* for determining when a performance obligation is satisfied in order to determine whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15, *Revenue from Contracts with Customers* to be accounted for as a sale of the asset, the seller-lessee continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The Group accounts for the financial liability applying IFRS 9, *Financial Instruments*.

**Security deposits**

At the commencement of a lease, the Group may be required to pay a security deposit to the lessor. As long as the deposit is a true deposit and not a prepaid lease payment, the deposit gives the lessee a right to receive the money back in cash from the lessor and is, therefore, a financial asset for the lessee and a financial liability for the lessor and is within the scope of IFRS 9*, Financial Instruments*. The deposit is initially accounted for at fair value. The fair value of the deposit is determined based on the prevailing market rate of interest for similar loans, considering the entity-specific creditworthiness, and depending on facts and circumstances, any additional security available to the Group.

When the deposit earns interest below the market rate, the excess of the principal amount of the deposit over its fair value is accounted as a prepaid lease payment. The Group includes this amount in the cost of its right-of-use asset at the lease commencement date.

Interest on the deposit is accounted for using the effective interest method.

**Presentation in the consolidated statements 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. The Group classifies cash advances and security deposits paid on lease contracts prior to commencement of a lease within investing activities and operating activities, correspondently.

**f) Cost of sales**

Cost of sales includes the purchase price of consumer products, vendors rebates and subsidies, write-downs and losses of inventories, cost of travel ticketing, the costs of obtaining and supporting contracts with sellers, and cost of financial service revenues, which primarily consist of interest payable on external financing attracted to finance the loan portfolios.

Cost of sales includes expense items which are directly attributable to individual items of own products sold via the platform, or to individual services (including commissions and other auxiliary services) rendered to sellers in connection with a sale of individual items of their products through the Group's platform. Other expenses attributable to service revenue which are tracked on the basis of different units depending on the fulfillment and logistics process stage (e.g., on the level of orders, parcels or cost centers) are aggregated within the fulfillment and delivery expenses.

The current approach to composition of cost of sales provides a transparent view on direct incremental costs of revenue, which helps to bring the Group's direct sales and marketplace businesses to a single metric of profitability.

**Rebates and subsidies**

The Group periodically receives considerations from certain vendors, representing rebates for products sold and subsidies for the sales of the vendors' products over a period of time. Vendor rebates typically depend on reaching minimum sales or purchase thresholds for a specified period, or on selling goods at a targeted discount (subsidized by vendor). The rebates are not sufficiently separable from the Group's purchase of the vendors' products, and they do not represent a reimbursement of costs incurred by the Group to sell vendors' products. The Group accounts for the rebates received from its vendors as a reduction to price of purchased goods and therefore the Group records such amounts as a reduction of cost of sales when such sales occur and unsold inventory. When volume rebates can be reasonably estimated based on the Group's past experiences, a portion of the rebates is recognized as the Group makes progress towards the target threshold. Subsidies are calculated based on the volume of products sold throughout the Group and are recorded as a reduction in the cost of sales when the sales have been completed and the amount is determinable.

**g) Fulfillment and delivery expenses**

Fulfillment and delivery expenses consist of outbound shipping costs, packaging material costs, costs incurred in operating the Group's fulfillment centers, sorting centers, customer service centers, pickup points, expenses related to payment processing, costs associated with use by these functions of facilities and equipment, such as depreciation expenses, as well as write-offs and losses of sellers' inventory and other related costs. Fulfillment and delivery expenses also include amounts paid to employees and third parties that assist the Group in fulfillment, sorting, delivery and customer service operations. Fulfillment and delivery costs are expensed as incurred.

**h) Sales and marketing expenses**

Sales and marketing expenses consist primarily of advertising costs, related employee costs, and other costs aimed at stimulating demand for the Group's products and services, as well as costs aimed at improving the loyalty of customers. The Group pays commissions to participants in the affiliates program when their customer referrals result in successful product sales and records such costs in sales and marketing expenses. Sales and marketing costs are expensed as incurred.

**i) Technology and content expenses**

Technology and content expenses include payroll and related expenses for employees involved in the research and development of new and existing products and services, development, design, and maintenance of the Group's websites and mobile apps, and technology infrastructure costs. Technology and content expenses are expensed as incurred.

**j) General and administrative expenses**

General and administrative expenses consist of payroll and related expenses for employees involved in general corporate functions, including general and administrative expenses related to operation of marketplace platform. These expenses include payroll of accounting, finance, tax, legal and human relations functions; costs associated with use by these functions of facilities and equipment, such as depreciation expenses, rental and other general corporate related expenses. General and administrative costs are expensed as incurred.

**k) Share-based awards**

All of the Group's share-based awards are equity-settled.

Certain employees of the Group receive remuneration in the form of share-based compensation, whereby employees render services as consideration for equity instruments.

The Group issues equity-settled share-based awards, including share options, share appreciation rights and restricted share units, and accounts for these awards in accordance with IFRS 2, *Share-based payment*. The cost of equity-settled share-based awards is measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. That cost is recognized as an employee benefits expense, 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 consolidated 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.

Market-based performance criteria are taken into account when determining the fair value at the date of grant. Non-market-based performance criteria are taken into account when estimating the number of share-based awards expected to vest. 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 to the employee's benefit, the Company continues to recognize the grant date fair value of the award over the original vesting term. Further, from the modification date through the modified vesting date, the Company recognizes an additional expense for any modification that increases the total fair value of the share-based compensation transaction or is otherwise beneficial to the employee.

Terms of certain share-based awards provide the Group with a discretion to acquire fully vested awards from employees for a cash consideration, which is set by the Group. Should the Group decide to exercise this right, the cash payment is accounted for as the repurchase of an equity interest as a deduction from equity. The Group recognizes an additional expense for the excess value given, i.e., the difference between the cash paid and the fair value of the equity instruments that would otherwise have been issued.

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.

**l) 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. The Group's liability for current income tax is calculated using the tax rates that have been enacted or substantively enacted as at the end of the reporting period.

**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.

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 be reversed 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 assets to be utilized. A deferred tax asset is 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 reassessed 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.

**m) 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.

**n) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant 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. The Group does not apply any thresholds for capitalizing items of property, plant and equipment.

Property, plant and equipment include major expenditures for new assets, improvements and replacement assets that extend the useful lives of assets or increase their revenue-generating capacities. Repair and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Land | Indefinite |
| Buildings | 16-50 |
| Engineering facilities | 5-30 |
| Warehouse equipment | 1-10 |
| Transportation vehicles | 4-7 |
| Computer equipment | 2-7 |
| Other computer hardware and office facilities | 1-10 |
| Other assets | 5-20 |
| Leasehold improvements | 3-10 |

Depreciation of property, plant and equipment used in delivery and fulfillment activities is included in Fulfillment and delivery expenses in the consolidated statement of profit or loss and other comprehensive income. Depreciation of other property, plant and equipment is included within General and administrative expenses.

The carrying amount of an item of property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in "Gain / (loss) on disposal of non-current assets, net" in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

**o) Intangible assets**

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on 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 than any accumulated amortization and accumulated impairment losses.

For internally generated assets the Group assesses whether an intangible asset meets the criteria for recognition and classifies the generation of the asset into a research phase or a development phase. If the Group cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the expenditure on that project is treated as if it were incurred in the research phase only.

Research costs are expensed as incurred. Development expenditure 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
- the ability to measure reliably the expenditure during development

Intangible assets are amortized on a straight-line basis over the useful economic life. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit and loss.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**p) Impairment of long-lived assets**

The Group assesses at each reporting date whether there is any indication that a long-lived asset may be impaired. If any indication exists, the Group estimates the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where an individual asset does not generate largely independent cash inflows, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). In assessing VIU, 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. 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. The fair value of CGUs is generally determined with a reference to market capitalization of the Company and/or relevant market multiples and adjustments.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

**q) Inventories**

Inventories, consisting primarily of products available for sale, are accounted for using the weighted average cost method or the cost of each individual item, and are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs necessary to make the sale. Adjustments are recorded to write down the cost of inventory (including slow-moving merchandise and damaged goods) to the estimated net realizable value based on assumptions about the write-down percentage that is applicable to various groups of goods. In determining the allowance percentages on inventories, the Group considers the historical demand for inventories, expected selling prices and estimated costs necessary to make the sale. The Group takes ownership, risks and rewards of the products purchased, but has arrangements to return unsold goods with certain vendors. Write-downs and losses of inventories are recorded in Cost of sales.

The Group also provides fulfillment-related services in connection with the Group's online marketplace. Third-party sellers maintain ownership of their inventories and therefore these products are not included in the Group's inventories. The Group estimates and recognizes a provision for reimbursements, where Group is liable for the third-party sellers' goods which were damaged or lost in the Group's fulfillment and delivery infrastructure.

**r) 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, but the final amount and exact timing of respective outflow are not certain. 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.

**s) 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 VAT receivable or taxes payable in the consolidated statement of financial position.

**t) Financial instruments**

**Initial recognition and measurement**

In accordance with IFRS 9, *Financial Instruments* financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In accordance with IFRS 9, *Financial Instruments* 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 flow. 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, short-term deposits, security deposits (accounted for as cash collateral provided to the lessor), loans and accounts receivable. The Group's financial liabilities include trade and other payables, lease liabilities, loans and borrowings, convertible debt instruments and customer deposits.

**Subsequent measurement**

**Financial assets and financial liabilities at amortized cost**

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.

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.

**Financial assets and financial liabilities at fair value through profit or loss.**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes trade accounts receivable from customers under the Ozon Installment program, which are expected to be derecognized in non-recourse factoring arrangements, whereby the Group exchanges the account receivables for a cash consideration from financial institutions. The risks and rewards of ownership with respect to such receivables are considered to have been transferred at the point where the financial institutions accepted a tranche of receivables and assumed related risks and rewards of the assets, and therefore the Group derecognizes respective trade accounts receivable in their entirety. The Group retains continuous involvement with the transferred receivables over the life of the transferred receivables as the Group continues to collect cash flows the receivables and has assumed an obligation to pay the received cash flows in full without material delay to the financial institution, acting solely as a collecting agent on behalf of the acquirer of the receivables. The timing of continuous involvement is limited to terms of Ozon Installment program and in general less than 12 months.

Derivatives features of debt instruments, including conversion options, are classified as financial liabilities and are subsequently measured at fair value through profit and loss, while the host liabilities (the "debt components") are accounted for at amortized cost using market interest rate determined at the date of issuance of such instruments.

**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 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 (subject to materiality considerations). 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, *Financial Instruments* 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. Where respective balances are material, the Group applies 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. The most part of accounts receivable are short-term; therefore forward-looking information is assessed based on subsequent events after the reporting date.

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.

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);
- 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 flow.

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. Impairment losses related to accounts receivable are presented as part of cost of sales.

**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.

**u) Convertible debt instruments**

Convertible debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. In case such a convertible instrument includes a conversion feature, which is separable from the host debt contract, such a feature is separately assessed for classification as a financial liability or as an equity instrument. In such an assessment, the Group considers the definitions of a financial liability, an equity instrument, and a derivative instrument. An instrument is classified as an equity instrument if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group. An instrument which will or may be settled in the Group's own equity instruments is classified as an equity instrument, if it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. In other cases, an instrument is classified as a financial liability.

**v) Reverse factoring arrangements**

The Group participates in reverse factoring arrangements under which its suppliers may elect to receive early payment of their invoice from a financial institution by factoring in their receivable from the Group. Under such arrangements, the financial institution agrees to pay the settlement amounts to the participating supplier in respect of invoices owed by the Group and receives settlement from the Group on the due date of the original invoice. Generally, the suppliers carry the commission cost related to such arrangements. From the Group's perspective, the arrangement does not extend payment terms beyond the standard terms agreed with other suppliers that are not participating in such arrangements. The Group has not derecognized the original liabilities to which the arrangement applies because neither

a legal release was obtained, nor the original liability was substantially modified on entering into the arrangement. The Group includes the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain the same as those of other trade payables. In certain reversed factoring arrangements, the Group carries the cost of arranging such a factoring for its suppliers. For such arrangements, the Group presents related accounts payable separately withing trade accounts payable under "Payables under the reverse factoring arrangements" caption.

The payments under reverse factoring arrangements are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements.

#### *Deferred tax assets*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that in the foreseeable future the Group will have taxable profits against which tax losses can be utilized. Significant management judgement is required to determine whether the Group has convincing evidence of probable future taxable profit. Further details on income taxes are disclosed in note 14.

### 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 parameters available when the consolidated financial statements were prepared. 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.

#### *Inventory valuation*

Inventory is valued at the lower of cost or net realizable value. Net realizable value represents the estimated selling price less estimated costs necessary to make the sale. While estimating the costs necessary to make the sale, the Group takes into consideration the costs that are incremental and those costs that it must incur to sell its inventories but are not incremental to a particular sale. Adjustments are recorded to write down the cost of inventory (including slow-moving merchandise and damaged goods) to the estimated net realizable value based on assumptions about the write-down percentage that is applicable to various aging groups of goods. In determining the allowance percentages on inventories, the Group considers the historical demand for inventories, expected selling prices and estimated costs necessary to make the sale. The valuation allowance for inventory represents the difference between the cost of inventory and its estimated net realizable value. The changes in estimates may impact the amount of allowance for inventory that may be required. Further details about inventory valuation allowance are provided in note 19.

#### *Leases*

As most of the Group's lease agreements do not provide an implicit rate of return, the Group uses its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. The Group's incremental borrowing rate is determined based on estimates and judgments with respect to a rate of finance available to the Group and adjustments necessary to align the rate with the term, security, currency and other specific features and circumstances of the lease.

## 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 |
|---|---|---|---|
| **Sales of goods** | **135,278** | **—** | **135,278** |
| **Service revenue:** | | | |
| Marketplace commissions | 106,428 | — | 106,428 |
| Advertising revenue | — | 26,268 | 26,268 |
| Delivery services | 5,068 | 1,219 | 6,287 |
| Financial services | 94 | 994 | 1,088 |
| Travel commissions | 680 | 50 | 730 |
| Other revenue | 1,036 | — | 1,036 |
| **Total service revenue** | **113,306** | **28,531** | **141,837** |
| **Total revenue** | **248,584** | **28,531** | **277,115** |

**For the year ended December 31, 2021**

| | At a point in time | Over time | Total revenue |
|---|---|---|---|
| **Sales of goods** | **120,792** | **—** | **120,792** |
| **Service revenue:** | | | |
| Marketplace commissions | 44,345 | — | 44,345 |
| Advertising revenue | — | 9,322 | 9,322 |
| Delivery services | 2,219 | 531 | 2,750 |
| Travel commissions | 316 | 113 | 429 |
| Other revenue | 577 | — | 577 |
| **Total service revenue** | **47,457** | **9,966** | **57,423** |
| **Total revenue** | **168,249** | **9,966** | **178,215** |

**For the year ended December 31, 2020**

| | At a point in time | Over time | Total revenue |
|---|---|---|---|
| **Sales of goods** | **81,414** | **—** | **81,414** |
| **Service revenue:** | | | |
| Marketplace commissions | 16,503 | — | 16,503 |
| Advertising revenue | — | 3,965 | 3,965 |
| Delivery services | 1,481 | 280 | 1,761 |
| Travel commissions | 425 | 20 | 445 |
| Other revenue | 262 | — | 262 |
| **Total service revenue** | **18,671** | **4,265** | **22,936** |
| **Total revenue** | **100,085** | **4,265** | **104,350** |

### 4.2 Contract balances

The following table provides information about the Group's accounts receivable and contract liabilities from contracts with customers:

| | 2022 | 2021 |
|---|---|---|
| Accounts receivable (included in the total accounts receivable in Note 20) | 3,172 | 3,379 |
| Contract liabilities (Note 28) | (17,779) | (9,575) |

Contract liabilities include customer advances, unredeemed gift certificates, deferred revenue of Ozon Premium and loyalty points not yet redeemed. The outstanding balances of contract liabilities increased in 2022 due to the continuing increase in the Group's customer base.

### 4.3 Right of return assets and refund liabilities

The following table provides information about the Group's right of return assets and refund liabilities from contracts with customers:

| | 2022 | 2021 |
|---|---|---|
| Right of return assets (Note 19) | 396 | 417 |
| Refund liabilities arising from right of return (Note 27) | (523) | (462) |

## 5. SEGMENT INFORMATION

For management purposes, the business of the Group is organized into Ozon.ru, the Group's primary core e-commerce business, which is comprised of sales of multi-category consumer products through our application and website and other initiatives and verticals.

These business units are managed separately, and the results of their operations are reviewed by the chief operating decision maker (CODM) on a regular basis for the purpose of making decisions about resource allocation and performance assessment.

Ozon.ru represents over 99%, 99% and 99% of the Group's revenue for the years ended December 31, 2022, 2021 and 2020, respectively, therefore, the Group presents Ozon.ru as the only reportable segment, as this reflects the consolidated view of operating segments noted above.

The Group uses Adjusted EBITDA to assess results of operations of its segments. The Adjusted EBITDA is calculated as loss for the year before income tax expense, total non-operating expense/(income), depreciation and amortization, share-based compensation expense and losses related to the fire incident. The following table presents a reconciliation of the Group's loss for the year to Adjusted EBITDA for each of the years indicated:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Loss for the year | (58,187) | (56,779) | (22,264) |
| Income tax expense | 1,025 | 2 | 230 |
| Total non-operating expense / (income) | 13,013 | (2,079) | 4,711 |
| Depreciation and amortization | 19,770 | 9,880 | 4,963 |
| Share-based compensation expense | 10,999 | 7,820 | 644 |
| Losses related to the fire incident | 10,165 | — | — |
| **Adjusted EBITDA** | **(3,215)** | **(41,156)** | **(11,716)** |

## 6. FULFILLMENT AND DELIVERY EXPENSES

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Employee-related cost | 28,235 | 17,810 | 8,417 |
| Outsourcing services | 26,229 | 13,709 | 5,103 |
| Delivery fees | 22,929 | 12,946 | 3,909 |
| Depreciation and amortization | 13,727 | 7,273 | 3,690 |
| Transportation services and vehicle maintenance | 12,698 | 9,183 | 3,367 |
| Fees for cash collection | 7,152 | 7,681 | 2,795 |
| Premises maintenance and packaging costs | 6,034 | 4,508 | 1,589 |
| Share-based compensation expense | 829 | 635 | 53 |
| Other fulfilment and delivery expenses | 4,685 | 2,495 | 1,753 |
| | **122,518** | **76,240** | **30,676** |

## 7. SALES AND MARKETING EXPENSES

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Media and advertising | 8,108 | 6,386 | 1,502 |
| Employee-related cost | 8,094 | 4,813 | 2,265 |
| Online marketing | 2,956 | 9,578 | 5,447 |
| Cost of arranging flexible payment option for clients | 2,031 | 753 | 45 |
| Share-based compensation expense | 1,354 | 1,013 | 81 |
| Outsourcing services | 258 | 46 | 115 |
| Other sales and marketing expenses | 1,707 | 946 | 560 |
| | **24,508** | **23,535** | **10,015** |

## 8. TECHNOLOGY AND CONTENT EXPENSES

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Employee-related cost | 16,695 | 7,905 | 3,490 |
| Share-based compensation expense | 3,117 | 2,245 | 152 |
| IT and telecommunication services | 1,589 | 1,235 | 615 |
| Production of digital content | 405 | — | — |
| Acquisition of in-progress research and development | — | 370 | — |
| Other technology and content expenses | 1,045 | 1,107 | 137 |
| | **22,851** | **12,862** | **4,394** |

## 9. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Depreciation and amortization | 6,043 | 2,607 | 1,273 |
| Employee-related cost | 5,702 | 3,416 | 1,600 |
| Share-based compensation expense | 5,699 | 3,927 | 358 |
| Professional services | 581 | 678 | 212 |
| Insurance | 179 | 286 | — |
| Other general and administrative expenses | 1,543 | 972 | 286 |
| | **19,747** | **11,886** | **3,729** |

## 10. LOSSES RELATED TO THE FIRE INCIDENT

In August 2022, a fire broke out at the Group's fulfillment center in the Moscow region, spreading to an area of 55,000 square meters and affecting two of the blocks of the three-block warehouse complex. In connection with the incident, the Group incurred losses of 10,165, which included damages to the Group's merchandise, losses related to disposal, impairment and derecognition of the Group's property and equipment, and the third parties' claims and other expenses.

The Group had insurance policies for the goods and other assets stored at the impacted premises, as well as the liability for death, injury, or damage to third-party property. The Group is currently in discussions with the insurance companies over the compensation for the sustained damage. Such compensation, if granted, may not be commensurate with the loss sustained. The Group did not recognize any insurance recoveries in 2022.

## 11. NET GAIN ON REVALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2022 | 2021 |
|---|---|---|
| Convertion options (note 32.1) | 594 | 6,364 |
| Derivative feature (notes 25 and 32.1) | 109 | — |
| Trade accounts receivable (note 32.1) | 23 | (23) |
| | **726** | **6,341** |

## 12. INVESTMENTS IN AN ASSOCIATE

The Group has a 42.27% interest in Litres Holdings Limited (together with its subsidiaries "Litres"), which is incorporated and domiciled in Cyprus. Litres is a leading distributor of e-books and audiobooks in Russia. Litres is not publicly listed. The Group accounts for the investment in Litres using the equity method.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current assets | 1,561 | 1,141 |
| Non-current assets | 296 | 550 |
| Current liabilities | (1,190) | (1,072) |
| Non-current liabilities | — | (108) |
| **Net assets of the associate** | **667** | **511** |
| Group's share of net assets - 42.27% (2021: 42.27%) | 282 | 217 |
| Goodwill | 964 | 964 |
| Fair value adjustments (including the effect of the subsequent accounting) | 23 | 57 |
| **Group's carrying amount of the investment** | **1,269** | **1,238** |

The following table summarizes the financial information of Litres as included in its own consolidated financial statements, adjusted for fair value adjustments at acquisition (disclosed below separately) and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Litres.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Revenue | 7,266 | 6,742 | 5,077 |
| Profit for the year | 724 | 507 | 278 |
| Total comprehensive income | 724 | 507 | 278 |
| **The Group's share of profit before fair value adjustments** | **306** | **214** | **118** |
| Amortization of assets based on their fair values at acquisition | (17) | (17) | (6) |
| **The Group's share of total comprehensive income** | **289** | **197** | **112** |

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Carrying amount of the investment at the beginning of the year** | **1,238** | **1,111** |
| Share of total comprehensive income | 289 | 197 |
| Dividends received / receivable | (258) | (70) |
| **Carrying amount of the investment at the end of the year** | **1,269** | **1,238** |

The associate had no contingent liabilities or capital commitments as of December 31, 2022 and 2021.

## 13. OTHER NON-OPERATING EXPENSES

In November 2020, the Company and the third-party financial institution reached an agreement relating to an alleged breach of an exclusivity undertaking contained in the term sheet that had been entered into between the Company, its principal shareholders and the financial institution in June 2020. The agreement resolved all disputes and waived any claims against each other relating to the term sheet and confirmed the absence of any known non-contractual claims between the parties. While the Company did not admit any breach nor concede any liability under the term sheet, the Company agreed under the settlement agreement to pay 1,000 (reported as an operating cash outflow in the consolidated statement of cash flows).

## 14. INCOME TAX

The major components of income tax expense for the years ended December 31, 2022, 2021 and 2020 are:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current income tax expense | (1,103) | (58) | (111) |
| Deferred tax benefit/ (expense) | 78 | 56 | (119) |
| **Income tax expense for the year** | **(1,025)** | **(2)** | **(230)** |

A major part of the Group's pre-tax losses and income tax expenses is generated in Russia. Pre-tax gains or losses of the Group's companies in Cyprus mainly relate to revaluation of financial instruments, interest expense and 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.

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 |
|---|---|---|---|
| Loss before income tax | (57,162) | (56,777) | (22,034) |
| Income tax benefit calculated at Russia's statutory tax rate 20% | 11,432 | 11,355 | 4,407 |
| Effect of unrecognized tax assets | (8,976) | (10,227) | (3,669) |
| Effect of non-deductible expenses in determining taxable profit | (3,520) | (827) | (438) |
| Effect of tax provision | (582) | — | — |
| Effect of foreign exchange gain/(loss) that is exempt from taxation | 1,307 | 58 | (255) |
| Effect of tax rates in foreign jurisdiction | (686) | (361) | (275) |
| **Income tax expense for the year** | **(1,025)** | **(2)** | **(230)** |

Deferred tax assets have not been recognized in respect of tax losses and other deductible temporary differences in the cumulative amounts of 128,027 and 17,233, respectively, as of December 31, 2022, and tax losses and other deductible temporary differences in the amount of 88,289 and 11,894 as of December 31, 2021. The tax losses in the amount of 127,456 do not expire, whereas tax losses of 9 expires within 1 year, 111 within 2 years, 7 within 3 years, 368 within 4 years and 76 within 5 years. Deferred tax assets have not been recognized in respect of tax losses and other deductible temporary differences, because it is not probable that sufficient taxable profit will be available in the foreseeable future against which the Group will be able to utilize the respective benefits.

## 15. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent (after adjusting for the effect of dilution) by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

For the year ended December 31, 2022, 2021 and 2020, outstanding share-based awards and financial liabilities with the share settlement features were not included in the diluted weighted average number of ordinary shares calculation because their effect would have been antidilutive.

The following table reflects the loss and share data used in the basic and diluted loss per share calculations:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Loss attributable to the parent entity | (58,187) | (56,779) | (22,264) |
| Effects of the settlement of preference shares classified as equity | — | — | 33 |
| **Loss attributable to ordinary equity holders of the parent entity** | **(58,187)** | **(56,779)** | **(22,231)** |
| Weighted average number of ordinary shares | 208,752,123 | 205,619,832 | 164,605,952 |
| **Basic and diluted loss per share (RUB)** | **(278.7)** | **(276.1)** | **(135.1)** |

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Warehouse equipment and vehicle | Computer and other equipment | Construction in progress and advances paid | Total |
|---|---|---|---|---|---|---|
| ***Historical cost*** | | | | | | |
| **As of January 1, 2021** | **80** | **1,823** | **8,297** | **4,979** | **1,496** | **16,675** |
| Additions | 888 | 1,176 | — | — | 18,198 | **20,262** |
| Transfer | — | — | 5,129 | 6,919 | (12,048) | — |
| Disposals | — | — | (218) | (302) | — | **(520)** |
| Translation difference | — | — | — | 1 | — | **1** |
| **As of December 31, 2021** | **968** | **2,999** | **13,208** | **11,597** | **7,646** | **36,418** |
| Additions | — | — | — | — | 34,896 | **34,896** |
| Transfer | 35 | 612 | 17,770 | 11,843 | (30,260) | — |
| Disposal and derecognition | — | — | (1,171) | (1,169) | (522) | **(2,862)** |
| Reclassification to inventories | — | — | (9) | (35) | — | **(44)** |
| Translation difference | — | — | (19) | (9) | 3 | **(25)** |
| **As of December 31, 2022** | **1,003** | **3,611** | **29,779** | **22,227** | **11,763** | **68,383** |
| ***Accumulated depreciation and impairment*** | | | | | | |
| **As of January 1, 2021** | — | **(213)** | **(1,647)** | **(1,812)** | — | **(3,672)** |
| Charge for the year | — | (40) | (1,460) | (1,698) | — | **(3,198)** |
| Disposals | — | — | 190 | 232 | — | **422** |
| **As of December 31, 2021** | — | **(253)** | **(2,917)** | **(3,278)** | — | **(6,448)** |
| Charge for the year | — | (82) | (3,139) | (3,481) | — | **(6,702)** |
| Disposal and derecognition | — | — | 244 | 702 | — | **946** |
| Impairment | — | — | (391) | — | — | **(391)** |
| Translation difference | — | — | — | 1 | — | **1** |
| Other movements | — | — | (23) | (12) | — | **(35)** |
| **As of December 31, 2022** | — | **(335)** | **(6,226)** | **(6,068)** | — | **(12,629)** |
| **Net book value** | | | | | | |
| **Opening balance** | **968** | **2,746** | **10,291** | **8,319** | **7,646** | **29,970** |
| **Closing balance** | **1,003** | **3,276** | **23,553** | **16,159** | **11,763** | **55,754** |

As of December 31, 2022, the Group pledged part of its property, plant and equipment with a carrying amount of 192 (December 31, 2021: 240) in order to fulfil the collateral requirements for certain Group's borrowings (note 25). Further, as of December 31, 2022, property, plant and equipment with a carrying amount of 1,728 (December 31, 2021: 1,782) was held under a sale and leaseback arrangement where the legal lessor retains the title to the assets as a security.

## 17. LEASES

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 | | | | | |
|---|---|---|---|---|---|---|
| | **Office and IT facilities** | **Warehouse facilities** | **Pick-up points** | **Vehicles** | **Total** | **Lease liabilities** |
| **As of January 1, 2021** | **3,024** | **8,938** | **1,671** | **946** | **14,579** | **15,490** |
| Additions | 2,845 | 15,935 | 150 | 1,719 | 20,649 | 20,440 |
| Remeasurement and modification | 2,190 | 9,379 | 110 | (12) | 11,667 | 11,490 |
| Disposals | (80) | (126) | (259) | — | (465) | (508) |
| Depreciation expense | (1,508) | (3,679) | (730) | (571) | (6,488) | — |
| Translation difference | — | (2) | — | — | (2) | (4) |
| Interest expense | — | — | — | — | — | 2,856 |
| Payments * | — | — | — | — | — | (7,297) |
| **As of December 31, 2021** | **6,471** | **30,445** | **942** | **2,082** | **39,940** | **42,467** |
| Additions | 10,508 | 40,617 | 42 | 1,206 | 52,373 | 50,860 |
| Remeasurement and modification | (410) | (4,948) | 13 | — | (5,345) | (5,522) |
| Disposals | (3,850) | (1,529) | (110) | (20) | (5,509) | (4,996) |
| Depreciation expense | (3,676) | (7,244) | (673) | (1,080) | (12,673) | — |
| Interest expense | — | — | — | — | — | 8,006 |
| Other movements | — | (15) | — | — | (15) | (1) |
| Exchange and translation differences | — | (332) | — | — | (332) | (319) |
| Payments * | — | — | — | — | — | (16,000) |
| **As of December 31, 2022** | **9,043** | **56,994** | **214** | **2,188** | **68,439** | **74,495** |

**including 6,767 of interest paid during 2022 (2021: 2,528)*

The Group recognized variable lease payments of 850 for the year ended December 31, 2022 (2021: 402).

**Lease commitments**

The Group entered into lease contracts for offices, fulfillment and sorting centers that have not yet commenced as of December 31, 2022. The lease terms are from 8 months to 12 years. The future undiscounted lease payments for these lease contracts are as follows:

| | **Within 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|---|
| As of December 31, 2022 | 1,986 | 8,033 | 8,906 | 34,044 | **52,969** |
| As of December 31, 2021 | 4,611 | 19,176 | 18,273 | 45,311 | **87,371** |

The Group had security deposits related to lease agreements which amounted to 2,028 as of December 31, 2022 and 2,101 as of December 31, 2021, respectively. As of December 31, 2022, the Group subleased certain of its right of use assets in the amount of 1,095 in operating leases (as of December 31, 2021: nil)

## 18. INTANGIBLE ASSETS

The intangible assets of the Group primarily consist of software licenses acquired for internal use and a bank license. Software licenses are amortized linearly over the expected period of use within the license term, which generally does not exceed 5 years. For the year ended December 31, 2022, the Group acquired intangible assets with a cost of 173

(year ended December 31, 2021: 1,056). For the year ended December 31, 2022, charges and losses related to derecognition, impairment and disposal of intangible assets amounted to 682 (year ended December 31, 2021: a loss of 203).

In May 2021, the Group completed an acquisition of 100% participation interest in Oney Bank LLC. The purpose of the acquisition was to equip the Group with the necessary license to enhance the Group's own financial services offering. The total cash consideration for the transaction amounted to 615. The Group concluded that the acquired set of activities and assets does not constitute a business as the substantial fair value of the gross assets acquired is concentrated in a single intangible asset. As a result, the Group reflected this deal as an asset acquisition. On the date of acquisition, the Group recognized the individual identifiable assets acquired and liabilities assumed and allocated 233 to the license intangible assets with indefinite useful life, 375 to cash and cash equivalents, and 7 to non-financial assets.

As of December 31, 2022, the Group concluded that the recoverable amount of the license is close to nil as, based on the current plans, the Group does not expect to recover the value of this asset through use or sale. Accordingly, in 2022, the Group recognized an impairment loss of 233.

## 19. INVENTORIES

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Merchandise held for resale | 36,883 | 27,106 |
| Other inventories | 1,009 | 752 |
| Right of return assets | 396 | 417 |
| Inventory valuation allowance | (3,673) | (1,913) |
| | **34,615** | **26,362** |

In 2022, merchandise held for resale of 113,470 was recognized as cost of sales (2021: 107,410), and other inventories of 4,443 were recognized as other operating expenses (2021: 3,480).

In 2022, inventories were reduced by 1,760 (2021: 831) as a result of write-downs to net realizable value and other valuation allowances. In addition, in 2022, losses of merchandise held for sale amounted to 3,726 (2021: 2,486). The write-downs and the losses of merchandise held for sale were recognized as an expense during the period and were included in cost of sales and losses related to the fire incident.

## 20. ACCOUNTS RECEIVABLE

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts receivable | 7,244 | 6,639 |
| Allowance for expected credit losses and individually impaired receivables | (93) | (28) |
| | **7,151** | **6,611** |

Set out below is the movement in the allowance for expected credit losses of accounts receivable:

| | 2022 | 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **(28)** | **(46)** |
| Allowance for expected credit losses | (88) | (68) |
| Amounts written off during the year as uncollectable | 21 | 86 |
| Other movements | 2 | — |
| **Balance at the end of the year** | **(93)** | **(28)** |

Information about the Group's exposure to credit and market risks is presented in note 32.

## 21. OTHER FINANCIAL AND NON-FINANCIAL ASSETS

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Other financial assets** | | |
| Amounts deposited for the bond restructuring | 2,596 | — |
| Security deposits | 2,028 | 2,101 |
| Loans granted to employees | 711 | 243 |
| Other assets | 763 | — |
| **Other financial assets** | **6,098** | **2,344** |
| out of which: | | |
| Non-current | 2,610 | 2,312 |
| Current | 3,488 | 32 |
| **Other non-financial assets** | | |
| Prepayments | 11,982 | 3,258 |
| Advances on lease contracts not yet commenced | 900 | — |
| Prepaid employee benefits | 890 | 730 |
| Tax prepayments | 22 | 42 |
| Claims to suppliers | 272 | 118 |
| **Other non-financial assets** | **14,066** | **4,148** |
| out of which: | | |
| Non-current | 1,052 | 41 |
| Current | 13,014 | 4,107 |

## 22. LOANS TO CUSTOMERS

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Short-term loans to customers** | | |
| Loans to legal entities and individual entrepreneurs | 5,098 | 43 |
| Loans to individuals | 130 | — |
| Allowance for expected credit losses | (87) | — |
| **Short-term loans to customers, net** | **5,141** | **43** |

Set out below is the movement in the allowance for expected credit losses of loans to customers:

| | 2022 | 2021 |
|---|---|---|
| **Balance at the beginning of the year** | — | — |
| Allowance for expected credit losses | (87) | — |
| Amounts written off during the year as uncollectable | — | — |
| **Balance at the end of the year** | **(87)** | — |

## 23. CASH, CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Short-term deposits | 53,090 | 86,718 |
| Current bank accounts | 34,746 | 18,485 |
| Cash in transit | 3,043 | 2,803 |
| Petty cash | 2 | 31 |
| Allowance for expected credit losses | (412) | — |
| **Cash and cash equivalents** | **90,469** | **108,037** |
| Short-term bank deposits with maturity exceeding 3 months | — | 17,954 |
| **Cash, cash equivalents and short-term bank deposits** | **90,469** | **125,991** |

Set out below is the movement in the allowance for expected credit losses of cash and cash equivalents:

| | 2022 | 2021 |
|---|---|---|
| **Balance at the beginning of the year** | — | — |
| Allowance for expected credit losses | (412) | — |
| **Balance at the end of the year** | **(412)** | — |

Cash and cash equivalents held by the Group's credit institutions that require a government license to operate as of December 31, 2022 was 13,061 (as of December 31, 2021: 1,030).

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 short-term deposit rates.

As of December 31, 2022 and 2021, the expected credit loss related to cash, cash equivalents, and short-term deposits was measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

Bank deposits with a maturity exceeding 3 months at the date of initial recognition are presented separately from cash equivalents.

## 24. SHARE CAPITAL, SHARE PREMIUM AND OTHER CAPITAL RESERVES

**Share capital and share premium**

| | Quantity | | | Millions of russian rubles | | |
|---|---|---|---|---|---|---|
| | Ordinary shares | Treasury shares | Shares outstanding | Share capital | Share premium | Treasury shares |
| **As of January 1, 2021** | **203,729,960** | — | **203,729,960** | **11** | **133,439** | — |
| Issue of shares upon exercise of share-based awards | 483,775 | — | 483,775 | — | 9 | — |
| Issue of shares to employee-benefit trust | 12,200,000 | (12,200,000) | — | 1 | — | (1) |
| Release of shares from trust | — | 4,108,368 | 4,108,368 | — | 1,476 | — |
| **As of December 31, 2021** | **216,413,735** | **(8,091,632)** | **208,322,103** | **12** | **134,924** | **(1)** |
| Release of shares from trust | — | 501,184 | 501,184 | — | 599 | — |
| **As of December 31, 2022** | **216,413,735** | **(7,590,448)** | **208,823,287** | **12** | **135,523** | **(1)** |

*Capital reorganization and IPO*

In October 2020, pursuant to a special resolution at a general meeting of shareholders, the Company

- converted all issued redeemable preference shares into ordinary shares and eliminated redeemable preference shares as a separate class of shares; and

- made a 25-for-1 split of its ordinary shares. All shares, per-share amounts and related information in these consolidated financial statements have been retroactively adjusted, where applicable, to reflect the impact of the share split and are presented on a split-adjusted basis; and

- increased the authorized share capital by the creation of additional 374,999,998 ordinary shares of USD 0.001 each and two class A shares of USD 0.001 each up to 559,999,998 ordinary shares and two class A shares and issued one class A share to each of its major shareholders, Sistema PJSFC and Baring Vostok. Each class A share confers the right to appoint and remove two directors so long as such class A shareholder holds at least 15% of voting power of the ordinary shares or one director so long as such class A shareholder holds less than 15% but at least 7.5% of voting power of the ordinary shares and each ordinary share has the right to one vote at a meeting of shareholders. Class A shareholders entitled to the same economic rights as holders of ordinary shares.

| | Authorized | | Issued and fully paid | |
|---|---|---|---|---|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Ordinary shares of USD 0.001 each | 559,999,998 | 559,999,998 | 216,413,733 | 216,413,733 |
| Class A shares of USD 0.001 each | 2 | 2 | 2 | 2 |
| | **560,000,000** | **560,000,000** | **216,413,735** | **216,413,735** |

On November 27, 2020, the Group issued an aggregate of 37,950,000 ordinary shares, represented by the ADSs, in the IPO on Nasdaq. In addition, the Group issued 4,500,000 ordinary shares to the existing shareholders, Sistema PJSFC and Baring Vostok, in concurrent private placements.

The Group received 90,480 in net proceeds from the IPO and the concurrent private placement after deducting underwriting commissions and other transaction costs. The Group incurred 5,820 of total expenses (transaction costs) in connection with the IPO, which included 5,512 of underwriting commissions (withheld by underwriters from the proceeds) and 308 of other transaction costs directly related to the offering.

**Treasury shares**

In April 2021, the Company entered into a trust deed with a trustee for operation of the Company's equity incentive plans (the "EIPs"). The trust holds ordinary shares or ADSs of the Company to be distributed under share-based awards (the "SBAs") granted to and exercisable by directors, officers and employees and deliver the shares or other securities exercisable under the EIPs to such participants upon exercise. The Company neither owns shares nor has voting rights in the trust. However, the Company established the trust and may appoint or substitute a trustee. Thus, the Company considered that it controls the trust through a contractual arrangement. During 2021, the Company issued 12,200,000 ordinary shares represented by ADSs for the total amount of 1 to the trust.

## 25. BORROWINGS

| | Effective interest rate (2022/2021) | Currency | Maturity (2022/2021) | December 31, 2022 Amount incl. accrued interest | December 31, 2021 Amount incl. accrued interest |
|---|---|---|---|---|---|
| Convertible bonds | 5.1%/5.1% | USD | 2023*/2026 | 53,597 | 49,403 |
| Credit facility | 13.6% | RUB | 2026 | 37,407 | — |
| Bank loans | 10.0% | RUB | 2022 | — | 9,954 |
| Equipment financing | 10.5%/9.4% | RUB | 2023-2030/2022-2030 | 3,111 | 2,759 |
| **Total** | | | | **94,115** | **62,116** |
| out of which: | | | | | |
| Current | | | | 55,215 | 11,539 |
| Non-current | | | | 38,900 | 50,577 |

* The change in maturity of bonds in 2022 reflects the redemption rights of bondholders as a result of the Delisting Event as discussed below.

**Convertible bonds**

In February 2021, the Company completed an offering of USD 750 million in aggregate principal amount of 1.875% senior unsecured convertible bonds due 2026 at par (the "Bonds"). The Bonds were offered in reliance on Regulation S under the Securities Act through a private placement to institutional investors that are not U.S. persons, outside the United States. Total proceeds from the Bonds amounted to 54,499 net of 988 issue costs. Interest is payable semi-annually in arrears in each year, with the first payment beginning on August 24, 2021. Under the terms and conditions

of the Bonds, the Bonds are convertible into cash, ordinary shares of the Company, represented by the ADSs, or a combination of cash and the ADSs, at the Group's discretion, based on the conversion price set at USD 86.6480. As described in note 32.2.3, in May 2022, under the terms and conditions of the Bonds, the bondholders, who exercised the rights to require redemption, forfeited their conversion rights under the Bonds. Further, in September 2022, the Company entered into a deed poll pursuant to which the Company has undertaken to settle any conversion rights exercised by the bondholders under the terms and conditions of the Bonds in cash until the Bonds are redeemed in full and cancelled.

At the initial recognition, the conversion feature of the convertible bonds (the "conversion options") with the fair value of 6,958 was classified as financial liability and measured at fair value through profit and loss, while the host liability (the "debt component") was accounted for at amortized cost using market interest rate of 5.1% per annum. The transaction costs of 128 related to the conversion options were expensed as incurred and included in general and administrative expenses.

As a result of the Delisting Event (note 32.2.3), the holders of the Bonds were entitled to require the Company to redeem their Bonds at the principal amount together with accrued interest on the redemption date, which was May 31, 2022. In March 2022, following the Delisting Event, the Company revised the schedule of cash flows underlying the amortized cost of the bonds to reflect the revised contractual maturity. This revision resulted in a remeasurement of the convertible bonds liability and in a reclassification of the revised carrying amount to short-term borrowings. The resulting loss on the convertible bond liability of 8,567 was included in non-operating expenses.

In June 2022, the Company did not fund the payment required for the redemption of the Bonds which lead to a default under the terms of the Bonds. The Company and the bondholders have agreed the terms of the Restructuring (note 32.2.3), pursuant to which the Company is required to redeem the Bonds early in accordance with the agreed terms of the Restructuring. As of December 31, 2022, the terms of the Restructuring were not effective as licenses or authorizations (or confirmations that no license is required) from each of the UK, Cyprus and U.S. sanctions authorities were not obtained.

Following May 31, 2022, and through the effective date of the Restructuring the Bonds continued to carry interest at 1.875% per annum.

For the year ended December 31, 2022, foreign currency exchange gain on convertible bonds amounted to 5,472 (2021: exchange loss of 218).

**Credit facility**

In September 2022, the Group entered into credit facility agreements for a total principal amount of up to 60,000 with third parties (the "Facility"). The facility carries a floating interest rate linked to the Russian key rate or a fixed rate (as determined in each of the credit facility agreements). A portion of interest is payable quarterly in arrears, while the other portion is capitalized on a quarterly basis and is repayable with the principal amount at the maturity of the debt. The principal amount, together with the capitalized interest, is repayable in 2025-2026. The Group incurs fees and commissions in connection with utilization and maintenance of the Facility. Concurrently with the facility agreement, the Group entered into an option contract with one of the creditors, whereby the creditor is eligible for a net payment, either in cash or in the Company's shares at the discretion of the Company, which is linked to internal rate of return of the Facility and price of the Company's shares (the "Option") at the exercise dates. The Option is exercisable, at the discretion of the creditor, from 2024 to 2027. The Facility and the Option are linked transactions and are collectively referred to as the "Financing Arrangement". The Group's liabilities under the Facility and the Option contract are partially secured by a pledge over shares in the Group's key operating subsidiary.

In September and November 2022, the Group drew down 15,000 and 25,000 of principal amount in cash under the Financing Arrangement (the "Tranches"), respectively and incurred 339 of the commission expense. At the initial recognition of each tranche, the derivative feature of the Financing Arrangement related to the Option (the "derivative feature") with the total fair value of 3,109 was classified as a financial liability at fair value through profit and loss, while the host liabilities of the Financing Arrangement (the "debt component") were initially recognized at fair value with an effective interest rate of 14.3% and 13.5% per annum, correspondently, and were carried after the initial recognition at an amortized cost.

As of December 31, 2022, 20,000 under the Facility remained available to be drawn down for the purposes specified in the facility documentation. In April 2023, the Group drew down 19,900 under the Facility.

As of December 31, 2022, the fair value of the Option was 3,000 and was determined based on the quoted market prices and indexes (level 2 of the fair value hierarchy, significant inputs are: price of the Company's shares and estimates of the Central Bank of Russia key rate over the life of the instrument) and included in non-current financial liabilities. The transaction costs of 312 related to the Tranches were allocated to the debt component and the derivative feature. The transactions costs of 27 allocated to the derivative feature were expensed and included in financing expenses.

**Bank loans**

In August 2021, the Group received 9,900 in cash net of a one-off utilization commission of 100 under a one-year unsecured loan facility agreement with a third-party bank. The loan facility carried interest at a nominal rate of 8.5% per year. The interest was payable on a monthly basis. The principal and the respective interest was repaid in full in August 2022.

In March 2020, the Group received 6,000 in cash under a one-year loan facility agreement with a third party. In order to secure financing under the loan, the Group pledged shares of its key operating subsidiary. In January 2021, this loan was repaid in full. The pledge was released in September 2021.

**Equipment financing**

During 2022, the Group ("the seller-lessee") entered into the Group entered into sale and leaseback transactions relating to warehouse equipment with the total value of financial liability of 1,185 at the inception date (2021: 471)

The Group pledged part of its property, plant and equipment to fulfil collateral requirements under a sale and leaseback transaction. Refer to note 16 for details.

## 26. TRADE AND OTHER PAYABLES

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Trade payables | 48,261 | 59,417 |
| Payables to third-party sellers on the marketplace platform | 41,475 | 22,215 |
| Payroll payables, including related taxes | 3,537 | 1,100 |
| Payables under the reverse factoring arrangements | 1,683 | 6,874 |
| Other payables | 85 | 185 |
| **Total** | **95,041** | **89,791** |
| out of which: | | |
| Current | 94,749 | 89,273 |
| Non-current | 292 | 518 |

The average credit period on domestic purchases of certain goods is 1 - 4 months. No interest is charged on the trade payables from the invoice received. Information about the Group's exposure to currency and liquidity risk in relation to its trade and other payables is included in note 32.

As of December 31, 2022, the total amount of trade payables included the liabilities under arrangements, where suppliers elected to receive early payment of their invoice from financial institutions and where the supplier carries the cost of such an arrangement, amounted to 8,524 (December 31, 2021: 17,175).

## 27. ACCRUED EXPENSES

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Provision for reimbursements to third-party sellers | 2,751 | 755 |
| Holiday provision, including payroll related taxes | 2,383 | 1,731 |
| Employee bonuses, including payroll related taxes | 1,967 | 1,507 |
| Tax provisions | 1,268 | 239 |
| Refund liabilities arising from right of return | 523 | 462 |
| Provision for legal claims | 44 | 22 |
| **Total** | **8,936** | **4,716** |

## 28. CONTRACT LIABILITIES AND DEFERRED INCOME

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Customer advances | 16,181 | 7,726 |
| Unredeemed gift certificates | 1,451 | 1,267 |
| Ozon Premium | 92 | 130 |
| Loyalty points program | 55 | 452 |
| **Total contract liabilities** | **17,779** | **9,575** |
| Upfront fees under ADS program | 289 | 348 |
| **Total** | **18,068** | **9,923** |
| out of which: | | |
| Current | 17,838 | 9,634 |
| Non-current | 230 | 289 |

## 29. CUSTOMER DEPOSITS AND OTHER FINANCIAL LIABILITIES

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Outstanding balances on current accounts | 4,403 | — |
| Short-term financing | 1,735 | — |
| **Total** | **6,138** | — |

Customer deposits consist of balances outstanding on the clients' current accounts of our banking entity. These instruments bear no interest.

Short-term financing refers to financial instruments attracted by our micro-credit finance entity to invest the loans portfolio. These instruments are carried at amortized cost.

## 30. SHARE-BASED COMPENSATION

The Group maintains the 2020 Equity Incentive Plan (the "EIP" or "2020 Plan") and its predecessor, the 2018 Equity Incentive Plan (the "2018 Plan"). The Group also had the 2018 Equity Incentive Agreement ("2018 EIA") and a 2009 Stock Option Agreement ("2009 SOA"), awards granted under both of these plans were fully exercised during 2021.

*The EIP*

The 2020 Plan was approved by the Company's Board of Directors on December 21, 2020. Awards under the 2018 Plan have been amended and are now subject to the same terms as the 2020 Plan. Subsequently, on January 27, 2021, the Company registered 30,800,000 ordinary shares available for issuance under the 2020 Plan, including in respect of previously granted awards. The EIP authorizes the grant of equity awards in the form of restricted share units ("RSUs"), share appreciation rights ("SARs") or stock options ("Options") to employees, consultants and advisors of the Group.

Under the 2020 Plan, all awards will expire on the tenth anniversary of the date of grant or, in the case of an award that has vested but not lapsed, if earlier, 90 days after the date on which the recipient ceases to be an eligible participant or resumption of trading in ADSs on Nasdaq or other internationally recognized stock exchange, whichever is longer. All vested awards remain exercisable until delivery of an acquisition notice by participant to the Company. Awards under the 2020 Plan generally vest over a four-year period. 1/4 of each award vests in twelve months from the grant date, and the remaining 3/4 of each award continue to vest by 1/16 portions at the end of each calendar quarter following the first anniversary of the award. Awards provide the participant with the right to receive ADSs (while ADSs remain listed) immediately upon vesting or any other date after the vesting.

Awards are, other than upon retirement or in exceptional circumstances, subject to the condition that the contractual arrangement with the recipient remains in place at the time of exercise. The awards do not carry voting rights. The number of shares to which each award relates, and the vesting conditions of awards granted to participants are approved by the Board of Directors.

During 2022 the Company granted to certain employees and directors 9,321,006 SBAs in a form of Restricted Share Units ("RSU") with zero exercise price (including 500,000 SBAs granted to Mr. Igor Gerasimov, see Note 31). During 2021 the Company granted to certain employees and directors 6,158,277 SBAs in a form of Restricted Share Units ("RSU") with zero exercise price (including 3,200,000 SBAs granted to Mr. Alexander Shulgin and 80,000 SBAs granted to non-executive independent directors). Under these grants, each RSU entitles the recipient, subject to vesting and other terms, to receive for no consideration one ordinary share of the Company.

During 2022, 501,184 shares were transferred to EIP participants as a result of SBA exercises with a corresponding reclassification from equity-settled employee benefits reserve to share premium of 599. During 2021, 4,592,143 shares were transferred to EIP participants as a result of SBA exercises with a corresponding reclassification from equity-settled employee benefits reserve to share premium of 1,079. Out of this amount 4,108,368 ordinary shares were transferred from the trust and 483,775 were issued directly from the share capital.

The following table reconciles awards outstanding at the beginning and the end of the year:

| | Quantity | Weighted average exercise price per share |
|---|---|---|
| **Options:** | | |
| **As of January 1, 2021** | **1,558,275** | **240** |
| Granted | — | — |
| Exercised | (1,558,275) | 240 |
| Forfeited | — | — |
| Cancelled | — | — |
| **As of December 31, 2021** | **—** | **—** |
| Granted | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| Cancelled | — | — |
| **As of December 31, 2022** | **—** | **—** |

| | Quantity | Weighted average exercise price per share |
|---|---|---|
| **SARs:** | | |
| **As of January 1, 2021** | **523,814** | **257** |
| Granted | — | — |
| Exercised | (249,875) | 255 |
| Forfeited | — | — |
| Cancelled | — | — |
| **As of December 31, 2021** | **273,939** | **256** |
| Granted | — | — |
| Exercised | (49,475) | 260 |
| Forfeited | — | — |
| Cancelled | — | — |
| **As of December 31, 2022** | **224,464** | **256** |
| *Exercisable as of December 31, 2022* | *224,464* | *256* |

| | Quantity | Weighted average grant date fair value per share |
|---|---|---|
| **RSUs:** | | |
| **As of January 1, 2021** | **10,410,587** | **1,047** |
| Granted | 6,158,277 | 3,687 |
| Exercised | (2,825,866) | 308 |
| Forfeited | (358,222) | 2,022 |
| Cancelled | (1,369) | 3,986 |
| **As of December 31, 2021** | **13,383,407** | **2,366** |
| Granted | 9,321,006 | 2,070 |
| Exercised | (461,037) | 1,340 |
| Forfeited | (2,094,293) | 1,978 |
| Cancelled | — | — |
| **As of December 31, 2022** | **20,149,083** | **1,798** |
| *Exercisable as of December 31, 2022* | *7,025,814* | *1,430* |

The weighted average share price at the date of exercise for 2022 year amounted to 1,535 RUB and 1,006 RUB for RSUs and SARs, respectively.

The average remaining contractual life for options outstanding comprises 8.5 and 8.8 years as of December 31, 2022 and 2021, respectively.

***Stock-based compensation expense***

The following table summarizes total stock-based compensation expense by function for the years ended December 31, 2022, 2021 and 2020.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Fulfillment and delivery | 829 | 635 | 53 |
| Sales and marketing | 1,354 | 1,013 | 81 |
| Technology and content | 3,117 | 2,245 | 152 |
| General and administrative | 5,699 | 3,927 | 358 |
| | **10,999** | **7,820** | **644** |

***Measurement of fair values***

The fair values of awards granted in 2020 have been measured using the Black-Scholes model. The weighted average inputs used in the measurement of the fair values at grant date of the equity incentive plans for the year ended December 31, 2020 was as follows:

| | 2020 |
|---|---|
| Expected annual volatility | 48% |
| Expected term, years | 4 |
| Dividend yield | None |
| Risk-free interest rate | 5.7% |

*Expected volatility*. Because the Company's shares were not publicly traded until November 24, 2020, the expected volatility had been estimated based on an analysis of the historical share price volatility of comparable public companies for a preceding period equal to 4 years.

*Expected term.* The expected terms of the instruments had been based on general award holder behavior. Where relevant, the expected life had been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

*Dividend yield.* The expected dividend yield is nil, the Company did not declare any dividends in the prior years and does not have any plans to pay dividends in the near term.

*Risk-free rates* were assessed based on Russian government bonds yield.

*Fair value of ordinary share*

Subsequent to the Company's IPO in November 2020 and through March 2022, the fair value of ordinary shares was determined on the grant date using the closing price of the Company's ADS traded on Nasdaq. From March 2022, after the price on Nasdaq became unavailable, the fair value of ordinary shares was determined on the grant date using the closing price of the Company's ADS traded on Moscow Stock Exchange (MOEX). As employees are not entitled to dividends declared during the vesting period, the Group takes into consideration the impact of the dividend forfeiture in its estimate of the fair value of RSUs granted during the period. For the RSUs granted for 2021-2022, the impact of dividend forfeiture was assessed as not material to the valuation.

## 31. RELATED PARTIES

The following table provides the total amounts of transactions that have been entered into with related parties for the year ended December 31, 2022, 2021 and 2020, as well as balances with related parties as of December 31, 2022 and 2021.

| | | Sales to related parties | Purchases from related parties | Amounts owed by related parties* | Amounts owed to related parties* |
|---|---|---|---|---|---|
| **Associate:** | | | | | |
| Litres | 2022 | 7 | — | 53 | — |
| Litres | 2021 | 7 | 1 | 1 | 2 |
| Litres | 2020 | 6 | 11 | 144** | 2 |
| **Entities with significant influence over the Group:** | | | | | |
| Sistema | 2022 | 105 | 1,999 | 10 | 1,020 |
| Sistema | 2021 | 114 | 553 | 6 | 973 |
| Sistema | 2020 | — | 193 | — | 9 |

* The amounts are classified as accounts receivable and trade payables, respectively.
** Including 141 of accrued but not paid dividends for the year ended December 31, 2020.

Purchases from Sistema group of companies relate primarily to purchases of telecommunication services (phone service, internet, etc.), software products, payment processing services, agency services (cash collection from the Group's customers), and factoring services.

Purchases from Litres include subscriptions for the e-books' library. Sales to Litres include commissions for participation in the Group's affiliates program where the Group's customer referrals result in successful sales by Litres.

Certain Russian subsidiaries of the Group have opened accounts at a subsidiary of Sistema. As of December 31, 2022, the total cash balance of the Group's cash and cash equivalents deposited with the subsidiary of Sistema was 6,047 less expected credit losses of 43 (December 31, 2021: cash and cash equivalents of 3 less expected credit losses of nil). The Group received interest income of 151 during the year ended December 31, 2022 (2021: nil).

During 2021, a Russian subsidiary of the Group entered into factoring arrangements with a subsidiary of Sistema. As of December 31, 2022, outstanding liabilities under such arrangements amounted to 886 (as of December 31, 2021: 782). The respective factoring charges for the year ended December 31, 2022 of 1,123 (2021: 111) were included in purchases in the table above.

Outstanding balances with related parties at the year-end are unsecured and carry market interest (where applicable), settlement is generally made in cash. For the year ended December 31, 2022, the Group did not incur material expected credit losses or impairments relating to amounts owed by related parties (2021: nil).

During the year ended December 31, 2022 the Group received 258 of dividends from its associate (during the year ended December 31, 2021: 70).

**Transactions with key management personnel**

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 (i) | 32 | 90 | 53 |
| Share-based compensation expense (ii) | 1,540 | 2,390 | 224 |
| | **1,572** | **2,480** | **277** |

i. Short-term benefits include salaries, bonuses, paid annual leave and social security contributions.
ii. Amounts related to the participation of the key management personnel in the incentive scheme posted in consolidated statements of profit or loss and other comprehensive income.

On April 7, 8 and 13, 2022, Australia, the European Union, the United Kingdom and Switzerland, respectively, imposed asset freeze sanctions on Mr. Alexander Shulgin, then-CEO of our Group and an Executive Director of our board of directors. On April 11, 2022, Mr. Shulgin resigned from our board of directors and is no longer CEO of our Group. Mr. Igor Gerasimov, Chief Financial Officer of our Group, replaced Mr. Shulgin as an Executive Director on our board of directors. On April 28, 2022, Mr. Shulgin resigned from his position as the General Director of our key Russian operating subsidiary and our Russian holding company.

## 32. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

### 32.1 Financial assets and financial liabilities

The following table shows the carrying amounts of financial assets and financial liabilities.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Financial assets measured at amortized cost** | | |
| Cash and cash equivalents (note 23) | 90,469 | 108,037 |
| Accounts receivable (note 20) | 6,693 | 6,015 |
| Loans to customers (note 22) | 5,141 | 43 |
| Short-term bank deposits (note 23) | — | 17,954 |
| Other financial assets (note 21) | 6,098 | 2,344 |
| **Financial assets measured at fair value through profit and loss (on a recurring basis)** | | |
| Accounts receivable (note 20) | 458 | 596 |
| **Total financial assets** | **108,859** | **134,989** |
| **Financial liabilities measured at amortized cost** | | |
| Trade and other payables (note 26) | 91,504 | 88,691 |
| Lease liabilities (note 17) | 74,495 | 42,467 |
| Convertible bonds (note 25) | 53,597 | 49,403 |
| Borrowings (note 25) | 40,518 | 12,713 |
| Customer deposits and other financial liabilities (note 29) | 6,138 | — |
| **Financial liabilities measured at fair value through profit and loss (on a recurring basis)** | | |
| Derivative feature in the credit facility (note 25) | 3,000 | — |
| Conversion options (note 25) | — | 594 |
| **Total financial liabilities** | **269,252** | **193,868** |

As of December 31, 2022, 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, except for the financial liabilities related to the convertible bonds. The fair value of assets and liabilities as of December 31, 2022, including those measured at fair value on a recurring basis, are presented in the following tables:

| | Fair value | December 31, 2022 Carrying value | December 31, 2022 Fair market value |
|---|---|---|---|
| **Financial assets measured at fair value through profit and loss on a recurring basis** | | | |
| Accounts receivable | Level 3 | 458 | 458 |
| **Financial liabilities measured at amortized cost** | | | |
| Convertible bonds (note 25) | Level 2 | 53,597 | 36,281 |
| **Financial liabilities measured at fair value through profit and loss (on a recurring basis)** | | | |
| Derivative feature in the credit facility (note 25) | Level 2 | 3,000 | 3,000 |
| **Total financial liabilities** | | **56,597** | **39,281** |

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized at fair value on a recurring basis, during 2022, the Group determined that no transfers between the levels in the fair value hierarchy have occurred (2021: none). During 2022, there were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements, except for the changes necessary to determine fair values of new types of instruments acquired during the period.

The fair value of accounts receivable held for sale is determined in accordance with the transaction prices for similar instruments. In 2022 the Group recognized the gain on revaluation of such receivables in the amount of 23 (2021: loss of 23).

The fair value of derivative feature in the Credit facility is determined based on the quoted prices of the Company's shares in active markets as well as other observable market inputs underlying or derived from the quoted market prices of the instruments, using conventional option pricing methodology with a reference to the Groups credit spread, volatility of the Company's share price, and forward risk-free interest rates and Russian key rate.

The trading of the Company's ADSs on the NASDAQ Global Select Market was suspended on February 28, 2022 and remains suspended throughout the date of these consolidated financial statements. The closing price of the ADSs as at the latest trading date on the NASDAQ was USD 11.60 per ADS, which is significantly lower than the conversion price for the bonds. As described in note 32.2.3, under the terms and conditions of the Bonds, the bondholders, who exercised the rights to require redemption, forfeited their conversion rights under the Bonds. Further, in September 2022, the Company entered into a deed poll pursuant to which the Company has undertaken to settle any conversion rights exercised by the bondholders under the terms and conditions of the Bonds in cash until the Bonds are redeemed in full and cancelled. Accordingly, the conversion options were derecognized as of December 31, 2022. As of December 31, 2021, the fair values of conversion options and liability component of the convertible bonds were derived from the quoted prices in active markets for the respective liabilities as well as market inputs underlying or derived from the quoted market prices of the instruments using discounted cash flow and option pricing methodology with a reference to the Groups credit spread and volatility of the Group's share price. The inputs include the Group's credit spread and market value of the Bonds.

As of December 31, 2022, the fair values of non-derivative financial liability related to convertible bonds measured at amortized cost are determined in accordance with the publicly available terms of restructuring (note 32.2.3) on a discounted cash flow basis.

### 32.2 Financial risk management

The Group is exposed to risks that arise from financial instruments. The Group has exposure to a market risk, a credit risk and a liquidity risk.

There have been no substantial changes in the Group's exposure to financial instrument risks, its objectives for using financial instruments, its policies, and processes for managing the risks arising from financial instruments, or the methods used to measure the exposures as compared to the previous period, except for as applied to new exposures from new financial instruments.

#### 32.2.1 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 underlying the value of the instrument. Market risks, which mostly impact the Group, comprises of:

- interest rate risk as related to floating rate debt (note 25),
- currency risk as related to financial assets and liabilities at amortized cost denominated in foreign currencies,
- risk related to fluctuations of market variables underlying the fair value of financial instruments carried at fair value through profit and loss (note 25).

The Group does not enter any derivative or non-derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, except for placing foreign currency deposits to reduce and exposure from open foreign currency positions.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises primarily from the floating rate debt described in Note 25. The interest expense on the debt element of the credit facility is linked to the Central Bank key rate. For other instruments the interest rate risk is currently limited as the Group manages its interest risk by contracting its cash deposits and its borrowings at fixed rates of interest. However, growth in rates may limit the Group's ability to attract new financing on commercially sensible terms as well as it may impact fair values of the Group's financial assets carried at amortized cost.

**Interest rate sensitivity**

A reasonably possible increase of 50 basis points in interest rates would have resulted in 169 future increases of interest expense for the years ended December 31, 2022. The same decrease in interest rates would have resulted in 169 decreases of interest expenses for the years ended December 31, 2022. There will be no material impact on equity.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of instruments denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's financing activity (borrowings and lease liabilities in foreign currencies), investing activities (capital investments and short-term deposits in foreign currency) and operating activities (sales, expenses and related settlement balances are denominated in a foreign currency).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | USD denominated | |
|---|---|---|
| | **2022** | **2021** |
| Assets | 31,578 | 69,192 |
| Liabilities | (54,233) | (50,595) |
| **Net position** | **(22,655)** | **18,597** |

There were no material open currency positions in other currencies.

The Group keeps part of its cash and cash equivalents in USD interest-bearing accounts to reduce the impact of USD exchange rate fluctuations on the open position in USD.

**Foreign currency sensitivity**

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the USD exchange rates, with all other variables held constant. The table provides information about the impact on the Group's profit before tax due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

| | **Change in foreign exchange rates** | **Effect on profit or loss before tax (loss)/gain** |
|---|---|---|
| **Year ended December 31, 2022** | | |
| USD | +30%/-30% | (6,796) / 6,796 |
| **Year ended December 31, 2021** | | |
| USD | +50%/-50% | 9,299 / (9,299) |

**Risk related to fluctuations of market variables underlying the fair value of financial instruments**

The fair value of derivative feature in the Credit facility is affected by the Company's share price at MOEX and its volatility, as well as forward risk-free interest rates.

**Sensitivity to fluctuations in the Company's shares price**

The following table demonstrates the sensitivity of loss before tax to a reasonably possible changes in key factors:

| Reasonably possible shift in Ozon share price | Reasonably possible shift in interest rate | Reasonably possible shift in volatility of shares | Effect on profit or loss before tax (2022) |
|---|---|---|---|
| Increase by 10% | — | — | (465) |
| Decrease by 10% | — | — | 461 |
| — | Increase by 100 b.p. | — | 82 |
| — | Decrease by 100 b.p. | — | (79) |
| — | — | Increase by 10% | (285) |
| — | — | Decrease by 10% | 381 |

**32.2.2 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a contract with customer, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily, accounts receivable and loans to customers) and from its cash, cash equivalents and short-term deposits held with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash and cash equivalents (note 23) | 90,469 | 108,037 |
| Accounts receivable (note 20) | 7,151 | 6,611 |
| Loans to customers (note 22) | 5,141 | 43 |
| Short-term bank deposits (note 23) | — | 17,954 |
| | **102,761** | **132,645** |

**Accounts receivable and loans to customers**

The Group's accounts receivable and loans to customers do not include individually material balances where a concentration of credit risk might present.

The Group's accounts receivable mainly consist of amounts due from vendors (advertising services, rebates and subsidies) and amounts due from customers. Accounts receivable owed by vendors carry low credit risk because the debtors have a strong capacity to meet their contractual obligations as well as there are usually counter liabilities which reduce the net exposure of the Group under such contracts. The credit risk on receivable from other customers does not create a material exposure due to a prudent scoring of customers for credit as well as a short-term nature of such receivables.

Loans to customers primarily consist of short-term loans to sellers and other legal entities. The Group maintains strict policy to screen potential borrowers to manage the credit exposure. Further, the Group does not allow for material concentrations in the loan portfolio.

**Cash, cash equivalents and short-term deposits**

The Group held cash, cash equivalents and bank deposits of 90,469 on December 31, 2022 (2021: 125,991). The cash, cash equivalents and short-term bank deposits are primarily held with banks, with strong credit quality based on available rating information.

With respect to the Group's cash and cash equivalents and short-term bank deposits, the Group's liquidity policy prescribes to limit credit risk by setting maximum concentration per financial institution. Cash must be deposited in at least three banks.

The negative impact of the geopolitical crisis surrounding Ukraine (note 34) on the Russian economy is likely to increase the credit risk for many of the Group's customers, which will result in additional amounts of expected credit losses to be recognized in future. In March 2022, top rating agencies, including Fitch and Moody's, have withdrawn Russian sovereign ratings and stopped covering ratings of entities based in Russia. The withdrawal of ratings increases uncertainty with respect to the credit risk of the Group's counterparts.

**32.2.3 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due. The Group manages liquidity risk by maintaining adequate liquidity reserves and securing borrowing facilities. The Group continuously monitors actual cash flows and adjusts its cash flow forecasts to match 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 | More than 5 years | Total |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Trade and other payables | 94,781 | 122 | 116 | 167 | **95,186** |
| Borrowings | 55,582 | 2,850 | 57,231 | 903 | **116,566** |
| Lease liabilities | 18,699 | 34,557 | 23,926 | 45,159 | **122,341** |
| Customer deposits and other financial liabilities | 6,144 | — | — | — | **6,144** |
| **Total financial liabilities** | **175,206** | **37,529** | **81,273** | **46,229** | **340,237** |

| | Within 1 year | 1 to 3 years | 3 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Trade and other payables | 89,322 | 328 | 122 | 222 | **89,994** |
| Borrowings | 12,328 | 3,217 | 57,881 | 1,218 | **74,644** |
| Lease liabilities | 11,794 | 20,500 | 12,900 | 12,507 | **57,701** |
| **Total financial liabilities** | **113,444** | **24,045** | **70,903** | **13,947** | **222,339** |

The trading of the Company's ADSs on the NASDAQ Global Select Market was suspended on February 28, 2022 and remained suspended as of the date these consolidated financial statements were authorized for issue. Under the terms and conditions of the Company's USD 750 million 1.875% senior unsecured convertible bonds due 2026 (the "Bonds"), this trading suspension constituted a "Delisting Event" entitling the holders of the Bonds to exercise their rights to require redemption of their Bonds by way of giving the Company an irrevocable notice. The Delisting Event under the Bonds occurred following the close of trading on March 8, 2022. Under the terms and conditions of the Bonds, the bondholders, who exercised the rights to require redemption, forfeited their conversion rights under the Bonds.

A substantial portion of bondholders exercised the right to require redemption and was entitled to require the Company to redeem their Bonds at the principal amount together with accrued interest on the redemption date, which was May 31, 2022. Due to, among other things, uncertainty around the impact of restrictions under the recently enacted Russian capital control and protection measures on the ability to transfer cash funds outside of Russia from the Company's Russian subsidiaries to the Company, the Company did not have sufficient liquidity available at the relevant time to fund payments required for the redemption of the Bonds. The Company consequently did not fund the payment required for the redemption of the Bonds. On June 14, 2022, this failure to fund the payment and redeem the Bonds became an "Event of Default" under the terms and conditions of the Bonds. In addition, a further Event of Default occurred 14 days after the Company failed to make the interest payment due under the Bonds on August 24, 2022.

Following the Delisting Event, the Company and an ad hoc group of unaffiliated holders of the Bonds have reached an agreement with respect to the terms of a restructuring of the Bonds, according to which the terms of the Bonds shall be amended through a consent solicitation process to allow the Company to redeem the Bonds as follows:
(i) if the relevant bondholder is outside the United States ("US") and a non-US person and elects for redemption in Rubles, at an amount in Rubles representing 83 per cent. of the principal amount outstanding of the Bonds (converted into Rubles at the USD/RUB exchange rate of the Central Bank of Russia as of September 23, 2022) plus accrued interest up to (including) August 24, 2022 (which amount was subsequently increased to the interest accrued up to the settlement date for USD redemption); or
(ii) if the relevant bondholder is in the US or a US person, elects for redemption in US dollars or does not make an election, at an amount in US Dollars representing 65 per cent. of the principal amount outstanding of the Bonds plus accrued interest up to (including) August 24, 2022 (which amount was subsequently increased to the interest accrued up to the settlement date for USD redemption) (the "Restructuring").

In September 2022, to support implementation of the Restructuring, the Company and certain bondholders entered into lock-up agreements, pursuant to which each non-sanctioned bondholder party to or who has acceded to the relevant lock-up agreement prior to 4.00 p.m. (London time) on October 28, 2022, was eligible to receive a lock-up fee in the amount of 1.0625 per cent. of the principal amount of its Bonds, payable upon completion of the Restructuring. Further, in September 2022, the Company entered into a deed poll pursuant to which the Company has undertaken to settle any conversion rights exercised by the bondholders under the terms and conditions of the Bonds in cash until the Bonds are redeemed in full and cancelled.

In October 2022, holders of over 75% in principal amount of the Bonds outstanding voted in favor of the resolutions and approved certain consents and amendments to the terms and conditions of the Bonds to implement the Restructuring (the "Consents and Amendments"). By December 31, 2022, the Company obtained U.S. and Cyprus sanctions licenses regarding the Restructuring, and in March 2023 the UK sanctions authority published general license regarding the Restructuring and its implementation.

Under the terms of the Restructuring, the Consents and Amendments became effective on the date when the licenses or authorizations under any sanctions were obtained from the UK, Cyprus and U.S. sanctions authorities, which was March 29, 2023. The Company has estimated that the total redemption payments for the Bonds will amount to approximately 40,900 (as determined in accordance with the Consents and Amendments and translated with the exchange rate as of April 19, 2023: RUB 81.6).

The Company has funded the redemption primarily by upstreaming funds from its Russian subsidiaries and it has obtained the relevant approvals from the Ministry of Finance of the Russian Federation to allow such upstreaming. As of the date these consolidated financial statements were authorized for issue, the Company redeemed 94% of principal amount of the Bonds for the total redemption payment of approximately 38,600 (at the exchange rate as at the payment date).

In accordance with the terms of the Restructuring, the trust deed relating to the Bonds and all ancillary documents relating to the Bonds shall terminate on the date when the Company announces the cancellation date for the Bonds, except for a deed poll issued by the Company allowing the holders of the Bonds who have not participated in the Restructuring to make claims for payment of redemption amounts in accordance with the terms and conditions of that deed poll.

**32.3 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.

| | Borrowings | Derivative liabilities | Lease liabilities | Total |
|---|---|---|---|---|
| **As of January 1, 2022** | **62,116** | **594** | **42,467** | **105,177** |
| Financing cash flows | 29,891 | — | (9,233) | 20,658 |
| Leases (non-cash) | — | — | 40,342 | 40,342 |
| Bifurcation of derivative features (non-cash) | (3,109) | 3,109 | — | — |
| Change in FV (non-cash) | — | (703) | — | (703) |
| Loss on convertible bonds (non-cash) | 8,567 | — | — | 8,567 |
| Exchange difference (non-cash) | (5,472) | — | (320) | (5,792) |
| Accrued but not paid interest | 2,122 | — | 1,239 | 3,361 |
| **As of December 31, 2022** | **94,115** | **3,000** | **74,495** | **171,610** |

| | Borrowings | Conversion options | Lease liabilities | Total |
|---|---|---|---|---|
| **As of January 1, 2021** | **9,448** | — | **15,490** | **24,938** |
| Financing cash flows | 58,348 | — | (4,769) | 53,579 |
| Leases (non-cash) | — | — | 31,423 | 31,423 |
| Bifurcation of derivative features (non-cash) | (6,958) | 6,958 | — | — |
| Change in FV (non-cash) | — | (6,364) | — | (6,364) |
| Exchange difference (non-cash) | 219 | — | — | 219 |
| Accrued but not paid interest | 1,059 | — | 323 | 1,382 |
| **As of December 31, 2021** | **62,116** | **594** | **42,467** | **105,177** |

The Group classifies interest paid as cash flows from operating activities.

### 32.4 Capital management

The Group manages its capital to ensure that the Group and the entities within the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings less cash and cash equivalents) and equity (as detailed in the consolidated statements of financial position).

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial and non-financial covenants attached to the Group's borrowings would permit creditors to call such borrowings. Breaches in covenants could lead to a default on other indebtedness due to cross-default terms under that indebtedness.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and 2021 except for as applied to new exposures.

***Capital adequacy ratios for the Group's credit entities***

LLC Ecom Bank ("Ecom Bank") and MCC Ozon Credit LLC ("MCC") are credit institutions within the Group. Ecom Bank and MCC are subject to regulations of the Central Bank of Russia ("CBR"), which require commercial banks and other credit institutions to comply with various minimum capital adequacy ratios. The Group's aim in managing the adequacy of capital of the credit institutions is to ensure their ability to fulfill the goals for the strategic growth with unconditional compliance with the requirements for the adequacy of capital.

As of December 31, 2022, the actual capital adequacy ratios of Ecom Bank as calculated on the basis of statutory standalone financial statements were within the limits set by CBR (4.5% for the base capital, 6.0% for the main capital, 8.0% for the own capital):

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Capital adequacy ratios** | | |
| - Base capital H1.1 | 90.7% | n/a** |
| - main capital H1.2 | 90.7% | n/a** |
| - own capital H1.0 | 90.7% | n/a** |
| ** - the Bank was established in March 2022. | | |

As of December 31, 2022, the capital adequacy ratio of MCC as calculated on the basis of statutory standalone financial statements were 15.22 % which is within the limits set by CBR (2021: 47.74%)

## 33. CONTINGENCIES

### Legal proceedings

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in aggregate, a material adverse impact on the Group. Management believes that the resolution of all current and potential legal matters will not have a material adverse impact on the Group's financial position or operating results. As of December 31, 2022, the Group estimates that a contingent liability related to the current and potential legal matters, where a cash outflow is possible, amounts to approximately 192 (2021: 84).

### The 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. The 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.

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. Under certain circumstances reviews may cover longer periods.

As of December 31, 2022, the Group estimates that possible exposure in relation to the above-mentioned risks, as well as other tax risks, that are more than remote, but for which no liability is required to be recognized, amounts to approximately 800 (as of December 31, 2021: 371). This estimation should not be considered as an estimate of the Group's potential tax liability.

## 34. RISKS AND UNCERTAINTIES RELATED TO CURRENT ENVIRONMENT

### Current Environment

The Group's primary operation market is Russia. As a result, the Group's business and results of operations are dependent on the economic conditions in Russia. Over the last two decades, the Russian economy has experienced or continues to experience at various times significant volatility in its GDP, high levels of inflation, increases in, or high, interest rates, sudden price declines in oil and other natural resources, instability in the local currency market, lack of reform in the banking sector and a weak banking system providing limited liquidity to Russian enterprises, budget deficits, capital flight, and significant increases in poverty rates, unemployment and underemployment.

The sanctions imposed on Russia and Russian persons by a number of countries in connection with the geopolitical crisis surrounding Ukraine and further regulatory countermeasures taken by the Russian Government, have had a significant, and in many cases unprecedented, impact on companies operating in Russia. In response to the geopolitical crisis surrounding Ukraine, the United States, the European Union, the United Kingdom and other countries imposed severe sanctions targeting Russian financial institutions, including the prohibition on transactions with the Central Bank of Russia, blocking of assets and cutting off certain Russian banks from SWIFT; businessmen and their assets; and oil, defense and other state-owned companies, as well as export and import restrictions. In response, Russia identified a number of countries, including the United States, all European Union member states and the United Kingdom, as "hostile" and introduced a number of economic measures in connection with their actions, as well as economic measures aimed at ensuring financial stability of Russia.

Due to the restrictions under the recently enacted Russian capital controls and protection measures, the Company is currently restricted from upstreaming cash funds from the Company's Russian subsidiaries to the Company without an approval from a government committee. Further, the Group's two banking legal entities were included in a list of entities for which Russian Presidential Decree restricts transactions with equity instruments without a specific permission from the President of the Russian Federation.

As potential global and economic impacts of the geopolitical crisis surrounding Ukraine continue to evolve rapidly, unpredictable and outside the control of the Group it is difficult to accurately predict the full impact of the sanctions that were introduced, or any measures taken by the Russian government in response to such sanctions.

## 35. CONDENSED SEPARATE FINANCIAL INFORMATION OF OZON HOLDINGS PLC

As of December 31, 2022, the Company was restricted from remitting funds in the form of cash dividends, loans, or advances from its Russian subsidiaries 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. As of December 31, 2022, the restricted net assets of consolidated subsidiaries amounted to 17,793. Accordingly, separate condensed financial information of the Company have been presented below, in accordance with Rule 5-04 and Rule 12-04 of SEC Regulation S-X. Investments in subsidiaries and associate in the Company's condensed separate financial information are recognized at cost.

**Condensed statements of financial position:**

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Assets** | | |
| *Non-current assets* | | |
| Investments in subsidiaries | 166,346 | 128,348 |
| Investment in an associate | 1,201 | 1,201 |
| Non-current financial assets at amortized cost | 14,009 | 30 |
| Other non-current assets | 1 | 46 |
| **Total non-current assets** | **181,557** | **129,625** |
| *Current assets* | | |
| Other current assets | 487 | 184 |
| Current financial assets at amortized cost | 25,848 | 8 |
| Short-term bank deposits | — | 17,830 |
| Cash and cash equivalents | 5,064 | 51,419 |
| **Total current assets** | **31,399** | **69,441** |
| **Total assets** | **212,956** | **199,066** |
| **Equity and liabilities** | | |
| **Total equity** | **159,023** | **148,615** |
| *Non-current liabilities* | | |
| Convertible bonds | — | 48,358 |
| Conversion options | — | 594 |
| Other liabilities | 230 | 323 |
| **Total non-current liabilities** | **230** | **49,275** |
| *Current liabilities* | | |
| Convertible bonds | 53,597 | 1,045 |
| Other liabilities | 107 | 131 |
| **Total current liabilities** | **53,704** | **1,176** |
| **Total liabilities** | **53,934** | **50,451** |
| **Total equity and liabilities** | **212,956** | **199,056** |

**Condensed statements of profit or loss and other comprehensive income:**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Dividend income from an associate | 258 | 70 | 141 |
| Interest income | 671 | 62 | — |
| Net gain on revaluation of conversion options | 594 | 6,364 | — |
| Loss on convertible bonds | (8,567) | — | — |
| Interest expense | (1,666) | (2,067) | (9) |
| Foreign currency exchange gain/(loss), net | 10,199 | 477 | (2,055) |
| Administration and other expenses | (658) | (878) | (79) |
| Impairment loss on financial assets | (1,479) | (2) | — |
| Other income | 59 | 62 | 6 |
| Other expense | — | — | (1000) |
| **(Loss)/profit before tax** | **(589)** | **4,088** | **(2,996)** |
| Tax expense | (1) | — | — |
| **(Loss)/profit for the year** | **(590)** | **4,088** | **(2,996)** |
| **Total comprehensive income** | **(590)** | **4,088** | **(2,996)** |

**Condensed statements of cash flows:**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Net cash used in operating activities | (1,353) | (1,150) | (1,048) |
| Net cash used in investing activities | (44,222) | (67,941) | (28,272) |
| Net cash (used in)/ generated from financing activities | (2,269) | 54,809 | 96,693 |
| **Net (decrease)/increase in cash and cash equivalents for the year** | **(47,844)** | **(14,282)** | **67,373** |
| **Cash and cash equivalents at the beginning of the year** | **51,419** | **65,645** | **167** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 1,489 | 56 | (1,895) |
| **Cash and cash equivalents at the end of the year** | **5,064** | **51,419** | **65,645** |

As of December 31, 2022 and 2021 there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable stocks or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements.

## 36. EVENTS AFTER THE REPORTING DATE

In January 2023, the Group acquired certain fully vested share-based awards from the program participants for a cash consideration of approximately 1,820.

On March 15, 2023, the Listing Qualifications Staff of Nasdaq (the “Staff”) notified the Group that it had determined that the Company’s securities would be delisted from The Nasdaq Stock Market as of March 24, 2023, unless the Group appeals the Staff’s determination. On March 21, 2023, the Group submitted a request for a hearing to appeal such determination. Under the Nasdaq Listing Rules, a hearing will be held, to the extent practicable, within 45 days of such request, and the delisting of the ADSs will be stayed pending the issuance of a written decision of the hearings panel.

In March and April 2023, the Group made payments in relation to the Restructuring as disclosed in note 32.2.3.

**Exhibit 2.4**

# DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

American Depositary Shares ("ADSs"), each representing one ordinary share with nominal value of $0.001 per share of Ozon Holdings PLC ("we," "our," "us," or the "Company") are listed on the Nasdaq Global Select Market and, in connection with this listing (but not for trading), our ordinary shares are registered under Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). This exhibit contains a description of the rights of (i) the holders of our ordinary shares and (ii) ADS holders. Ordinary shares underlying the ADSs are held by The Bank of New York Mellon, as depositary, through its custodian, and holders of ADSs will not be treated as holders of our ordinary shares.

## Description of Share Capital and Articles of Association

The following is a summary of certain provisions of the articles of association that we have adopted in connection with this offering and Cyprus law insofar as they relate to the material terms of our ordinary shares. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of our articles of association and Cyprus law. Prospective investors are urged to read the complete form of our articles of association which have been filed with the U.S. Securities and Exchange Commission ("SEC") as an exhibit to the Annual Report on Form 20-F to which this Exhibit 2.4 relates.

## Purpose and Share Capital

Our objects are set forth in full in Regulation 3 of our memorandum of association.

As of March 31, 2022, our issued and fully paid share capital amounted to $216.413,735, which consisted of 216,413,733 issued and fully paid ordinary shares with a nominal value of $0.001 and two issued and fully paid Class A shares with a nominal value of $0.001.

There are no limitations on the rights to own our ordinary shares, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on our ordinary shares under Cyprus law or our articles of association.

### *Changes in Our Share Capital During the Last Three Fiscal Years*

Since January 1, 2019, our share capital has changed as follows:

- During 2019, we completed the share issue of 1,547,691 ordinary shares in the aggregate amount of $265,351,621.95 and 1,716 preference shares in the aggregate amount of $42.9 to existing and new shareholders, which resulted in an increase in the share capital up to $137,607 of issued and fully paid share capital as of December 31, 2019.
- During 2020, we issued 7,533 redeemable preference shares in the aggregate amount of $188,325. The preference shares were issued under our equity incentive plan. In October 2020, we converted all issued redeemable preference shares into ordinary shares, and eliminated redeemable preference shares as a separate class of shares.
- In October 2020, we made a split of our ordinary shares by the subdivision of each ordinary share of $0.025 each into 25 ordinary shares of $0.001 each, which resulted in a change in our issued and fully paid share capital to 137,795,775 ordinary shares as of October 15, 2020.
- In October 2020, we issued two Class A shares, one to each of our principal shareholders, Baring Vostok Fund V Nominees Limited ("BVFVNL") and Sistema PJSFC ("Sistema") in the aggregate amount of $0.002, and issued an aggregate of 3,934,379 ordinary shares to our existing shareholders in the aggregate amount of $25,439,694.614, which resulted in an increase in the share capital up to $141,730.156 of issued and fully paid share capital as of October 30, 2020.

- In November 2020, we completed an initial public offering of 37,950,000 newly issued ordinary shares, represented by 37,950,000 ADSs, on The Nasdaq Global Select Market (allotted to BNY (Nominees) Limited). In addition, we issued 4,500,000 ordinary shares, represented by 4,500,000 ADSs, to our existing shareholders, Sistema, BVFVNL and BV Special Investments Limited, in concurrent private placements (allotted to BNY (Nominees) Limited in November and December 2020), and 11,152,330 ordinary shares to our existing shareholders, Sistema and BVFVNL, by way of settlement of our existing indebtedness under convertible loan agreements and investment and subscription with advance payment agreements. The total consideration paid for these shares was $1,343,089,037.51.
- In December 2020, we issued 8,397,474 ordinary shares to Princeville Global Ecommerce Investments I Limited in the aggregate amount of $45.564.693,92, which resulted in an increase in our share capital up to $203,729.960 of the issued and fully paid share capital as of December 31, 2020.
- In March 2021, we issued 193,358 ordinary shares to Mr. Bernard Lukey (allotted to BNY (Nominees) Limited) in the aggregate amount of $390,608, which resulted in an increase in our issued and fully paid share capital up to $203,923.316.
- In April 2021, we issued 8,400,000 ordinary shares to our employee benefit trust, which resulted in an increase in our issued and fully paid share capital up to $212,323.318.
- In May 2021, we issued 290,417 ordinary shares to Mr. Bernard Lukey (allotted to BNY (Nominees) Limited) in the aggregate amount of $585,912, which resulted in an increase in our issued and fully paid share capital up to $212,613.735.
- In August 2021, we issued further 3,800,000 ordinary shares to our employee benefit trust, which resulted in an increase in our issued and fully paid share capital up to $216,413.735.

***Ordinary Shares and Voting Rights***

Holders of our ordinary shares are entitled to one vote per share.

Every shareholder will have:

- one vote for every ordinary share such shareholder holds on a show of hands; and
- one vote for every ordinary share such shareholder holds on a poll.

Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by:

- the chairman of such meeting; and
- any shareholder present in person or by proxy having the right to vote at the meeting.

Each shareholder is entitled to attend general meetings, to address the meeting and to exercise any voting rights such shareholder may have as provided in the articles of association.

A corporate shareholder may, by resolution of its directors or other governing body, authorize a person to act as its representative at general meetings and that person may exercise the same powers as the corporate shareholder could exercise if it were an individual shareholder. No shareholder is entitled to vote at any general meeting unless all calls and other amounts payable by such shareholder in respect of shares have been fully paid.

Shareholders may attend meetings in person or be represented by proxy authorized in writing.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy does not need to be a shareholder.

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power or authority, shall be deposited at our registered office or at such other place within Cyprus as is specified for that purpose in the notice convening the meeting at any time before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, at any time before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

We have not provided for cumulative voting for the election of directors.

***Class A Shares***

Two Class A shares have been issued to our two principal shareholders, and each such Class A share confers, among other things, the following special rights:

- the right to appoint and remove (i) two directors so long as such Class A shareholder, together with its affiliates and permitted transferees, holds at least 15% of voting power of the ordinary shares or (ii) one director so long as such Class A shareholder, together with its affiliates and permitted transferees, holds less than 15% but at least 7.5% of voting power of the ordinary shares;
- the right to nominate for election at the general meetings two directors or one director, as applicable, unless those have otherwise appointed as set out above; and
- in the event of liquidation of the Company, to receive the par value of such Class A shares on a *pari passu* basis with the holders of ordinary shares with no right to participate in the distribution of excess assets.

Although Class A shares do not confer any other rights with respect to participation at general meetings of shareholders, voting or distribution of assets by the Company by way of dividends, return of capital or otherwise other than as provided in the articles of association, any alteration of Class A shares share capital, issuance of additional Class A shares and variation of rights conferred by Class A shares will require unanimous approval of holders of all issued and outstanding Class A shares.

As long as a holder of Class A shares holds at least 15% of voting power of the ordinary shares and is thereby entitled to appoint two directors, then its voting power with respect to nomination and appointment of the remaining directors at any general meeting of shareholders will be suspended in respect of 15% of voting power of the ordinary shares. As long as a holder of Class A shares holds at least 7.5% of voting power of the ordinary shares and is thereby entitled to appoint one director, then its voting power with respect to nomination and appointment of the remaining directors at any general meeting of shareholders will be suspended in respect of 7.5% of the voting power of the ordinary shares.

Class A shares may be converted into ordinary shares in the circumstances described below. See "—*Conversion of Shares.*" We are not authorized to issue additional Class A shares unless such issue is approved by holders of all issued Class A shares and a special resolution of the general meeting of our shareholders.

**Dividends**

We may only pay out dividends of the profits as shown in our adopted annual IFRS accounts. Under Cyprus law, we are not allowed to make distributions if the distribution would reduce our net assets below the total sum of the issued share capital and the reserves that we must maintain under Cyprus law and our articles of association.

Interim dividends can only be paid if interim accounts are drawn up showing that funds available for distribution are sufficient and the amount to be distributed may not exceed the total profits made since the end of the financial year for which the annual accounts have been drawn up, plus any profits transferred from the last financial year, and the withheld funds made of the reserves available for this purpose, minus any losses of the previous financial years and funds which must be put in reserve pursuant to the requirements of the law and our articles of association.

**Pre-emptive Rights**

Under the Cyprus Companies Law, each existing registered shareholder has a right of pre-emption to subscribe for any new shares to be issued by us in cash in proportion to the aggregate number of such shares of such shareholder, except that there are no obligatory pre-emption rights with respect to shares issued for non-cash consideration.

Under our articles of association, we are required to notify all shareholders in writing, among other things, of the number of ordinary shares which the shareholders are entitled to acquire and the time period within which the offer, if not accepted, shall be deemed to have been rejected.

Each shareholder will have no less than 14 days following its receipt of the notice of the offer to notify us of its desire to exercise its pre-emption right on the same terms and conditions proposed in the notice. If all the shareholders do not fully exercise all their pre-emption rights, the board of directors may decide to offer and sell the remaining shares to third parties on terms not more favorable than those indicated in the notice.

Shareholders' pre-emption rights may be waived by a resolution adopted by a majority of two-thirds of the votes corresponding either to the represented securities or to the represented issued share capital if less than half of the issued share capital is represented and a simple majority when at least half of the issued share capital is represented. In connection with such waiver, the board of directors must present a written report indicating the reasons why the right of pre-emption should be waived and justifying the proposed issue price.

Our shareholders have authorized the disapplication of the right of pre-emption as set out above in relation to certain shares for a period of five years from the date of the completion of this offering, and have provided a general disapplication for issuances in connection with our equity incentive plans and certain other purposes.

**Variation of Rights**

Under the Cyprus Companies Law and our articles of association, generally any change to the amount of our share capital in relation to the division of our share capital into additional classes, or any change to the rights attached to any class of shares must be approved by a separate vote of each class of shares affected by the change subject to approval by special resolution. Variation of class rights of holders of ordinary shares requires approval by a majority of two-thirds of the votes corresponding either to the represented securities or to the represented issued share capital if less than half of the issued share capital is represented and a simple majority when at least half of the issued share capital is represented. Variation of class rights of holders of class A shares requires unanimous approval by all holders of class A shares. Members voting against the variation of that class, who between them hold or represent 15% of the issued shares of that class, may apply to the court to set aside the variation.

**Alteration of Capital**

The following alterations to our share capital may be effected by approval of a majority of two-thirds of the votes corresponding either to the represented securities or to the represented issued share capital, if less than half of the issued share capital is represented, and by simple majority when at least half of the issued share capital is represented at a general meeting of our shareholders:

- an increase in our authorized share capital;
- the consolidation and division of any or all of our shares into shares representing a greater proportion of our share capital each;

- the subdivision of all or part of our shares; and
- the cancellation of any shares that have not been taken by any person at the date of the passing of the resolution.

We may also, by special resolution of a general meeting of shareholders, reduce our share capital, any capital redemption reserve account or any share premium account. Following the adoption of a special resolution for the reduction of capital, a company must apply to the Cypriot court for ratification of such special resolution. The Cypriot court shall take into account the position of the creditors of the company in deciding whether to ratify the resolution. Once the court ratifies the resolution, the court order, together with the special resolution, are filed with the Cyprus Registrar of Companies.

**Issuance of Shares**

Our articles of association provide for a possibility to issue multiple classes of shares and the share capital of the Company may be divided into multiple classes of shares. The general meeting may, pursuant to our articles of association, grant authority to the board of directors to issue and allot new shares out of the authorized but unissued share capital of the company for a period of a maximum of five years subject to any pre-emption rights in our articles of association. Such power may be renewed one or more times by the general meeting for a period of time of a maximum of five years each time.

**Conversion of Shares**

Each Class A share is convertible into one ordinary share at any time by its holder pursuant to the provisions of our articles of association, while ordinary shares are not convertible into Class A shares unless it is approved by holders of all issued Class A shares, other classes affected by the conversion and a special resolution of the general meeting of our shareholders. Separate vote of each class of shareholders affected by the change will be also required. Upon any transfer of a Class A share by a holder to any person that is not an affiliate or otherwise under control of such holder, such Class A share will be automatically converted into one ordinary share.

**Buyback of Shares**

We may, subject to certain statutory requirements, terms and conditions, buyback shares in our issued share capital not exceeding 10% in nominal value of our entire issued share capital. It is noted that the relevant provisions regarding the buyback of shares under the Cyprus Companies Law are vague and unclear in some respects, and their practical implication is unclear and could prevent a buyback. As the Cyprus Companies Law is drafted, these relevant provisions only apply to shares and do not clearly apply to ADSs and, therefore, there is a risk that the company may be unable to buy back the ADSs.

**Resolutions**

The Cyprus Companies Law names three types of resolutions that may be submitted to a shareholder vote: ordinary resolutions, extraordinary resolutions and special resolutions.

There is no definition in the Cyprus Companies Law of ordinary resolution. An ordinary resolution must be approved by a majority vote of shareholders having voting rights present at the meeting, voting in person or through a proxy and the company must provide at least 14 days' advance notice of such meeting to shareholders.

The Cyprus Companies Law defines extraordinary resolutions and special resolutions. An extraordinary resolution must be approved by at least 75% of shareholders having voting rights present at the meeting, voting in person or through a proxy of which advance notice of at least 14 days has been duly given, and specifies the intention to propose the resolution as an extraordinary resolution. A special resolution must be approved by at least 75% of shareholders having voting rights present at the meeting, voting in person or through a proxy and the company must provide at least 21-days advance notice of such meeting to shareholders.

A special resolution is required, among other things, to amend our articles of association, to change the name of the company, to reduce company's share capital and to amend the objects of the company.

Certain resolutions such as a resolution waiving preemption rights in respect of a fresh issue of shares for a cash consideration or a resolution altering our share capital require a majority of two-thirds of the votes corresponding either to the represented securities or to the represented issued share capital if less than half of the issued share capital is represented and a simple majority when at least half of the issued share capital is represented.

Our articles of association and/or the Cyprus Companies Law provide for the approval of certain matters requiring the 75% vote of our shareholders, including, but not limited to, the following matters:

- amendments to the memorandum of association;
- changes to our name;
- amendments to our articles of association;
- the purchase of our own shares; and
- the reduction of our capital (such resolution also requires confirmation by the court).

**Meetings of Shareholders**

We are required to hold an annual general meeting of shareholders each year on such day and at such place as the directors may determine. The directors may, whenever they think fit, decide to convene an extraordinary general meeting. Under the Cyprus Companies Law, extraordinary general meetings can also be convened by the request of shareholders holding at the date of the deposit of the requisition at least 10% of such of the paid in capital of the company as at the date of the deposit carries the right of voting at general meetings of the company.

Annual general meetings and meetings where a special resolution will be proposed can be convened by the board of directors by issuing a notice in writing specifying the matters to be discussed at least 30 calendar days prior to the meeting. All other general meetings may be convened by the board by issuing a written notice at least 30 calendar days prior to the meeting. Meetings may be called by shorter notice and shall be deemed to have been duly called if it is so agreed:

- in the case of an annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by shareholders representing a majority in number of the shareholders entitled to attend and vote at the meeting and that hold at least 95% in nominal value of the shares entitled to vote at the meeting.

Pursuant to our articles of association, we may give notice to a shareholder either personally or by sending it by post, email, fax to the intended recipient or to such shareholder's registered address. Where a notice is sent by post, service of the notice shall be deemed effected provided that it has been properly mailed, addressed, and posted, at the expiration of twenty-four (24) hours after the same is posted. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected as soon as it is sent, provided, in the event of email, there is no notification of non-receipt, and in the event of fax, there will be the relevant transmission confirmation.

We may give notice to the joint shareholders of a share by giving the notice to the joint shareholder first named in the register of members in respect of the share. We may give notice to the persons entitled to a share in consequence of the death or bankruptcy of a shareholder by sending it through the post in a prepaid letter addressed to them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like descriptions, at the address, if any, supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

Notice of every general meeting shall be given in any manner described above to:

- every shareholder except those shareholders who have not supplied us a registered address for the giving of notices to them;
- every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy would be entitled to receive notice of the meeting; and
- our auditor.

No other person shall be entitled to receive notices of general meetings.

Unless otherwise provided in our articles of association, the quorum for a general meeting will consist of at least three shareholders representing at least one-third of the issued share capital and present in person or by proxy. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to the same day of the next week, at the same time and place or on such other day and at such other time and place as the board of directors may determine and (other than for a general meeting called for the consideration of the appointment, removal or substitution of directors by holders of class A shares) if at the adjourned meeting (other than the adjourned general meeting for the consideration of the appointment, removal or substitution of directors by holders of class A shares) a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present in person or by proxy and entitled to vote, shall constitute a quorum.

Subject to the provisions of the Cyprus Companies Law, a resolution in writing signed by all the shareholders entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting duly convened and held.

**Inspection of Books and Records**

Under the Cyprus Companies Law and our articles of association, our directors are required to cause accounting books to be properly maintained with respect to:

- all sums of money received and expended by us and the matters in respect of which the receipt and expenditure takes place;
- all sales and purchases of goods by us; and
- our assets and liabilities.

Proper books shall not be deemed to be kept if there are not kept such books of account as are adequate to give a true and fair view of our affairs and to explain our transactions.

No shareholder (other than a shareholder who is also a director) will have any right of inspecting any of our accounts or books or documents except as conferred by statute or authorized by the directors or by our shareholders in general meeting.

According to the Cyprus Companies Law, every company shall keep at its registered office a register of directors and secretary, a register of its members, a register of debentures and a register of charges and mortgages. These registers shall, except when these are duly closed, be open to the inspection of any shareholder without any charge during business hours (subject to such reasonable restrictions as the company may by its articles or in general meeting impose, so that not less than two hours in each day are allowed for inspection).

The books containing the minutes of proceedings of any general meeting of a company shall be kept at the registered office of the company, and shall during business hours be open to the inspection of any shareholder without charge (subject to such reasonable restrictions as the company may by its articles or in general meeting impose, so that not less than two hours in each day are allowed for inspection).

Furthermore, any shareholder and any holder of debentures of a company are entitled to be furnished on demand, without charge, a copy of every balance sheet of the company, including every document required by law to be annexed thereto, together with a copy of the auditors' report on the balance sheet.

**Board of Directors**

***Appointment of Directors***

Our articles of association provide that unless and until otherwise determined by us in a general meeting by a special resolution, the number of directors shall be nine, including at least three independent directors and one executive director. Each of our principal shareholders holds one Class A share, which confers the right, together with its affiliates and permitted transferees, to appoint and remove (i) two directors so long as such Class A shareholder, together with its affiliates and permitted transferees, holds at least 15% of voting power of the ordinary shares or (ii) one director so long as such Class A shareholder, together with its affiliates and permitted transferees, holds less than 15% but at least 7.5% of voting power of the ordinary shares.

The continuing directors may act notwithstanding any vacancy, but, if and so long as their number is reduced below the number fixed by the articles of association as the necessary quorum for a board meeting, the continuing directors may act for the purpose of summoning a general meeting, but for no other purpose.

Except in case of a vacancy in the board caused by departure of a director who has been appointed by a holder of a Class A share, our board of directors shall have power at any time to appoint any person to be a director, provided that such person should also be approved by the nominating committee, either to fill a vacancy or as an addition to the existing directors, but the total number of directors shall not at any time exceed the number fixed in accordance with the articles of association. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election.

***Removal of Directors***

Under Cyprus law, notwithstanding any provision in our articles of association, a director may be removed by an ordinary resolution of the general shareholders' meeting, which must be convened with at least 28 days' notice.

The office of any of the directors shall be vacated or shall be precluded from being elected if the relevant person becomes, among other things:

- bankrupt or makes any arrangements or composition with his or her creditors generally; or
- permanently incapable or performing his or her duties due to mental or physical illness or due to his or her death.

***Powers of the Board of Directors***

Our board of directors has been granted authority to manage our business affairs and may exercise all such powers of the company as are not, by law or by our articles of association, required to be exercised by the company in general meeting.

***Proceedings of the Board of Directors***

Our board of directors may meet, adjourn, and otherwise regulate its meetings as it thinks fit, and questions arising at any meeting shall be decided by a simple majority of votes present at the meeting. Any director may, and the secretary at the request of a director shall, at any time, summon a meeting of the board. It shall be necessary to give at least a 96-hour notice of a meeting of the board to each director, unless this requirement is waived by all directors

who have received a written notice less than 96 hours in advance. A meeting may be held by telephone or other means whereby all persons present may at the same time hear and be heard by everybody else present, and persons who participate in this way shall be considered present at the meeting. In such case, the meeting shall be deemed to be held where the secretary of the meeting is located. All board and committee meetings shall take place in Cyprus where the management and control of the company shall remain.

Unless otherwise provided in the articles of association, the quorum necessary for the transaction of the business by our board of directors shall be at least half (1/2) of the total number of directors attending a meeting in person.

A resolution at a duly constituted meeting of our board of directors is approved by a simple majority of votes of all the directors, unless a higher majority is required on a particular matter. The chairman does not have a second or casting vote in case of a tie. A resolution consented to in writing will be as valid as if it had been passed at a meeting of our board of directors when signed by all the directors. A resolution consented to in writing must be approved and executed by all the directors.

***Interested Directors***

A director who is in any way directly or indirectly interested in a contract or proposed contract with us shall declare the nature of his interest at a meeting of the directors in accordance with the Cyprus Companies Law. Directors who have an interest in any contract or arrangement shall not have the right to vote (and shall not be counted in the quorum).

**Notification of Shareholdings by Directors and Substantial Shareholders**

There is no requirement under our articles of association or the Cyprus Companies Law for the notification of shareholdings by our directors and substantial shareholders. As none of our securities are listed on a regulated market in Cyprus or the European Union, there are no notification requirements under relevant Cyprus and European Union legislation.

**Mandatory Offer Requirements**

As none of our securities are listed on a regulated market in Cyprus or the European Union, neither the Cyprus Takeover Law nor the European Union's Takeover Directive apply to purchases of our shares and ADS. Our articles of association require that any person who is not affiliated with our principal shareholders and is an acquiror of 30% or more of the voting power of our issued shares, including the issued ordinary shares must make a mandatory tender offer to all of our other shareholders. The mandatory offer must also be made if a principal shareholder holding a Class A share or its affiliates acquire 43% or more of the voting power of our issued shares, including the issued ordinary shares. Any mandatory tender offer is subject to the recommendation by at least two-thirds of our board of directors, including an affirmative vote of a majority of the independent directors, an acceptance by at least 75% of the shareholders (as specified in the articles of association) to whom the offer is made and certain other terms and conditions set out in our articles of association. The price of the mandatory offer cannot be lower that the higher of the highest price per our ordinary share or per ordinary share represented by depositary receipts paid by the acquiror and its persons acting in concert during the preceding 12 months and the highest market price per our ordinary share including ordinary share represented by depositary receipts quoted on a stock exchange during the preceding 12 months. If following the mandatory tender offer the acquiror and its parties acting in concert acquire 75% or more of the voting power of our ordinary shares (including ordinary share represented by depositary receipts), then the remaining holders of our ordinary shares will have the right to demand by a notice in writing delivered to the acquiror, within 60 business days from the date of publication of completion of the mandatory tender offer, that such acquiror purchase some or all of their shares at a price not less than the price of the mandatory tender offer, and such acquiror will be required to purchase and pay for such ordinary shares within 15 business days of such demand. Any such acquiror who acquires, together with its persons acting in concert, at least 90% the voting power of our ordinary shares (including ordinary share represented by depositary receipts), must give irrevocable notice to the remaining shareholders within 15 business days of such acquisition requiring them to sell their remaining ordinary shares (including ordinary share represented by depositary receipts) at a price not less than the price of the mandatory tender offer and such holders of our ordinary shares (including ordinary share represented by depositary receipts) will be required to sell their securities within 15 business days of such notice. In the event such

third party acquiror breaches any of its obligations to make a mandatory tender offer in accordance with the requirements of our articles of association and until it complies with such obligations, the voting rights of such acquiror and the persons acting in concert in excess of 43% of votes conferred by ordinary shares in respect of our principal shareholders holding Class A shares or their affiliates and 30% of votes conferred by ordinary shares in respect of other holders of ordinary shares will be suspended.

For the purpose of establishing if a person holds a control stake, the votes conferred by the underlying ordinary shares of depositary receipts held by a relevant person shall be added to the votes conferred by any issued shares in the Company, including the issued ordinary shares held by such person

**Relevant Provisions of Cyprus Law**

The liability of our shareholders is limited. Under the Cyprus Companies Law, a shareholder of a company is not personally liable for the acts of the company, except that a shareholder may become personally liable by reason of his or her own acts.

As of the date of the Annual Report on Form 20-F to which this Exhibit 2.4 relates, Cyprus law does not contain any requirement for a mandatory offer to be made by a person acquiring shares or depositary receipts of a Cypriot company even if such an acquisition confers on such person control over us if neither the shares nor depositary receipts are listed on a regulated market in the European Economic Area ("EEA"). Neither our shares nor depositary receipts are listed on a regulated market in the EEA.

The Cyprus Companies Law contains provisions in respect of squeeze-out rights. The effect of these provisions is that, where a company makes a takeover bid for all the shares or for the whole of any class of shares of another company, and the offer is accepted by the holders of 90% of the shares concerned, the offeror can upon the same terms acquire the shares of shareholders who have not accepted the offer, unless such persons can persuade the Cyprus courts not to permit the acquisition. If the offeror company already holds more than 10% of the value of the shares concerned, additional requirements need to be met before the minority can be squeezed out. If the company making the takeover bid acquires sufficient shares to aggregate, together with those which it already holds, more than 90%, then within one month of the date of the transfer which gives the 90%, it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of the notice, require the bidder to acquire their shares and the bidder shall be bound to do so upon the same terms as in the offer or as may be agreed between them or upon such terms as the court may order.

**Material Differences in Cyprus Law and our Articles of Association and Delaware Law**

| | Cyprus Law | Delaware Law |
|---|---|---|
| **General Meetings** | We are required to hold an annual general meeting of shareholders each year on such day and at such place as the directors may determine. The directors may, whenever they think fit, decide to convene an extraordinary general meeting.<br><br>Extraordinary general meetings may be convened at the request of the shareholders holding at the date of the deposit of the request at least 10% of such of the paid up share capital of the company as at the date of the deposit carries the right of voting at general meetings of the company and if the company fails, within 21 days from the date of the request, to call a meeting the requestors (or any of them representing more than 50% | Annual shareholder meetings are typically held at such time or place as designated in the certificate of incorporation or the bylaws. A special meeting of shareholders may be called by the board of directors or by any other person authorized in the certificate of incorporation or bylaws. The meeting may be held inside or outside Delaware. Whenever shareholders are required to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any, by which shareholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the shareholders entitled to vote at the |

| | Cyprus Law | Delaware Law |
|---|---|---|
| | of the total voting rights of all of them), themselves convene a meeting but any meeting so convened shall not be held after the expiration of three months from the said date. If the company fails to hold its annual general meeting, it may be subject to fines and it may be ordered to hold a meeting by the Council of Ministers. | meeting, if such date is different from the record date for determining shareholders entitled to notice of the meeting ("notice record date"), and, in the case of a special meeting, the purpose or purposes for which the meeting is called. |
| **Quorum Requirements for General Meetings** | The Cyprus Companies Law provides that a quorum at a general meeting of shareholders may be fixed by the articles of association, otherwise a quorum consists of three members. Our articles of association provide that a quorum required for general meetings unless otherwise provided in the articles of association consists of three shareholders at least holding or representing by proxy one-third of the issued share capital. | The certificate of incorporation or bylaws may specify the number of shares and/or other voting securities that constitute a quorum, but in no event shall a quorum consist of less than one third of the shares entitled to vote at the meeting, except that, where a separate vote by class or series is required, of the shares of that class or series. In the absence of such specification, the majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of shareholders. |
| **Removal of Directors** | Under the Cyprus Companies Law, any director may be removed by an ordinary resolution, provided by a special notice of 28 days prior to the general meeting of the shareholders at which the request was given. The director concerned must receive a copy of the notice of the intended resolution and that director is entitled to be heard on the resolution at the meeting.<br><br>The director concerned may make representations either orally or in writing to the company, not exceeding reasonable length, and require that the shareholders of the company be notified of such representations, either via advance notice or at the shareholders' meeting, unless a court in Cyprus determines that such rights are being abused to secure needless publicity for a defamatory matter.<br><br>Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company. | Under the Delaware General Corporation Law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except (a) unless the certificate of incorporation provides otherwise, in the case of a corporation whose board is classified, shareholders may affect such removal only for cause, or (b) in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which such director is a part. |
| **Directors' Fiduciary Duties** | Under Cyprus law, the directors of a company have certain duties towards the company and its shareholders. These duties consist of statutory duties and common law duties. | Directors have a duty of care and a duty of loyalty to the corporation and its shareholders. The duty of care requires that a director act in good faith, with the care of a prudent person, and in the best interest of the corporation. The duty of loyalty requires that |

| | Cyprus Law | Delaware Law |
|---|---|---|
| | Statutory duties under the Cyprus Companies Law include, among others, the duty to cause the preparation of the financial accounts in accordance with IAS and the disclosure of directors' salaries and pensions in the company's accounts or in a statement annexed thereto.<br><br>In general, the directors of a Cyprus company owe a duty to manage the company in accordance with the provisions of applicable law and within the regulations of the memorandum and articles of association of the company, and failure to do so will lead to the directors being liable for breach of their fiduciary duties. In addition, directors must disclose any interests that they may have. They have a statutory duty to avoid any conflict of interest. This duty is imposed on those directors who are either directly or indirectly interested in a contract or proposed contract with the company. Failure to reveal the nature of their interest at a board meeting would result in the imposition of a fine and, potentially, can also cause a relevant resolution to be invalid and make a relevant director liable to the company for breach of duty. Directors also have a duty to conduct the affairs of the company in a manner that is not oppressive to some part of the members.<br><br>In addition, according to common law, directors must act in accordance with their duty of good faith and in the best interests of the company. They must exercise their powers for the particular purposes of which they were conferred and not for an extraneous purpose (for a proper purpose), and must display a reasonable degree of skill that may be expected from a person of his knowledge and experience. | a director act in a manner such director reasonably believes to be in the best interests of the corporation.<br><br>Directors and officers must refrain from self-dealing, usurping corporate opportunities and receiving improper personal benefits, and ensure that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director or officer and not shared by the shareholders generally. Contracts or transactions in which one or more of the corporation's directors has an interest are allowed assuming (a) the shareholders or the disinterested directors must approve in good faith any such contract or transaction by a majority vote after full disclosure of the material facts or (b) the contract or transaction must have been "fair" as to the corporation at the time it was authorized, approved or ratified by the disinterested directors or the shareholders.<br><br>Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee which authorizes the contract or transaction. |
| **Cumulative Voting** | The company's articles of association can contain provisions in relation to cumulative voting. Our articles of association do not contain provision on cumulative voting. | The certificate of incorporation can contain provisions in relation to cumulative voting with regards to all or some elections of directors. |
| **Shareholder Action by Written Consent** | According to our articles of association, a resolution in writing signed by all the shareholders then entitled to receive notice of and to attend and vote at general meetings shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held. | Although permitted by Delaware law, publicly listed companies do not typically permit shareholders of a corporation to take action by written consent. |

| | Cyprus Law | Delaware Law |
|---|---|---|
| **Business Combinations** | The Cyprus Companies Law provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholder or creditors and used in certain types of reconstructions, amalgamations, capital reorganizations or takeovers.<br><br>Under the Cyprus Companies Law, arrangements and reconstructions, require:<br><br>• the approval at a shareholders' or creditors' meeting convened by order of the court, representing a majority in value of the creditors or class of creditors or in number of votes of members or class of members, as the case may be, present and voting either in person or by proxy at the meeting; and<br><br>• the approval of the court.<br><br>The Cyprus Companies Law allows for the merger of public companies as follows: (a) merger by absorption of one or more public companies by another public company; (b) merger of public companies by way of incorporation of a new public company; and (c) fragmentation of public companies meaning (i) fragmentation by way of absorption and (ii) fragmentation by way of incorporation of new companies. These transactions require, among other things (and subject to requirements of other sections of the Cyprus Companies Law):<br><br>• a majority in value of the creditors or class of creditors or in number of votes members or class of members, as the case may be, present and voting either in person or by proxy at the meeting;<br><br>• the directors of the companies to enter into and to approve a written reorganization or division plan, as applicable;<br><br>• the directors of the companies to prepare a written report explaining the terms of the transaction; and<br><br>• the approval of the court.<br><br>The Cyprus Companies Law provides for the cross border merger between Cyprus companies and companies registered in another European Union jurisdiction. | Under the Delaware General Corporation Law, the vote of a majority of the outstanding shares of capital stock entitled to vote thereon generally is necessary to approve a merger or consolidation or the sale of all or substantially all of the assets of a corporation. The Delaware General Corporation Law permits a corporation to include in its certificate of incorporation a provision requiring for any corporate action the vote of a larger portion of the stock or of any class or series of stock than would otherwise be required.<br><br>Under the Delaware General Corporation Law, no vote of the shareholders of a surviving corporation to a merger is needed, however, unless required by the certificate of incorporation, if (a) the agreement of merger does not amend in any respect the certificate of incorporation of the surviving corporation, (b) each share of stock of the surviving corporation outstanding immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation after the effective date of the merger and (c) either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of common stock of such surviving corporation outstanding immediately prior to the effective date of the merger. In addition, shareholders may not be entitled to vote in certain mergers with other corporations that own 90% or more of the outstanding shares of each class of stock of such corporation, but the shareholders will be entitled to appraisal rights. |

| | Cyprus Law | Delaware Law |
|---|---|---|
| **Interested Shareholders** | There are no equivalent provisions under the Cyprus Companies Law relating to transactions with interested shareholders. However, such transactions must be in the corporate interest of the company. | Section 203 of the Delaware General Corporation Law provides (in general) that a corporation may not engage in a business combination with an interested stockholder for a period of three years after the time of the transaction in which the person became an interested stockholder. The prohibition on business combinations with interested stockholders does not apply in some cases, including if: (a) the board of directors of the corporation, prior to the time of the transaction in which the person became an interested stockholder, approves (i) the business combination or (ii) the transaction in which the stockholder becomes an interested stockholder; (b) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or (c) the board of directors and the holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder approve the business combination on or after the time of the transaction in which the person became an interested stockholder.<br><br>For the purpose of Section 203, the Delaware General Corporation Law, subject to specified exceptions, generally defines an interested stockholder to include any person who, together with that person's affiliates or associates, (a) owns 15% or more of the outstanding voting stock of the corporation (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or (b) is an affiliate or associate of the corporation and owned 15% or more of the outstanding voting stock of the corporation at any time within the previous three years. |
| **Limitations on Personal Liability of Directors** | Under the Cyprus Companies Law, a director who vacates office remains liable, subject to applicable limitation periods, under any provisions of the Cyprus Companies Law that impose liabilities on a director in respect of any acts or omissions or decisions made while that person was a director. | Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for monetary damages arising |

| | Cyprus Law | Delaware Law |
|---|---|---|
| | | from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for (a) any breach of the director's duty of loyalty to the corporation or its stockholders; (b) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (c) intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or (d) any transaction from which the director derives an improper personal benefit. |
| **Appraisal Rights** | There is no general concept of appraisal rights under the Cyprus Companies Law, although there are instances when a shareholder's shares may have to be acquired by another shareholder at a price ordered by the court. One such example is where a shareholder complains of oppression. | The Delaware General Corporation Law provides for shareholder appraisal rights, or the right to demand payment in cash of the judicially determined fair value of the shareholder's shares, in connection with certain mergers and consolidations. |
| **Shareholder Suits** | Under Cyprus law, generally, the company, rather than its shareholders, is the proper claimant in an action in respect of a wrong done to the company or where there is an irregularity in the company's internal management. Notwithstanding this general position, Cyprus law provides that a court may, in a limited set of circumstances, allow a shareholder to bring a derivative claim (that is, an action in respect of and on behalf of the company). | Under the Delaware General Corporation Law, a shareholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on behalf of himself or herself and other similarly situated shareholders where the requirements for maintaining a class action under Delaware law have been met. A person may institute and maintain such a suit only if that person was a shareholder at the time of the transaction which is the subject of the suit. In addition, under Delaware case law, the plaintiff normally must be a shareholder at the time of the transaction that is the subject of the suit and throughout the duration of the derivative suit. Delaware law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff in court, unless such a demand would be futile. |
| **Inspection of Books and Records** | A shareholder and any holder of debentures of a company are entitled to be furnished on demand, without charge, with a copy of the last balance sheet of the company, including every document required by law to be annexed thereto, together with a copy of the auditors' report on the balance sheet. | Under the Delaware General Corporation Law, any shareholder may inspect, in person or by agent and for any proper purpose, certain of the corporation's books and records during the corporation's usual hours of business. |

| | Cyprus Law | Delaware Law |
|---|---|---|
| **Amendment of Governing Documents** | Under the Cyprus Companies Law, a company may alter the objects contained in its memorandum by a special resolution of the shareholders of the company (approved by 75% of those present and voting) and the alteration shall not take effect until, and except in so far as, it is confirmed on petition by a court in Cyprus.<br><br>The articles of association of a company may be altered or additions may be made to it by special resolution of the shareholders of the company. | Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and a majority of each class entitled to a class vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. |
| **Dividends and Repurchases** | Under Cyprus law, we are not allowed to make distributions if the distribution would reduce our net assets below the total sum of the issued share capital and the reserves that we must maintain under Cyprus law and our articles of association. Dividends may be declared at a general meeting of shareholders, but no dividend may exceed the amount recommended by the directors. In addition, the directors may on their own declare and pay interim dividends.<br><br>No distribution of dividends may be made when, on the closing date of the last financial year, the net assets, as set out in our Company's annual accounts are, or following such a distribution would become lower than the amount of the issued share capital and those reserves which may not be distributed under law or our articles of association.<br><br>Interim dividends can only be paid if interim accounts are drawn up showing that funds available for distribution are sufficient and the amount to be distributed may not exceed the total profits made since the end of the last financial year for which the annual accounts have been drawn up, plus any profits transferred from the last financial year and the withheld funds made of the reserves available for this purpose, minus any losses of the previous financial years and funds which must be put in reserve pursuant to the requirements of the law and our articles of association.<br><br>In general, a public company may acquire its own shares either directly, through a subsidiary or through a person acting in its name but for the account of the company, provided that the articles of the company allow this and as long as the conditions of the Cyprus Companies Law are met. These conditions include, among other things, the following: | Under the Delaware General Corporation Law, a Delaware corporation may pay dividends out of its surplus (the excess of net assets over capital), or in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year (provided that the amount of the capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). In determining the amount of surplus of a Delaware corporation, the assets of the corporation, including stock of subsidiaries owned by the corporation, must be valued at their fair market value as determined by the board of directors, without regard to their historical book value. Dividends may be paid in the form of shares, property or cash. |

| | Cyprus Law | Delaware Law |
|---|---|---|
| | • shareholder approval via special resolution (valid for 12 months from such resolution);<br>• the total nominal value of shares acquired by the company, including shares previously acquired and held by the company, may not exceed 10% of the company's issued capital;<br>• the company must pay for shares repurchased out of the realized and non-distributable profits; and<br>• such repurchases may not have the effect of reducing the company's net assets below the amount of the company's issued capital plus those reserves which may not be distributed under the law or our articles of association. The company may only acquire shares that have been fully paid up.<br><br>It is noted that the relevant provisions regarding the buyback of shares under Cyprus Companies Law are vague and unclear in some respects, and their practical implication is unclear and could prevent a buyback. As the Cyprus Companies Law is drafted, these relevant provisions only apply to shares and do not clearly apply to ADSs and, therefore, there is a strong argument that the company cannot buy back the ADSs. | |
| **Pre-emption Rights** | Under the Cyprus Companies Law, each existing shareholder has a right of pre-emption entitling them to the right to subscribe for their pro-rata shares of any new share issuance made by the company for a cash consideration.<br><br>If all the shareholders do not fully exercise all their pre-emption rights, the board of directors may decide to offer and sell the remaining shares to third parties on terms not more favorable than those indicated in the notice.<br><br>Shareholders' pre-emption rights may be waived by a resolution adopted by a specified majority. The decision is passed by a majority of two-thirds of the votes corresponding either to the represented securities or to the represented issued share capital. When at least half of the issued share capital is | Under the Delaware General Corporation Law, shareholders have no pre-emption rights to subscribe for additional issues of stock or to any security convertible into such stock unless, and to the extent that, such rights are expressly provided for in the certificate of incorporation. |

| Cyprus Law | Delaware Law |
| --- | --- |
| represented a simple majority will suffice. In connection with such waiver, the board of directors must present a written report indicating the reasons why the right of pre-emption should be waived and justifying the proposed issue price. Our shareholders have authorized the disapplication of the right of pre-emption set out above for a period of five years from the date of the completion of this offering and have provided a general disapplication for issuances in connection with our equity incentive plans and certain other purposes. | |

**Description of American Depositary Shares**

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent one ordinary share (or a right to receive one ordinary share) deposited with The Bank of New York Mellon, acting through an office located in the United Kingdom, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary'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.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cyprus law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR, which have been filed with the SEC as exhibits to the Annual Report on Form 20-F to which this Exhibit 2.4 relates.

**Dividends and Other Distributions**

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

***Cash*** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See Item 10.E. "*Additional Information—Taxation*" of the Annual Report on Form 20-F to which this Exhibit 2.4 relates. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

***Shares*** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

***Rights to purchase additional shares*** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide reasonably satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer. There can be no assurances that you will be given the opportunity to exercise rights on the same terms and conditions as the holders of our ordinary shares or be able to exercise such rights at all.

***Other distributions*** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the U.S. Securities Act of 1933, as amended (the "Securities Act"). We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

**Deposit, Withdrawal and Cancellation**

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

**Voting Rights**

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. 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, subject to the laws of Cyprus and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. 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 you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

**Fees and Expenses**

| *Persons depositing or withdrawing shares or ADS holders must pay:* | *For:* |
|---|---|
| $5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | 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 |
| $.05 (or less) per ADS | Any cash distribution to ADS holders |
| 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 | Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| $.05 (or less) per ADS per calendar year | Depositary services |
| Registration or transfer fees | Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares |
| Expenses of the depositary | Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) |
| | Converting foreign currency to U.S. dollars |
| Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes | As necessary |
| Any charges incurred by the depositary or its agents for servicing the deposited securities | As necessary |

The depositary 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 depositary 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 depositary may collect its annual fee for depositary 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 depositary 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 depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary 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 depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf

of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

**Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

**Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

**Amendment**

We may agree in writing with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

**Termination**

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and 30 days after delisting, we do not list the ADSs on another exchange in the United States or apply to list the ADSs on any other stock exchange, or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

**Limitations on Obligations and Liability**

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;

- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

**Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

**Right to Receive the Shares Underlying ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

**Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

**Shareholder Communications; Inspection of Register of Holders of ADSs**

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

**Arbitration Provision**

The deposit agreement gives the depositary or an ADS holder asserting a claim against us the right to require us to submit that claim to binding arbitration in New York under the Rules of the American Arbitration Association, including any U.S. federal securities law claim. However, a claimant could also elect not to submit its claim to arbitration and instead bring its claim in any court having jurisdiction of it. The deposit agreement does not give us or the depositary the right to require any ADS holder to submit to arbitration, whether in respect to a claim against us or otherwise.

**Jury Trial Waiver**

As an owner of ADSs, you irrevocably agree that any legal action arising out of the deposit agreement, the ADSs or the ADRs, involving the Company or the depositary, may only be instituted in a state or federal court in the city of New York and actions by ADS holders 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.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT, THE ADSs OR THE ADRs AGAINST US AND/OR THE DEPOSITARY.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, whether the ADS holder purchased the ADSs in this offering or secondary transactions. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you 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.

**Exhibit 8.1**

**Significant Subsidiaries of Ozon Holdings PLC**

The table below presents the names of significant subsidiaries of Ozon Holdings PLC (the "Company") and their jurisdiction of incorporation. All of these significant subsidiaries are wholly owned by the Company.

| Legal Name of Significant Subsidiary | Jurisdiction of Incorporation |
|---|---|
| Internet Solutions LLC | Russia |
| Ozon Technologies LLC | Russia |
| O-courier LLC | Russia |
| Ozon Holding LLC | Russia |

**Exhibit 12.1**

## CERTIFICATIONS

I, Igor Gerasimov, Chief Financial Officer and Executive Member of the Board of Directors, certify that:

1. I have reviewed this annual report on Form 20-F of Ozon Holdings 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 25, 2023

By: /s/ Igor Gerasimov
Name: Igor Gerasimov
Title: Chief Financial Officer, Executive Member of the Board of Directors

**Exhibit 13.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Ozon Holdings PLC (the "Company") for the year ended December 31, 2022 (the "Report") for the purpose of complying with Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, Igor Gerasimov, Chief Financial Officer and Executive Member of the Board of Directors, certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2023

By: /s/ Igor Gerasimov
Name: Igor Gerasimov
Title: Chief Financial Officer, Executive Member of the Board of Directors

**Exhibit 15.1**

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors
Ozon Holdings PLC:

We consent to the incorporation by reference in the registration statement (No. 333-252457) on Form S-8 of Ozon Holdings PLC of our report dated April 25, 2023, with respect to the consolidated financial statements of Ozon Holdings PLC and the effectiveness of internal control over financial reporting.

/s/ JSC “Kept”

Moscow, Russia

April 25, 2023