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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(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

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: 001-35893

QIWI PLC
(Exact name of Registrant as specified in its charter)

N/A
(translation of Registrant's name into English)

Cyprus
(Jurisdiction of incorporation or organization)

Kennedy 12, Kennedy Business Centre, 2nd floor
P.C. 1087, Nicosia, Cyprus
(Address of principal executive offices)

+ 357 2265-3390
ir@qiwi.com
Kennedy 12, Kennedy Business Centre, 2nd floor
P.C. 1087, 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 Class B ordinary share, having a nominal value EUR 0.0005 per share	QIWI	The NASDAQ Stock Market LLC
Class B ordinary shares, having a nominal value of EUR 0.0005 per share*	N/A	

* *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
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

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, 2021, 10,413,522 Class A ordinary shares, par value EUR 0.0005 per share and 52,299,453 Class B ordinary shares, par value EUR 0.0005 per share 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 ☒

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 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 ☒

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. Yes ☒ No ☐

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements are made under the "safe-harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Some of these forward-looking statements can be identified by terms and phrases such as "anticipate", "should", "likely", "foresee", "believe", "estimate", "expect", "intend", "continue", "could", "may", "plan", "project", "predict", "will", and similar expressions. These forward-looking statements include statements relating to:

- our goals and strategies;
- the impact of the ongoing geopolitical tensions and conflicts on the macroeconomic environment in the Russian Federation;
- the impact of the COVID-19 pandemic and related public health measures on our business, merchants, customers, and employees;
- our ability to maintain and grow our payment volumes;
- our ability to maintain and grow the size of our physical and virtual distribution network;
- our ability to maintain and increase our market share in our key payment market verticals and segments;
- our ability to successfully introduce new products and services;
- our ability to successfully execute our business strategy, including in respect of ROWI (formerly known as Factoring PLUS, rebranded in 2021) and Flocktory, and our ability to recoup our investments made in such businesses or other projects that we develop from time to time;
- our ability to maintain our relationships with our merchants, agents and partners;
- the expected growth of QIWI Wallet and alternative methods of payment;
- our ability to continue to develop new and attractive products and services;
- our future business development, results of operations and financial condition;
- our ability to continue to develop new technologies and upgrade our existing technologies;
- competition in our industry;
- the impact of the restrictions imposed on us by the CBR in December 7, 2020, in particular with respect to payments to foreign merchants;
- developments in the betting industry in the Russian Federation and its regulation;
- any litigation we are involved in;
- projected revenue, profits, earnings and other estimated financial information; and
- developments in, or changes, to the laws, regulation and governmental policies governing our business and industry.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. These forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks described in Item 3.D "Risk Factors" in this annual report.

These forward-looking statements speak only as of the date of this annual report. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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]

The following tables set forth our selected consolidated financial and other data. You should read the following selected consolidated financial and other data together with the information in Item 5 “Operating and Financial Review and Prospects” and Item 3.D “Risk Factors” and our consolidated financial statements and the related notes included elsewhere in this annual report. Our consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as published by the International Accounting Standards Board.

The following tables also contain translations of ruble amounts into U.S. dollars for amounts presented as of December 31, 2021 and for the year ended December 31, 2021. These translations are solely for convenience of the reader and were calculated at the rate of RUB 74.2926 per U.S. $1.00, which is equal to the official exchange rate quoted by the Central Bank of the Russian Federation, or CBR, on December 31, 2021.

	Year ended December 31,					
	2017 (1)	2018 (1)	2019 (1)	2020 (1)	2021	
	RUB	RUB	RUB	RUB	RUB	U.S.$
	(in millions, except per share data)					
Consolidated Statement of Comprehensive Income Data:						
Revenue:	**20,757**	**29,593**	**35,941**	**40,622**	**41,135**	**553.7**
Payment processing fees	17,265	23,694	30,736	34,326	33,397	449.5
Interest revenue calculated using the effective interest rate	917	1,255	1,961	2,390	3,453	46.5
Fees from inactive accounts and unclaimed payments	1,310	1,419	1,806	1,952	1,771	23.8
Other revenue	1,265	3,225	1,438	1,954	2,514	33.8
Operating costs and expenses:	**(13,720)**	**(20,714)**	**(23,964)**	**(26,558)**	**(29,130)**	**(392.1)**
Cost of revenue (exclusive of depreciation and amortization)	(7,604)	(10,332)	(14,075)	(16,494)	(18,022)	(242.6)
Selling, general and administrative expenses	(1,805)	(3,833)	(3,442)	(2,733)	(3,228)	(43.4)
Personnel expenses (2)	(3,448)	(5,758)	(5,192)	(6,108)	(6,390)	(86.0)
Depreciation and amortization	(761)	(772)	(1,066)	(1,101)	(1,130)	(15.2)
Credit loss (expense)/income (3)	2	4	12	(90)	(336)	(4.5)
Impairment of non-current assets	(104)	(23)	(201)	(32)	(24)	(0.3)
Profit from operations	**7,037**	**8,879**	**11,977**	**14,064**	**12,005**	**161.6**
Gain on disposal of an associate	—	—	—	—	8,177	110.1
Share of gain/(loss) of an associate and joint ventures	—	(46)	258	663	306	4.1
Other income and expenses, net	(41)	(181)	(91)	(95)	65	0.9
Foreign exchange gain/(loss), net (4)	(116)	263	(172)	(199)	(29)	(0.4)
Interest income and expenses, net	6	17	(18)	(68)	92	(1.2)
Profit before tax from continuing operations	**6,886**	**8,932**	**11,954**	**14,365**	**20,616**	**277.5**
Income tax expense	(1,243)	(1,751)	(2,513)	(3,119)	(3,080)	(41.5)
Net profit from continuing operations	**5,643**	**7,181**	**9,441**	**11,246**	**17,536**	**236.0**
Discontinued operations						
Loss after tax from discontinued operations	(2,501)	(3,555)	(4,554)	(2,308)	—	—
Net profit	**3,142**	**3,626**	**4,887**	**8,938**	**17,536**	**236.0**
Attributable to:						
Equity holders of the parent	3,114	3,584	4,832	8,842	17,399	234.2
Non-controlling interests	28	42	55	96	137	1.8
Weighted average number of shares						
Basic	61	61	62	62	62	62
Diluted	61	62	62	62	62	62
Earnings per share						
Basic	51.25	58.56	78.20	142.04	278.68	3.75
Diluted	50.92	58.06	77.60	141.66	278.59	3.75
Earnings per share from continuing operations						
Basic	92.42	116.65	151.91	179.11	278.68	3.75
Diluted	91.81	115.66	150.74	178.64	278.59	3.75
Dividends declared per share						
RUB	36.22	—	54.00	77.02	82.95	
U.S.$	0.62	—	0.84	1.03	1.13	

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.

(2) Historically, personnel expenses directly associated with revenue recognized were disclosed within cost of revenue and personnel expenses associated with all other activities were disclosed within selling, general, and administrative expenses. Starting December 31, 2019, we present all personnel expenses as a single item in a Personnel expenses line. Personnel expenses for the years ended December 31, 2016 through 2018 were separated from cost of revenue and selling, general and administrative expenses and presented in a separate line for comparative purposes. See *Item 5 Operating and Financial Review and Prospects. Operating Costs and Expenses* for details.

(3) Credit loss expense for the years ended December 31, 2016 and 2017 was separated from selling, general and administrative expenses for comparative purposes as a result of the adoption of IFRS 9.

(4) Starting December 31, 2020, we present foreign exchange gain and foreign exchange loss on a netted basis. This change in presentation was implemented to make our financial statements comparable with industry peers.

	As of December 31,					
	2017	2018	2019	2020	2021	
	RUB	RUB	RUB	RUB	RUB	U.S.$
	(in millions)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents	18,406	40,966	42,101	47,382	33,033	444.6
Total current assets	31,094	58,371	62,117	64,944	69,580	936.6
Total assets	45,059	73,023	81,477	83,315	83,925	1,129.7
Total equity	21,157	25,706	27,437	31,772	43,840	590.1
Total debt	—	—	1,545	6,563	4,734	63.7
Total liabilities	23,902	47,317	54,040	51,543	40,085	539.6
Total equity and liabilities	45,059	73,023	81,477	83,315	83,925	1,129.7

	Year ended December 31,					
	2017	2018	2019	2020	2021	
	RUB	RUB	RUB	RUB	RUB	U.S.$
	(in millions, except as otherwise indicated)					
Other Financial and Operating Data:						
Total Net Revenue (1)	13,193	19,657	23,176	25,978	23,113	311.1
Payment Services segment net revenue	12,580	16,497	20,965	22,637	21,100	284.0
Adjusted EBITDA (1)	5,185	5,948	9,099	13,837	13,167	177.2
Adjusted Net Profit (1)	4,054	4,137	6,679	10,304	9,594	129.1
Payment Services segment payment volume (in billions) (2)	911	1,138	1,489	1,617	1,735	23.4
Active kiosks and terminals (units) (3)	152,525	143,690	134,280	113,713	93,244	93,244
Active QIWI Wallet accounts (at period end, in millions) (4)	20.1	20.8	22.5	18.1	14.1	14.1
Payment Services segment net revenue yield (5)	1.38 %	1.45 %	1.41 %	1.40 %	1.22 %	1.22 %
Factoring portfolio, bn (6)	—	1.6	3.4	5.7	9.9	0.13
Digital bank guarantees portfolio, bn (6)	—	—	8	20.9	45.6	0.61

(1) See “Operating Results — Key Measures of Financial and Operational Performance — Financial Measures” for how we define and calculate Total Net Revenue, Adjusted EBITDA, and Adjusted Net Profit as non-IFRS financial measures and reconciliations of these measures to revenue, in the case of Total Net Revenue, and net profit, in the case of Adjusted EBITDA and Adjusted Net Profit.

(2) Payment Services segment payment volume consists of the amounts paid by our customers to merchants or transferred to other customers less intra-group eliminations in our Payment Services segment.

(3) We measure the numbers of our kiosks and terminals on a daily basis, with only those kiosks and terminals being taken into calculation through which at least one payment has been processed during the day, which we refer to as active kiosks and terminals. The period end numbers of our kiosks and terminals are calculated as an average of the number of active kiosks and terminals for the last 30 days of the respective reporting period.

(4) Number of active QIWI Wallet accounts is defined as the number of wallets through which at least one payment has been made or that have been loaded or reloaded in the 12 months preceding the end of the relevant reporting period.

(5) Payment Services segment net revenue yield is defined as Payment Services segment net revenue divided by Payment Services payment segment volume.

(6) Factoring and bank guarantees portfolio (EOP) of our ROWI project issued to legal entities *(for the description of the ROWI project see Item 4. B Corporate and Other).*

A. [RESERVED]

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors

In conducting our business, we face many risks that may interfere with our business objectives. Some of these risks relate to our operational processes, while others relate to our business environment. It is important to understand the nature of these risks. If any of the following risks actually occurs, it may materially harm our business, results of operations or financial condition.

Risk Factors Summary

Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our actual results to be negatively affected. Set forth below is a summary of the principal risks associated with an investment in our ADSs:

Risks Relating to Current Geopolitical Environment

- The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition;
- Trading in our ADSs has been halted by Nasdaq and there can be no assurance when or if it will resume, while trading in our ADSs on the Moscow Exchange is subject to certain limitations;
- A vast majority of major Western businesses, including a number of companies whose products are important to our business, have suspended, wound down or substnatially scaled back activities in Russia;

Risks Relating to Our Business and Our Assets

- The financial services industry is highly competitive, and we have a vast number of competitors that are larger and have greater financial and other resources;
- Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations;
- We have become subject to lawsuits in connection with the abrupt decrease in our share price caused by our disclosure of the restrictions introduced by the CBR with respect to Qiwi Bank's operations in December 2020;
- Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up;
- Our profitability depends on our ability to maintain or increase our payment services average net revenue yield;
- If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, or if any of the new products we roll out are unsuccessful, the use of our services could decline, and we could experience a decline in revenue and an inability to recoup costs;
- We are subject to the economic risk and business cycles of our merchants, partners and agents and the overall level of consumer spending;
- If customer or merchant confidence in our business deteriorates, our business, financial condition and results of operations could be adversely affected;
- A decline in the use of cash as a means of payment or a decline in the use of kiosks and terminals may result in a reduced demand for our services;
- We are subject to extensive government regulation;
- Events outside of our control, including public health crises, may negatively affect consumer spending and our business;
- We may not be able to complete or integrate successfully any potential future acquisitions, partnerships or joint ventures;
- Our compliance processes, procedures and controls with respect to the rules and regulations that apply to our business may prove insufficient;
- Our systems and our third-party providers' systems may fail due to factors beyond our control, which could interrupt our service, cause us to lose business and increase our costs;
- Unauthorized or improper disclosure of data, whether through cybersecurity breaches, computer viruses or otherwise, could expose us to direct loss, liability, protracted and costly litigation and damage our reputation;
- Customer complaints, actual or perceived failures of our customer service function or negative publicity about our customer service could materially adversely affect the attractiveness of our services;

- Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business;
- Our business is exposed to counterparty and credit risks;
- Our bond portfolio could decline in value, which may result in financial losses and have a negative effect on our compliance with banking prudential ratios;
- We may not be able to successfully protect our intellectual property and may be subject to infringement claims;
- Starting from 2023, certain Russian companies might be required to use primarily domestic Russia-produced software and hardware;
- In a dynamic industry like ours, the ability to attract, recruit, retain and develop qualified personnel is critical to our success and growth;
- Our operations may be constrained if we cannot attract or service future debt financing.

Risks Relating to Corporate Governance Matters and Organizational Structure

- The substantial share ownership position of the Chairman of our board of directors, Sergey Solonin, may limit your ability to influence corporate matters;
- Our ADS holders have limited rights in relation to the appointment of our directors, including our independent directors;
- We cannot guarantee that our shareholders will approve our buyback program or that we will buyback any of our ordinary shares represented by ADSs pursuant to the buyback program, if approved, or that our buyback program will enhance long-term shareholder value;
- 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 US state laws;
- Acquisitions of Russian entities are subject to pre-closing approval by multiple government authorities which exercise significant discretion as to whether a consent should be granted or not, and are regulated by a significant body of law which is often ambiguous and open to varying interpretations;
- As a foreign private issuer whose ADSs are listed on Nasdaq, we have elected to follow certain home country corporate governance practices instead of certain Nasdaq requirements;
- Our ADS holders may not have the same voting rights as the holders of our class A shares and class B shares and may not receive voting materials in time to be able to exercise their right to vote. Our ADS holders' right to receive certain distributions may be limited in certain respects by the deposit agreement.

Risks Relating to the Russia and Other Markets in Which We Operate

- Emerging markets such as Russia are subject to greater risks than more developed markets, including significant legal, economic and political risks;
- Know-your-client requirements established by Russian anti-money laundering legislation may adversely impact our transaction volumes;
- Political and governmental instability could adversely affect the value of investments in Russia;
- Deterioration of Russia's relations with other countries could negatively affect the Russian economy and those of the nearby regions;
- Economic instability in Russia could have an adverse effect on our business;
- The implementation of government policies in Russia targeted at specific individuals or companies could harm our business as well as investments in Russia more generally;
- The immaturity of legal systems, processes and practices in Russia may adversely affect our business, financial condition and results of operations;
- Shareholder liability under Russian corporate law could cause us to become liable for the obligations of our subsidiaries.

Risks Relating to Taxation

- Global anti-offshore measures may have adverse impact on our business, financial condition and results of operations;
- Significant change of substance requirements in certain jurisdictions may adversely impact our business;
- Weaknesses and changes in the Russian tax system could materially and adversely affect our business and the value of investments in Russia;
- Our business in Russia may be deemed to receive unjustified tax benefits;
- Our Russian subsidiaries are subject to tax audits by Russian tax authorities which may result in additional tax liabilities;

- Russian transfer pricing legislation may require pricing adjustments and impose additional tax liabilities with respect to all controlled transactions;
- Cyprus transfer pricing legislation may require pricing adjustments and impose additional tax liabilities with respect to intra group financing transactions and/or all related party transactions;
- We may encounter difficulties in obtaining lower rates of Russian withholding income tax envisaged by the Russia-Cyprus double tax treaty for dividends distributed from Russia;
- We may be deemed to be a tax resident outside of Cyprus;
- Our companies established outside of Russia may be exposed to taxation in Russia;
- Russian anti-offshore measures may have adverse impact on our business, financial condition and results of operations;
- The Russian thin capitalization rules allow for different interpretations, which may affect our business, results of operations and financial condition
- ADS holders outside of Russia may be subject to Russian tax for income earned upon a sale, exchange or disposal of our ADSs;
- Income in the form of material benefit from the acquisition of the ADSs below the fair market value may be subject to Russian personal income tax
- Depending upon the value and the nature of our assets and the amount and nature of our income over time, we could be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

Risks Relating to our ADSs

- The class B shares underlying the ADSs are not listed and may be illiquid;
- Our ADSs trade on more than one market and this may result in increased volatility and price variations between such markets;
- Future sales of ADSs or ordinary shares by significant shareholders could cause the price of our ADSs to decline;
- Investors in our ADSs may have limited recourse against us, our directors and executive officers because we conduct our operations outside the United States and most of our current directors and executive officers reside outside the United States.

Risks Relating to Current Geopolitical Environment

The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition.

The Ukraine crisis, which started in late 2013 and escalated into a major military conflict between Russia and Ukraine in February 2022, has had a devastating effect on Russian relations with the West. In response to the Ukraine crisis, Ukraine, the European Union, the United Kingdom and the United States (as well as numerous other countries such as Switzerland, Japan, Norway, Canada and Australia) have passed a variety of economic sanctions against numerous Russian banks, other companies, private individuals, and whole sectors of the Russian economy, as well as export restrictions and "sectoral" sanctions affecting specified types of transactions with named participants in certain industries, including named Russian financial institutions, and sanctions that prohibit most commercial activities of U.S., UK and EU persons in Crimea and Sevastopol as well as the so-called Luhansk People's Republic and the so-called Donetsk People's Republic. While the scope of sanctions has been expanding since 2014, when they were first introduced in response to annexation of Crimea, February, March and April 2022 saw the imposition of extremely severe measures that have hitherto been unprecedented. Introduction of further economic or trade sanctions remains highly likely as the conflict in Ukraine develops.

Several of Russia's largest banks, including Sberbank, VTB, OtkritieBank ("Otkritie"), and Alfa-Bank, which together account for a vast majority of Russia's banking sector, as well as a number of lesser banks are now on the U.S. Department of the Treasury's Office of Foreign Assets Control's List of Specially Designated Nationals and Blocked Persons (SDNs), such that their property in the U.S. is blocked and U.S. persons are prohibited from transacting with them, and are also subject to various EU and UK sanctions. On March 2, 2022, a number of major Russian banks were banned from the SWIFT system by the EU.

On February 28, 2022, OFAC prohibited U.S. persons from engaging in transactions with the CBR, effectively immobilizing any assets of the CBR held in the United States or by U.S. persons, wherever located, and preventing the CBR from deploying its international reserves held in the United States. This measure undermined the CBR's ability to act as a lender of last resort and, according to rating agencies, impaired what had been Russia's standout credit strength, namely its net external liquidity position. The EU also imposed a broad range of sanctions against the CBR, including a ban imposed on March 10, 2022 on transactions related to

the management of reserves and assets of the CBR. The UK also imposed sanctions on CBR on March 1, 2022, prohibiting UK individuals/entities from providing financial services for the purpose of foreign exchange reserve and asset management to CBR.

On February 24, 2022, the U.S. Department of Commerce, Bureau of Industry and Security issued a final rule implementing significant new Russia export controls license requirements and licensing policies, meaning that a license is now generally required for the export, reexport or transfer (in country) of nearly all items subject to the Export Administration Regulations to Russia, including electronics, computers, telecommunications and information security. Certain similar export restrictions have been introduced by the EU and the UK as well.

In April 2022, President Biden signed into law an act which suspends normal trade relations between the U.S. and the Russian Federation, and prohibited new investment in the Russian Federation by a United States person, wherever located, and the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any category of services as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, to any person located in the Russian Federation.

These and other numerous sanctions introduced in the wake of the full-blown military conflict in Ukraine, particularly the cut-off of CBR's access to its international reserves, resulted in rapid deterioration of Russia's financial ecosystem, liquidity issues at numerous players in the industry, widespread bank runs, and foreign currency shortages. By March 4, 2022, the official Central Bank-issued ruble exchange rate dropped to 111.76 per dollar, compared to 75.76 per dollar on February 21, immediately prior to the escalation, representing a 48% drop over the course of less than two weeks, although the Rouble subsequently regained much of the positions its lost due to harsh measures introduced by the Russian government and Central Bank.

To mitigate the high exchange rate and financial market volatility, and to preserve remaining foreign currency buffers, Russia's authorities have introduced capital-control measures that prevent currency outflows. In addition, Russia has imposed, or is considering, other severe measures aimed at mitigating the effect of sanctions, including significant restrictions on foreign companies executing transactions and generally doing business in Russia, nationalization of foreign-held businesses under certain circumstances, criminalization of compliance with sanctions, and others. The sanctions imposed on Russia together with its retaliatory response have materially impaired ability of Russian entities to execute cross-border transactions.

All three major ratings services lowered Russia's credit score deep into junk territory, with Russian banks' corporate ratings following suit. The rating agencies expect a sustained disruption to the economy and financial sector.

In addition, in response to the Ukraine conflict, numerous companies from the U.S., the EU, the UK and other countries have suspended, wound down or substantially scaled back their Russian operations, or announced plans to do so, for reputational reasons even where not necessitated by the sanctions regime. It has been observed that businesses from the United States, the European Union, the United Kingdom and certain other countries, are exhibiting an overall trend of avoiding any associations with Russia. On March 5, 2022, Visa and Mastercard suspended membership of all their Russian members, rendering Qiwi Bank unable to issue Visa and Mastercard cards, and Russian consumers unable to execute purchases from most foreign merchants, which is expected to have a negative, albeit limited, effect on our payment volumes due the shutdown of cross-border transactions. See "- *A vast majority of major Western businesses, including a number of companies whose products are important to our business, have suspended, wound down or substantially scaled back activities in Russia.*"

Discussions are constantly ongoing with respect to introduction of further sanctions, including various limits on trade in energy with Russia (in addition to those already introduced), which represent a major source of income for the country. If such measures are adopted, this could further exacerbate the economic crisis unraveling in Russia.

Certain sanctions, thus far only imposed by Ukraine, and Russian countersanctions instituted in response to such sanctions, directly target payment services providers such as ourselves (see *"– We are subject to extensive government regulation"*). There can be no assurance that additional sanctions affecting our company will not be imposed by Russia or other countries.

These sanctions have had and will continue to have the effect of damaging the Russian economy to the point of likely sending it into a major recession in 2022-2023. See "*– We are subject to the economic risk and business cycles of our merchants, partners and agents and the overall level of consumer spending*".

Some of our agents, merchants or other clients, although mostly not incorporated in Crimea, may have operations there. Since 2014, Crimea has been subject to comprehensive, "country-based" sanctions by the U.S., EU, UK and certain other countries. If we are deemed to be in violation of any sanctions currently in place or if any new or expanded sanctions are imposed on Russian businesses

operating in Crimea by the U.S., EU, UK or other countries, our business and results of operations may be materially adversely affected.

In the ordinary course of our business, we may accept payments from consumers to, or otherwise interact with certain entities that are the targets of U.S. sanctions. We operate primarily within the Russian financial system and, accordingly, have various kinds of relationships with all of the banks that have been sanctioned since 2014, although we do not believe such relationships to be material to any of them.

In addition, because of the nature of our business, we do not generally identify our customers where there is no express requirement to do so under Russian anti-money laundering legislation. Therefore, we are not always able to screen them against the Specially Designated Nationals and Blocked Persons List published by OFAC and other sanctions lists. Furthermore, there can be no assurance that our customers are not accessing our services from a sanctioned territory.

We believe that our interaction with sanctioned Russian banks and potential interaction with designated individuals, as well as other interactions we may potentially have with entities and persons that may be subject to U.S., EU or UK economic and financial sanctions does not contravene any law.

Our business and reputation could be adversely affected if we were to be designated under any sanctions program. Investors will be adversely affected if we are so designated, resulting in their investment in our securities potentially being prohibited or restricted. Furthermore, some U.S., UK or EU investors may decide for legal or reputational reasons to divest their holdings in us or not to purchase our securities in the first place, which may adversely affect the liquidity and price of our ADSs.

Furthermore, although sanctions introduced against Otkritie, which was added by OFAC in its List of Specially Designated Nationals and Blocked Persons on February 24, 2022, and subjected to an EU asset freeze on April 8, 2022, and a UK asset freeze on February 28, 2022, do not extend to our company as we are not owned 50% or more or otherwise controlled by Otkritie, we believe that the ownership of a sizable stake in our company by an SDN may be perceived as a negative by certain investors, adversely affecting the perception of our company and the price of our ADSs.

Even prior to February 2022, there have been initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to adopt or consider adopting laws, regulations, or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with certain countries. Such plans can be expected to become widespread reality in the course of 2022 given the prevailing anti-Russian sentiment in the international business community, including the investing community. It has been widely reported that Western investors are actively avoiding any investments with Russian connections. These factors have already had and will continue to have a material adverse effect on the price of our ADSs. Even if we are not subjected to U.S. or other economic sanctions, our participation in the Russian financial system and interaction with sanctioned banks and potential interaction with designated individuals adversely impacts our reputation among investors, who may not be willing to own our ADSs regardless of any underlying health of our business purely by reason of our association with Russia. There is also a risk that other entities with which we engage in business, or individuals or entities associated with them, are, or at any time in the future may become, subject to sanctions.

As part of Russia's response to Western sanctions, a law was adopted requiring Russia-domiciled companies to terminate foreign depositary programs, under which the depositary receipts of such companies are listed on foreign stock exchanges. This doesn't apply to our Company since it is registered in Cyprus. However, if the scope of such law is extended to companies that predominantly do business in Russia regardless of domicile, or if we are otherwise forced to terminate our depositary program or undertake a delisting, this would result in the cancellation of our ADRs, with the underlying shares represented by those ADRs being distributed to shareholders, and the delisting of our ADSs from the Nasdaq. Our underlying shares are not listed and are illiquid. The mechanics and timing relating to how the ADRs will be converted into the underlying shares remains uncertain. Recipients of such underlying shares may also be subject to restrictions on holding these (either as a matter of applicable law or their own policies). Any such event could render any investment in our ADSs entirely illiquid.

Nadiya Cherkasova and Elena Titova, who had been members of QIWI's Board of Directors since 2018 and 2019, respectively, were designated under US and EU sanctions. Nadiya Cherkasova resigned from her Board positions at QIWI on March 21, 2022, prior to her designation, while Elena Titova resigned on the same day she was designated, April 20, 2022. To date, neither QIWI nor any of its subsidiaries have been sanctioned by either the United States, the EU or the United Kingdom as a specific target of their respective Ukraine related sanctions. No assurance can be given, however, that any such individual or entity will not be so designated in the future. There can similarly be no assurance that broader sanctions against Russia affecting our company will not be imposed, or that Russia will not adopt measures in response to sanctions that would have a negative effect on us. Any measures targeting non-Russian shareholders or offshore holding companies of Russian businesses would materially adversely affect our business and the rights of our

international investors. The potential further repercussions surrounding the situation in Ukraine are unknown and no assurance can be given regarding the future of relations between Russia and other countries. Overall, the military conflict in Ukraine is continuing to unravel, and we cannot predict how it will unfold or the impact it will have on our business or results of operations. Additionally, relations between the US and Russia have become strained over a variety of other issues, which could result in further sanctions against Russia or specific individuals, entities or economy sectors. *See "– Deterioration of Russia's relations with other countries could negatively affect the Russian economy and those of the nearby regions".* Any or all of the above factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Trading in our ADSs has been halted by Nasdaq and there can be no assurance when or if it will resume, while trading in our ADSs on the Moscow Exchange is subject to certain limitations

On February 28, 2022, trading on the Moscow Exchange in all equity securities was suspended (including our ADSs), which suspension was later extended until the limited resumption of stock trading on the Moscow Exchange on March 24, 2022, and the full resumption of stock trading on the Moscow Exchange on March 28, 2022. Also, on February 28, 2022, the Nasdaq Global Select Market halted trading in our ADSs and stocks of certain other Russian companies. There can be no assurance when or if such trading halt will be lifted and the trading in our ADSs will resume. For as long as such trading halt is in place, our ADSs remain effectively illiquid. If such trading halt ultimately results in a delisting, there will no longer be a liquid market for our ADSs, and our investors will lose a substantial portion of their investment.

Trading in our ADSs on the Moscow Exchange was suspended on February 28, 2022 and resumed on March 29, 2022. Under recently adopted legislation, however, non-Russian investors are not permitted to sell shares on the Moscow Exchange. Moreover, because the international settlement systems have currently suspended interactions with their Russian counterparts, it is currently not possible for trades to settle between investors that acquired our ADSs on Nasdaq and investors on the Moscow Exchange, and the volume of our ADSs available for trading on the Moscow Exchange is limited. The trading value of our ADSs on the Moscow Exchange may therefore be different from the value at which they would trade if all of our ADSs were available for trading. We can provide no assurance as to when or whether non-Russian investors will be permitted to effect trades on the Moscow exchange or when or whether the settlement systems will permit trading in all of our ADSs.

A vast majority of major Western businesses, including a number of companies whose products are important to our business, have suspended, wound down or substnatially scaled back activities in Russia.

A vast majority of major Western businesses have suspended, wound down or substantially scaled back activities in Russia or stopped dealings with Russian counterparts due to what ostensibly is a combination of compliance, political, reputational, and other reasons, in a manner that goes significantly beyond the mere compliance with applicable sanctions. Such businesses include, among others, software providers such as Oracle and hardware providers such as ForcePoint, and Cisco, the use of the products and services of which is material to our operations. Accordingly, we may face the risk of interruptions to our normal operations due to the need to replace such products and services and integrate alternative solutions on an emergency basis, and our business, financial condition and results of operations could be materially adversely affected as a result.

Risks Relating to Our Business and Industry

The financial services industry is highly competitive, and we have a vast number of competitors that are larger and have greater financial and other resources.

The financial services industry in which we operate with our payment services and other financial services that we provide is highly competitive, and our ability to compete effectively is therefore of paramount importance. In all countries where we operate, we face competition from a variety of financial and non-financial business groups. These competitors include retail banks, non-traditional payment service providers (such as retailers and mobile network operators, or MNOs), electronic payment system operators, as well as other companies which provide various forms of banking and payment solutions or services, including electronic payments, payment processing services, lending and other services. Competitors in our industry seek to differentiate themselves by features and functionalities such as speed, convenience, network size, accessibility, safety, reliability and price, among others. A significant number of our competitors have greater financial, technological and marketing resources than we have, operate robust networks and are highly regarded by consumers.

Our key competitors in Russia are retail banks, particularly those with a focus on well-developed electronic payment solutions, including Sberbank, Russia's largest bank that is majority-owned by the Russian state, which benefits from a large retail network, Alfa-Bank, one of the leading privately owned Russian retail banks, and Tinkoff Bank, which positions itself as a specialized bank focused on innovative online retail financial services. Sberbank has long adhered to the strategy of innovation in the financial and

payments space and has been focusing on the promotion of alternative banking channels, such as kiosks, internet banking and mobile banking. Sberbank is the market leader of the Russian payments market, has access to significant financial resources, and possesses an extensive nationwide network of branches. It actively develops its online payment services capabilities, including through its online and mobile banking platform Sberbank Online and through YooMoney, one of the major electronic payment service providers in Russia formerly operated through a joint venture with Yandex, a leading Russian diversified technology company, which Sberbank bought out entirely in 2020. These factors give Sberbank a substantial competitive advantage over us in the payments business as well as any other financial services businesses that we pursue or may pursue. Additionally, Sberbank is pursuing a strategy to transform itself into a multi-purpose digital ecosystem offering, in addition to its core banking and payments products, a variety of diverse online services including e-commerce, entertainment, telemedicine, and others. The increasing domination of a major bank such as Sberbank in various online services, particularly e-commerce, may make customer acquisition and retention more complex and costly for smaller independent payment services providers such as ourselves.

Our other major competitors in the banking industry include Alfa-Bank, a major retail bank that combines a strong competitive position in the traditional retail banking sector with a focus on developing innovative financial and payments solutions, and Tinkoff Bank, which is a provider of online retail financial services operating in Russia through a high-tech branchless platform. Numerous other Russian banks are also actively pursuing the electronic payments business and developing various consumer payment solutions.

Tinkoff is also our major competitor in the self-employed servicing market, which is important to us as a key strategic growth stream. We provide different complex payment and payout solutions to diverse businesses, such as taxi companies (payments to taxi drivers) or delivery businesses (payments to couriers). These products are somewhat similar in nature to salary programs and certain other products offered by traditional retail banks, thereby exposing us to competition from all banks that offer such services for self-employed, particularly those similarly focused on convenience of on-boarding and use as well as customizable and user-friendly interfaces, such as Tinkoff and other major Russian banks with actively developing self-employed individuals and sole entrepreneurs servicing programs.

The competition in the digital money transfer services space is also further intensifying as key market players including retail banks develop and digitalize their products. Recently the Central Bank of Russia (“CBR”) in cooperation with other banks established an instant payment system (“IPS”), in which all major Russian retail banks participate, and which enables instantaneous money transfers between accounts at different banks with the only piece of identification needed for a transfer being the person’s cell phone number. It may prove difficult for our digital money remittance solutions to compete with such system on the basis of convenience, price, or otherwise, particularly since it often features zero or relatively low commissions. There can be no assurance that the commissions within the IPS will not further decrease, whether as a result of a regulatory action or a market trend.

Another CBR initiative that may adversely affect our business is the proposed introduction of the “digital Ruble”, an officially sanctioned cryptocurrency stored and exchanged via a CBR-operated platform that will exist alongside the traditional monetary system in Russia. According to public sources, the introduction of the digital Ruble has the potential to cause an outflow from the Russian banks of up to 9 trillion Rubles (approximately USD 119 billion) in liquidity by 2024. The electronic payments businesses may be similarly adversely affected. The CBR has announced plans to develop the digital Ruble legal framework and to test the digital Ruble platform in cooperation with a number of Russian banks in 2022. The introduction of the digital Ruble may have a significant impact on the competitive landscape in the payments industry.

Our competitors in the payments business also include non-traditional payment service providers that engage in payment services as a non-core business. In particular, we compete with the Russian Federal State Unitary Enterprise Postal Service, or Russian Post, which offers certain payment services. Russian Post’s geographical penetration is at least as dispersed as our physical distribution network (i.e. our kiosks and terminals). It also co-owns, in a joint-venture with the Russian state-controlled VTB Bank, the full-service commercial bank Pochta Bank. As a state-sponsored institution, we believe that it is able to provide payment services at significantly lower prices than we are able to match profitably. We also face competition from other non-traditional payment service providers that have substantial financial resources, such as major tech businesses branching out into fintech, including Yandex, which is expected to develop its own fintech products following its recent acquisition of a captive bank, Russian leading marketplace Ozon, which is also developing a captive bank, Alibaba with its financial services subsidiary Ant Financial, VK (formerly Mail.ru Group), and MNOs, in particular the Russian “Big Three” MNOs, MegaFon, VimpelCom and MTS, as well as their closest competitor Rostelekom, all of which have developed various payment solutions. Yandex in particular is the market leader in the Russian ride-hailing business which we actively service, and accordingly we could face intense competition from them in this sector. In February 2021, VK, Alibaba Group, MegaFon and Russian Direct Investment Fund (RDIF) signed binding agreements to create two joint ventures, one in the payments business and the other in financial services. The payments joint venture is to acquire VK’s payment service Money.Mail.ru and the payment system VK Pay operated by VK’s subsidiary VKontakte, Russia’s major social network company. In October 2021, VK reported that although the joint ventures agreed in February 2021 might not be implemented in the exact form that has been agreed then, their launch in the foreseeable future is still in the works. As is the case with Sberbank’s increased presence in online services

including e-commerce, creation of proprietary payment solutions by major IT companies may make customer acquisition and retention more complex and costly for smaller independent payment services providers such as ourselves, since tech companies' captive payment services providers are likely to be promoted heavily by their parent companies with respect to the online services they offer. In addition, non-traditional payment service providers also include smartphone manufacturers such as Samsung and Apple. New competitors may penetrate the Russian electronic payment market as well, including established international players such as MoneyGram or Google.

Globally and in Russia, there is a steady influx of new fintech businesses looking to challenge and disrupt the payments and financial services industry. These include so-called "challenger banks" such as Starling, Monzo, N26, Revolut, Atom and Tandem, who develop various digital banking and financial services and compete with various aspects of our services offering (to the best of our knowledge, none of the aforementioned companies has entered the Russian market as of the date hereof). Since the development in the fintech space is rapid, new categories of non-traditional financial service providers may emerge in the future that may be difficult to currently anticipate. *See "– If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, or if any of the new products we roll out are unsuccessful, the use of our services could decline, and we could experience a decline in revenue and an inability to recoup costs".*

We also compete against some directly comparable businesses, such as electronic payment system operators (primarily YooMoney, WebMoney and PayPal) and kiosk, terminal and e-wallet operators, including Comepay and Elecsnet.

In recent years, we have started expanding our product portfolio beyond our traditional payment services business to include other types of financial services, such as factoring, digital bank guarantees services and online loans to public procurement tender participants and marketplaces suppliers, which we offer through our ROWI project (formerly known as Factoring PLUS, rebranded in 2021). In connection with each of these projects, we face intense competition from a multitude of commercial and retail banks. Such banking institutions often have more established businesses in the various services similar to those offered by us. While we seek to differentiate our products from the competition on the basis of enhanced user experience, price and add-on features, there cannot be any assurance that we will be successful in doing so due to the number of competitors and their level of sophistication.

The CBR has announced plans to commence creation in 2022 of a regulatory framework for so-called non-banking financial services providers that, among other things, will be able to process and transfer payments and open e-wallets, and participate directly in payment systems without the need to engage an acquiring bank. This initiative is aimed at lowering the barriers to entry into the payment services market in Russia, and accordingly requirements towards such providers are expected to be lower than those towards banking institutions, such as ourselves, which could have the effect of intensifying competition in our markets and affecting a number of our revenue streams, including payment processing and acquiring services. Certain merchants that we service may opt to become non-banking financial services providers, which would obliviate their need for our services.

Any increase in competition by other market participants, or any shift of customer preferences in their favor due to any real or perceived advantages of their products, could result in a loss of consumers and harm our payment volumes, revenues and margins. As major commercial and retail banks increase their online and virtual presence and come up with increasingly sophisticated products directly competing with our core competencies, our competitive position could be severely undermined, resulting in reduced demand for our products, both with respect to our payment services business and the other financial services projects that we are pursuing. If we are unable to compete successfully for consumers, agents, merchants or other partners, our business, financial condition and results of operations could be materially adversely affected.

Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations.

Qiwi Bank is central to the operation of all of our key business segments as it provides issuing, acquiring and deposit settlement functions within our group, and is the banking institution behind those products of our ROWI offering that require a banking license, such as digital bank guarantees and online loans to public procurement tender participants and marketplaces suppliers.

All banks and non-banking credit organizations operating in Russia are subject to extensive regulation and supervision. Requirements imposed by regulators, including capital adequacy, liquidity reserves, prudential ratios, loss provisions and other regulatory requirements are designed to ensure the integrity of the financial markets and to protect consumers and other third parties with whom a bank deals. These regulations may limit our activities, and may increase our costs of doing business, or require us to seek additional capital in order to comply with applicable capital adequacy or liquidity requirements. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Russian banks also have extensive reporting obligations, including, without limitation, disclosure of financial statements, various operational indicators, and affiliates and persons who exercise (direct or indirect) influence over the decisions taken by the

management bodies of the bank. The CBR may at any time conduct full or selective audits of any bank's filings and may inspect all of its books and records.

Qiwi Bank has been the subject of CBR investigations in the past that have uncovered certain violations and deficiencies in relation to, among other things, reporting requirements, anti-money laundering, cybersecurity, compliance with applicable electronic payments thresholds requirements and other issues which we believe we have generally rectified. In the second half of 2020, the CBR, acting in its supervisory capacity, performed another routine scheduled audit of Qiwi Bank for the period of July 2018 to September 2020 and, in the course of this audit, has identified certain violations and deficiencies relating primarily to reporting and record-keeping requirements. The monetary fine imposed on Qiwi Bank as a result of these findings was RUB 11 million, or approximately USD 150,000 at the time. In addition, the CBR introduced certain restrictions with respect to Qiwi Bank's operations, including the suspension or limitation of most types of payments to foreign merchants and money transfers to pre-paid cards from corporate accounts, effective for six months from December 7, 2020. We believe that the restrictions imposed on us were primarily driven by an evaluation of the overall approach of the CBR to the interpretation of the applicable e-payments regulation and general trends towards increased scrutiny in the areas of cyberspace and cross-border payments that we have been observing recently rather than specific deficiencies identified. Later in January 2021, as reported in the media, similar restrictions were imposed on our key competitor YooMoney, one of the major electronic payment service providers in Russia currently wholly-owned by Sberbank. As a result of close cooperation with the CBR, all restrictions with respect to QIWI expired in May, 2021. The restrictions introduced by the CBR have had a substantial negative effect on our business, financial condition and results of operations, primarily through decreasing the volumes in our E-Commerce and Money Remittance market verticals, and as a result, our revenues and profits. We believe that our abrupt termination of services of a large number of merchants has likely also had reputational risks for us that are difficult to quantify or assess. The recovery of the payment volume and revenue lost in the wake of the CBR restrictions has been affected by changes in consumer behavior and legal framework, and we anticipate that these revenue streams may never be fully restored, in particular since we are limited in our ability to onboard payment aggregators (and thus enable access to our platform to multiple merchants at the same time) as we need to ensure in each case that the use of such intermediaries does not affect our compliance with the requirement to only onboard "whitelisted" betting merchants that was introduced in 2021 (see "*– Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up*").

Our past and future operations may also be subject to greater scrutiny from the CBR as a result of these events. There can be no assurance that new sanctions will not be imposed on us as a result of any past or future findings and that we will not come under greater CBR scrutiny in connection with any perceived deficiencies in our conduct, or that any currently planned or future inspections will not result in discovery of any significant or minor additional violations of various banking regulations, and of what sanctions the CBR may impose on us in connection with such deficiencies or violations. Any such sanctions could have a material adverse effect on our business, financial condition and results of operations.

Additionally, some of our new projects require significant funding and therefore put certain pressure on the ability of Qiwi Bank to comply with applicable capital requirements and other prudential ratios, while through other operations we are engaged in managing substantial amounts of consumer's funds. All these factors increase our potential exposure to regulatory risks. Moreover, additional scrutiny may be expected in connection with our involvement in our past projects, Tochka, SOVEST and Rocketbank, as they have extended the scope of traditional commercial and retail bank services that Qiwi Bank was previously providing. With respect to Tochka, SOVEST and Rocketbank, given that the businesses were divested or discontinued, we may not have all necessary archive materials that the regulator may require and may not be able to retrieve such documents upon request. Any failure to meet any demands of the regulator in this respect could result in additional sanctions on us by the CBR.

Any breach of applicable regulations could expose us to potential liability, including fines, prohibition to carry out certain transactions, introduction of temporary administration by the CBR and in certain instances the revocation of our banking license. Revocation of Qiwi Bank's banking license would render us unable to process payments and provide most of our services, and may result in a material decrease of our profitability, and any actual or perceived breach by us of any applicable banking laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

We have become subject to lawsuits in connection with the abrupt decrease in our share price caused by our disclosure of the restrictions introduced by the CBR with respect to Qiwi Bank's operations in December 2020.

Following our disclosure of the restrictions imposed by the CBR on us in December 2020 (see "– *Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations*"), we and certain of our current and former executive officers have been named as defendants in two lawsuits in the United States District Court for the Eastern District of New York that were filed in December 2020 and January 2021 and have been coordinated before the same judge. These lawsuits allege that the defendants made certain false or misleading statements that were supposedly revealed when the CBR audit results and restrictions were disclosed in December 2020, which the plaintiffs perceive as a violation of Sections 10(b) and 20(a) of the 1934 Securities Exchange Act, and seek damages and other relief based upon such allegations. We believe that these lawsuits are without merit and intend to defend against them vigorously, and we expect to incur certain costs associated with defending against these actions. At this early stage of the litigations, the ultimate outcomes are uncertain and we cannot reasonably predict the timing or outcomes, or estimate the amount of loss, if any, or their effect, if any, on our financial statements. Any litigation to which we are a party may result in an onerous or unfavorable judgment that may not be reversed on appeal, or we may decide to settle lawsuits on unfavorable terms. Any such negative outcome could result in payments of substantial monetary damages and accordingly our business could be seriously harmed. Regardless of the final outcome, defending these claims is costly and can impose a significant burden on management and employees, and we may receive unfavorable preliminary, interim, or final rulings in the course of litigation, which could seriously harm our business.

Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up.

We provide payment processing and acquiring services to a number of merchants in the betting industry. Processing payments to such merchants and processing of winnings to QIWI Wallets constituted approximately 21.4%, 24.6% and 15.1% of our Payment Services segment payment volume for the periods ended December 31, 2019, December 31, 2020 and December 31, 2021, respectively. These volumes were included in our E-commerce market vertical. We also provided winning repayment services to such merchants, including processing of winnings to banking cards that were included in our Money Remittances market vertical net revenue. The repayment of winnings by such merchants to the customers' QIWI Wallets is an important and economically beneficial reload channel, contributing to the attractiveness and sustainability of our ecosystem. For reasons discussed below, this revenue stream has been, and may continue to further be, materially adversely affected by legislative developments.

The betting industry is subject to extensive and actively developing regulation in Russia, as well as increasing government scrutiny. Prior to October 2021, legislation then in force required bookmakers to become members of one of the self-regulated organizations of bookmakers and abide by its rules, and to accept interactive bets solely through an Interactive Bets Accounting Center (TSUPIS) set up by a credit organization in cooperation with a self-regulated association of bookmakers. In order to enable our participation in this industry, in 2016 QIWI Bank established a TSUPIS together with one of such self-regulated associations of bookmakers, and we thereby became one of the two payment services providers that were able to accept electronic bets on behalf of sports betting companies in Russia.

In December 2020, a new law was adopted, abolishing the mandatory participation of bookmakers in self-regulated organizations, establishing a Unified Gambling Regulator as a new governmental agency with broad authority to oversee the betting market, and creating the role of a single Unified Interactive Bets Accounting Center ("ETSUP") to replace all of the existing TSUPIS. Although we have publicly made a proposal to serve as the Unified Interactive Bets Accounting Center pursuant to the new regulatory regime, our bid turned out unsuccessful, and the role of the ETSUP was assigned to another market participant. As a result, we have lost the ability to generate volume and income directly related to our TSUPIS business in Russia starting from 4Q 2021, although we have still been able to retain part of the betting revenues generated from QIWI Wallet services, including commissions for betting accounts top-ups and winning payouts. Our TSUPIS business and related acquiring services for the first nine months of 2021 accounted for 23% (or RUB 3,246 million) of the Payment Net Revenue in our Payment Services segment. The combined betting stream for the first nine months of 2021 represented 26% (or RUB 351.6 billion) of PS Payment Volume and 38% (or RUB 5,225 million) of the Payment Net Revenue in our Payment Services segment. Payment volume and revenue decline due to these changes will negatively affect the results of the E-commerce payment segment market vertical which included processing of payments for making the bets and the Money Remittance payment segment market vertical which included betting winning payouts through various types of payment methods, including QIWI Wallet. Any further significant change in betting legislation, or any adverse action by the ETSUP as a major participant in the industry may negatively affect the payment volume, revenue and margins of our Payment Services business, as well as overall usage of QIWI Wallet.

Under the Russian betting legislation, betting merchants may become "blacklisted" by the government if they have been found to be in violation of applicable Russian laws, in which case our remaining revenue generated from the betting industry as described above may further shrink. Furthermore, since 2021 Russian credit institutions have been prohibited from contracting with any betting merchants, including foreign ones, that are not on a list of specifically approved betting merchants maintained by the regulator. As a result, in effect only specifically "whitelisted" merchants are allowed to continue operating. A separate "black list" has been instituted with respect to foreign payment aggregators that are known to service backlisted betting merchants. All of these measures have resulted in a general shrinkage of the number of players in the industry and contraction of our related revenue streams, and have significantly increased the administrative burdens in onboarding merchants and in particular payment aggregators. Any regulatory developments that impose additional restrictions on the betting industry may result in the contraction of the betting sector or our remaining revenues from this market and therefore adversely affect the revenues, margins and payment net revenue yield of our E-commerce and Money Remittance market verticals, as well as decrease the attractiveness of our ecosystem to some of our consumers, and consequently negatively affect consumer engagement with our services.

If our involvement with the betting industry further diminishes and are unable to replace this business, if our current terms of doing business with the ETSUP become significantly less favorable, or if we face adverse regulatory or reputational consequences associated with servicing the betting industry, our business, financial condition and results of operations may be materially adversely affected.

Our profitability level depends on our ability to maintain or increase our payment services average net revenue yield.

One of the key measures we use to assess the performance of our payment services business is payment average adjusted net revenue yield, which we calculate by dividing payment adjusted net revenue by the total payment volume of the transactions we process. Our payment average adjusted net revenue yield may be affected by a number of factors, including changes in regulation, increased competition, pressure from merchants and/or agents and acquisitions. We have experienced declines in our payment average adjusted net revenue yield for certain merchant categories in the past, in particular for our Telecom merchants where the merchant fees were sharply reduced by the Big Three MNOs, who have been seeking to reduce costs, and may continue to do so in the future. We have also experienced, to a lesser extent, the declines of our net revenue yield in the Money Remittance and certain categories of E-Commerce market verticals. For example, in 2015, our average adjusted net revenue yield declined following the acquisition of the CONTACT money transfer system ("CONTACT") and the Rapida payment processing system ("Rapida") businesses, both of which operate with a significantly lower average net revenue yield than QIWI (excluding CONTACT and Rapida). Furthermore, our payment average adjusted net revenue yield may decline if we introduce new products that are important for expanding our ecosystem and growing our business, but are generally lower-yielding and thus dilute our net revenue yield Our payment average adjusted net revenue yield has been adversely affected, and may continue to be adversely affected, by the introduction of the IPS established by the CBR (see "– *The financial services industry is highly competitive, and we have a vast number of competitors that are larger and have greater financial and other resources*"), resulting in a shift of part of our digital money remittance volumes within our ecosystem from our card-to-card money transfer service to the IPS, leading to a decline in average commission in the Money Remittance market vertical and a compression of our payment average adjusted net revenue yield. In order to maintain our competitiveness, we must continue to ensure that our payment processing system provides a more convenient and attractive option for merchants, customers and partners than alternative systems that may not require payment of a processing fee. Retail banks and various payment service providers are constantly developing low to zero-commission payment channels for their consumers. To attract consumers, we also offer certain services on a commission-free basis, such as most peer-to-peer transfers within QIWI Wallet and certain payments in e-commerce. Despite our efforts, consumers may still choose to use other payment service providers, even if those providers do not offer the convenience that we do, because they charge lower fees. In addition, because merchants, partners and agents are able to switch between different payment service providers, we may face additional pressure to reduce the fees we charge due to increased competition from other payment service providers. In addition to market competition, our commissions may also come under pressure if any future laws and regulations are adopted that impose limits on various types of fees that we charge. Proposals to such effect are constantly being floated by various government agencies.

Our payment average adjusted net revenue yield is also impacted by the cost to us of consumers reloading their QIWI Wallet accounts. We make available to our consumers a large variety of methods to reload the QIWI Wallet accounts, including, among others, bank cards and accounts, mobile phone balances, kiosks and terminals and ATMs. Customers can also receive different payouts or money transfers to their wallets. The top up methods have different cost implications for us and such cost implications can change for different channels overtime. For example, on payments made through the kiosks and terminals owned by our agents, we historically have paid lower fees for reloading the QIWI Wallet than on most payments made from bank cards, as well as certain other channels. However, recently kiosks became a relatively more expensive top up channel for us. Additionally, since we provide payment services to merchants and consumers in the sports betting industry, betting accounts top-ups and betting gains received by our consumers into their QIWI Wallet accounts also represent an important and cost-efficient source of QIWI Wallets reloads, which could decline if our presence as a payment provider in the sports betting market diminishes for any reason (see "– *Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up*"). Similarly, our products for the self-employed individuals such as payout programs for taxi drivers, couriers, and similarly situated self-employed individuals, also account for a substantial amount of QIWI Wallets reloads that are cost-efficient to us, and any decline in this category could increase the average QIWI Wallet top-up cost. Should the relative weight of these reload channels in our total mix decline, this could put a negative pressure on our yields. We currently do not attempt to direct consumer preferences towards any particular reload methods. If reload methods that come at a higher cost to us were to constitute a larger proportion of our overall reload channels mix, our margins could be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

The December 2020 CBR order requiring us to suspend or limit most types of payments to foreign merchants (see "– *Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations*") has also put negative pressure on our yields, since such payments on average carried a higher commission.

Our payment services segment net revenue yield is also affected by changes in our payment average adjusted net revenue yield and by our ability to generate revenue from payment-related value-added services, as well as passive revenue such as interest income on the wallet balances we hold and revenue from fees for inactive accounts and unclaimed payments. If we are not able to generate such additional revenues for any reasons including regulatory restrictions (see "– *We are subject to extensive government regulation*"), intensified competition or other reasons outside of our control, our financial condition and results of operation could be materially negatively affected.

If payment average adjusted net revenue yield or payment services segment net revenue declines as a result of any of these or other factors, we will have to offset the financial impact of such decline by increasing our payment volume, through the development and enhancement of existing and new services and products. We cannot assure you that we will be able to increase our payment volumes or that any new services we introduce or new products we develop will be profitable. If we are unable to offset the decline in our payment average adjusted net revenue yield resulting from this and other factors, our business, financial condition and results of operations could be materially adversely affected.

If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, or if any of the new products we roll out are unsuccessful, the use of our services could decline, and we could experience a decline in revenue and an inability to recoup costs.

The financial services industry in which we operate is characterized by rapid technological change, new product and service introductions, evolving industry standards, changing customer needs and the entrance of more established market players seeking to expand into these businesses. In order to remain competitive, we continually seek to expand the services we offer and to develop new projects. These projects carry risks, such as delays in delivery, performance problems, lack of customer acceptance, failure to adequately assess the potential revenues and budget the expenses of a project and the amount of investment required by it, failure to anticipate potential pitfalls and issues, and misjudgment of a need for a particular product by the intended customer base, among other things. In our industry, these risks are acute. Any delay in the delivery of new services or the failure to differentiate our services or to accurately predict and address market demand could render our services less desirable, or even obsolete, to consumers, merchants or partners, and hurt our future prospects. For example, if alternative payment and financial products and services become widely available, thereby substituting our current products and services, and we do not develop and offer similar alternative products and services successfully and on a timely basis, our business and its prospects could be adversely affected. At the same time, if a new product we roll out or acquire fails to perform as anticipated, this could similarly adversely affect our business, financial position and results of operations. Since we position ourselves as a provider of next generation payment and financial services, many of these new products are based on business models that are unproven and are essentially start-ups launched to test a hypothesis based on various assumptions regarding consumer behavior patterns and demands. These assumptions may ultimately prove wrong and we may not be able to convert these hypotheses into sustainable businesses and recoup our investments made in such businesses. These risks have materialized in particular with respect to Rocketbank, which we acquired in 2017 and which we had to wind down in 2020, and with respect to our payment-by-installments card project SOVEST, which we divested in July 2020.

We may be unable to recover the costs we have incurred in developing, rolling out, implementing and marketing new products and services. Our development efforts could result in increased costs and we could also experience a loss in business that could reduce our earnings or could cause a loss of revenue if promised new services are not timely delivered to our clients, are not able to compete effectively with those of our competitors or do not perform as anticipated. As we enter markets that are new for us with our new products and services offerings, we face additional operational, regulatory and other risks that we may not be able to adequately address due to our lack of experience in such markets and the associated risks.

We also actively develop other new products, services and technologies, such as factoring and digital bank guarantees, products aimed at the self-employed market, and certain other projects. If our efforts in connection with any of such initiatives do not pay off as expected, this will result in the loss of our investment both in terms of money and management time, which could adversely affect our profitability.

Additionally, in order to remain competitive in an innovative industry such as ours, we have to make investments in start-up companies or undertake different research and development initiatives. If our investments in start-up companies or research and development initiatives do not yield the expected results, we may lose money, time and effort invested.

If we are unable to develop, adapt to or access technological changes or evolving industry standards on a timely and cost-effective basis, or if our new initiatives do not yield the expected results, our business, financial condition and results of operations could be materially adversely affected.

We are subject to the economic risk and business cycles of our merchants, partners and agents and the overall level of consumer spending.

The financial services industry depends heavily on the overall level of consumer spending, which affects each of our operating segments. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income or changes in consumer purchasing habits. Economic factors such as employment levels, business conditions, energy and fuel costs, interest rates, inflation rate and the strength of the ruble against foreign currencies (in particular the U.S. dollar) could reduce consumer spending or change consumer purchasing habits. A reduction in the amount of consumer spending could result in a decrease in our revenue and profits. If our merchants or partners make fewer sales of their products and services using our services or consumers spend less money per transaction, the volume of payments our Payment services segment processes will decline, resulting in lower revenue. A further weakening in the economy could have a negative impact on our merchants, as well as consumers who purchase products and services using our payment processing systems, which could, in turn, negatively impact our business, financial condition and results of operations, particularly if the recessionary environment disproportionately affects some of the market segments that represent a larger portion of our payment processing volume. In addition, these factors could force some of our merchants and/or agents to liquidate their operations or go bankrupt, or could cause our agents to reduce the number of their locations or hours of operation, resulting in reduced convenience of our service. We also have a certain amount of fixed costs, including salaries and rent, which could limit our ability to adjust costs and respond quickly to changes affecting the economy and our business.

Russia's economy has been facing significant challenges since 2014 due to the combined effect of the crisis in Eastern Ukraine, the deterioration of Russia's relationships with many Western countries, the economic and financial sanctions imposed in connection with these events on certain Russian companies and individuals, as well as against entire sectors of Russian economy, by the U.S., EU, Canada and other countries, a steep decline in oil prices, a record weakening of the Russian ruble against the U.S. dollar, a lack of access to financing for Russian issuers, capital flight and a general climate of political and economic uncertainty, among other factors. These factors have been greatly exacerbated by the escalation of the Ukraine crisis into a full-on military conflict and the resulting unprecedented sanctions and exodus of Western businesses from Russia, which are reportedly likely to send Russian economy into recession by 2023. (See "– *Economic instability in Russia could have an adverse effect on our business*" and "– *The situation in Ukraine and the U.S., EU and other sanctions that have been imposed could adversely impact our operations and financial condition*"). The COVID-19 pandemic and related lockdown measures have also contributed to the deterioration of the Russian economy. The Russian economy contracted in both 2015 and in 2016, although it returned to modest growth in 2017 – 2019. During 2014-2016, the population's purchasing power decreased due to the weakening of the ruble, basic necessities such as food products and utilities became more expensive, and consumer confidence declined significantly, according to the Russian Consumer Confidence Overall Index reported by Rosstat. According to Rosstat, inflation was 11.4% in 2014 and 12.9% in 2015 (although it relatively stabilized in subsequent years before increasing again to 4.9% in 2020 and 8.4% in 2021 due to the global COVID-19 pandemic), while real disposable income has been declining for seven years in a row as of the end of 2020 (save for a minor 0.8% increase in 2019) according to the Ministry of Economic Development data. Consumer spending generally remained cautious even prior to the COVID-19 pandemic and the sanctions resulting from the escalation of the Ukraine crisis, which upended the modest recovery of the Russian economy in the few preceding years.

A prolonged economic slowdown or recession in Russia could have a significant negative effect on consumer spending in Russia and, accordingly, on our business. As a result of the challenging operating environment in Russia, we have experienced slower payment volume growth in certain of our payment categories and payment volume decline in certain others, in particular certain types of money remittances and financial services categories. Further adverse changes in economic conditions in Russia could adversely impact our future revenues and profits and cause a material adverse effect on our business, financial condition and results of operations.

If customer or merchant confidence in our business deteriorates, our business, financial condition and results of operations could be adversely affected.

Our business is built on customers' and merchants' confidence in our brands, as well as our ability to provide fast, reliable payment services, including electronic payment and payment processing services, and other financial services. The strength of our brands and reputation are of paramount importance to us. A number of factors could adversely affect customer confidence in our brands, many of which are beyond our control, and could have an adverse impact on our results of operations. These factors include:

- illegal or improper use of our systems and compliance related concerns;
- regulatory action or investigations against us (see "– *Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations*");
- any significant interruption to our systems and operations; and

- any breach of our security system or any compromises of consumer data.

In addition, we are to some extent dependent on our agents, merchants and partners to which we license our products to maintain the reputation of our brands. Despite the measures that we put in place to ensure their compliance with our performance standards, our lack of control over their operations may result in the low quality of service of a particular counterparty being attributed to our brands, negatively affecting our overall reputation. For example, our agents are able to charge consumers fees for the use of the kiosks and terminals operated by them, in addition to the fees charged by us, and we mostly do not cap or otherwise control the level of such fees levied by our agents on consumers. We can provide no assurance that our agents will not raise these fees to a level that will adversely affect the popularity of our products among consumers. We also might determine to cap this type of fee to protect the strength of our brand and thereby lose some of our agents and points of physical presence. Furthermore, negative publicity surrounding any assertion that our clients, agents, merchants and/or partners are implicated in fraudulent transactions, irrespective of the accuracy of such publicity or its connection with our current operations or business, could harm our reputation. Any event that hurts any of our brands and reputation as a reliable financial services provider could have a material adverse effect on our business, financial condition and results of operations.

A decline in the use of cash as a means of payment or a decline in the use of kiosks and terminals may result in a reduced demand for our services.

A substantial part of the Russian population continues to rely on cash payments, rather than credit and debit card payments or electronic banking. Our business developed as a network of kiosks and terminals allowing consumers to use physical currency for online payments, and our core competitive edge at the time was our ability to offer consumers that primarily used cash as means of payment access to online payments through our kiosks and terminals simultaneously offering merchants access to a large pool of customers that use cash. While we have since largely outgrown that model, our kiosks and terminals network remains a significant part of our infrastructure as a reload and client acquisition channel for QIWI Wallet. We believe therefore that the usage of QIWI Wallet and hence our volumes, revenues and the profitability of our payment services segment continues to depend to some extent on the use of cash as a means of payment and the reach of our kiosks and terminals network. Over time, the prevalence of cash payments is declining as a greater percentage of the population in emerging markets is adopting credit and debit card payments and electronic banking, and our kiosks and terminals network, and the number of our agents, are decreasing as the market evolves towards a higher share of digital payments. In 2020-2021, our physical distribution network and the number of our agents also were and to a certain extent may continue to be, negatively affected by the spread of COVID-19 pandemic, corresponding lockdown measures, and other restrictions that limited users' access to certain retail locations as well as the overall activity of the population. Unless we can successfully differentiate ourselves from competition in the payments and financial services market through other features and functionalities beyond providing a pathway to online payments for consumers who continue to rely on cash through our kiosks and terminals network, and the access to this consumer segment for merchants and partners, the shift from cash payments to credit and debit card payments and electronic banking could reduce our market share and payment volumes and may have a material adverse effect on our business, financial condition and results of operations.

Other factors could also contribute to a decline in the use of kiosks and terminals, including regulatory changes, increases in consumer fees imposed by the agents (see "– *If customer and merchant confidence in our business deteriorates, our business, financial condition and results of operations could be adversely affected*"), and development of alternative payment channels. The overall number of and the use of kiosks underwent a substantial decline in 2015 as a result, among other things, of enhanced scrutiny by the CBR over the compliance by the agents with legislation that requires them to remit their proceeds to special accounts (see *"– Regulation – Regulation of Payment Services*"), and has been continuously declining since. Such decline has adversely affected the availability and convenience of our services to consumers, including the convenience of use of QIWI Wallet, for which historically kiosks and terminals have been the most popular reload channel. There can be no assurance that this negative impact will not continue going forward as increased regulatory pressures put more agents out of business and deter new ones from entering it. Other statutory requirements that could have a similar effect on our business if fully enforced against our agents are the provisions of the Federal Law of the Russian Federation No. 54-FZ "On the use of cash registers in cash payments and (or) settlements with the use of payment cards" which mandate that all kiosks (subject to certain exceptions) should be equipped with new or modernized cash registers. There can be no assurance that our agents are and will continue to be fully in compliance with these requirements, which could cause a further reduction of our kiosk network. Moreover, failure to comply with such enhanced control measures by us or our agents could result in the CBR imposing fines or restrictions on our activities (see "– *Qiwi Bank and other Russian banks and credit organizations operate in a highly regulated environment, and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations*"). All of these factors could have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive government regulation.

Our business is impacted by laws and regulations that affect our industry, the number of which has increased significantly in recent years. We are subject to a variety of regulations aimed at preventing money laundering and financing criminal activity and terrorism, financial services regulations, payment services regulations, consumer protection laws, currency control regulations, advertising laws, betting laws and privacy and data protection laws and therefore experience periodic investigations by various regulatory authorities in connection with the same, which may sometimes result in monetary or other sanctions being imposed on us. Further, these laws and regulations vary significantly from country to country. Many of these laws and regulations are constantly evolving, and are often unclear and inconsistent with other applicable laws and regulations, including across various jurisdictions, making compliance challenging and increasing our related operating costs and legal risks. If local authorities in Russia or other countries choose to enforce specific interpretations of the applicable legislation that differ from ours, we may be found to be in violation and subject to penalties or other liabilities. This could also limit our ability to provide some of our services going forward and may increase our cost of doing business.

Changes in our industry are rapid, and new products and services that we develop or the use cases in connection with which our products and services may be used may become subject to government regulation undoing the benefits we expect to derive from such new products, services or use cases. In some jurisdictions where we operate, there is currently little or virtually no legislation addressing electronic payments, and no assurance can be made that if such legislation is adopted it will be beneficial to our business. Court interpretations and applicability of legislation and regulations in certain jurisdictions in relation to our business can be ambiguous or contradictory, and it is possible that authorities in such jurisdictions may determine that we are required to possess additional licenses, permits or registrations to provide our services. Such licensing or compliance processes may be time consuming and expensive and we may not be successful in acquiring any newly required licenses. If we fail to obtain and maintain required licenses, permits or registrations or comply with certain mandatory procedures in any jurisdiction where we operate, we may face fines, penalties, sanctions, experience a loss of revenues or have to discontinue providing certain services or doing business altogether. With respect to countries that do have an established regulatory framework for the types of services that we provide, no assurance can be given that the relevant legislation will not be amended to the detriment of our business, including due to the lobbying efforts undertaken by or on behalf of our competitors. For instance, any restrictions including complete prohibition, ban of specific reload methods or various quantitative caps on the use or reloads of anonymous e-wallets could have a significant negative impact on our business.

Generally, Russian lawmakers and enforcement agencies have recently demonstrated increased scrutiny in matters relating to cyberspace and e-payments, in particular cross-border payments, as borne out in the enhanced enforcement activities in the kiosk market, the de-anonymization of e-payments and various other initiatives aimed at increasing state control over online activities. In the latest of such trends, the CBR appears to be instituting closer controls over cross-border payments and peer-to-peer transfers (see also "*—Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business*"). We believe that the recent restrictions imposed by the CBR on such payments through the key industry players, including our company and YooMoney, a subsidiary of Sberbank, fits within such trend. See "*– Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations*".

Regulation of E-Wallets

In early 2018 it was reported that the CBR, Rosfinmonitoring and the Ministry of Finance are actively discussing new proposed legislation that would ban the use of anonymous e-wallets completely. In 2019, amendments to the National Payment System Law were introduced that prohibit the reloading of anonymous e-wallets other than from a bank account. This development could have the effect of making our onboarding process more complicated and therefore our service less attractive, which would in turn slow down the influx of new users or increase the cost of their engagement. Our revenues may also be adversely affected by further regulation of fees charged on inactive accounts for their continued maintenance and unclaimed payments, which represent a significant revenue stream for us. We have voluntarily signed up to the Memorandum adopted by the E-Money Market Participants Association (a non-state association of fintech players in Russia that we are a founding member of) which imposes certain guidelines with respect to the treatment of such inactive account fees and have had to adjust our policies with respect to such fees upon our accession to the Memorandum. The negative financial impact from such adjustment has been limited so far; however, any further regulation in this regard, whether legislation introduced by state authorities or rules voluntarily self-imposed by the industry, imposing more stringent restrictions than those currently in existence, could have a further adverse effect on such revenue stream.

Another regulatory measure that has already resulted in a decline in the use of e-wallets and affected our business is the requirement to report newly opened e-wallets to the tax authorities in the same manner the banks report new bank accounts, which came into effect starting from January 6, 2021, and the requirement to report movements of funds and wallet balances at tax authorities' request, which came into effect in April 2021. These measures have obliviated some of the perceived advantages of e-wallets over bank accounts and resulted in a slowdown in the growth of our user base. Our growth plans could be further adversely affected by any additional increase of the regulatory burdens associated with reporting, onboarding or other functions, all of which can have the effect of making our products less differentiated and attractive to consumers. In another example of such regulation, since October 2021 Russian residents are required to report transactions totaling above RUB 600,000 (approximately USD 8,200) made with the use of e-wallets provided by foreign operators. This initiative may result in a decrease of the volume of money remittances from QIWI Wallet to e-wallets provided by foreign operators.

Anti-Money Laundering Legislation

We sometimes have to make significant judgment calls in applying anti-money laundering legislation and to take risk of being found in non-compliance with it, particularly in relation to mandatory client identification requirements and applicability of the thresholds for transactions imposed based on the client identification level, if, for example, we process payments made by our consumers from their QIWI Wallet accounts for amounts in excess of the applicable thresholds or for certain types of merchants without the required client identification. Although we use all methods available for client identification in all our projects and believe our practices in this regard are in compliance with applicable legal requirements and in line with market practice in Russia (see "– *Know-your-client requirements established by Russian anti-money laundering legislation may adversely impact our transaction volumes*"), the Russian regulators may view us as being non-compliant and impose fines and other sanctions on us. There can be no assurance that the requirements of the anti-money laundering legislation will not change further in a manner adverse to our business (see "Regulation"), which could result in lower payment volumes for us or other adverse effects. For instance, there have been proposals from certain government officials to ban payments by unidentified consumers altogether. Any further adverse change to these requirements could have a substantial negative effect on our business.

Foreign Sanctions

Certain sanctions relating to the ongoing hostility between Russia and Ukraine, and Russian countersanctions instituted in response, directly target payment services providers such as ourselves. In November 2016, the National Bank of Ukraine banned several Russian payment services providers from the Ukrainian market. In response, in April 2017, a law was enacted in Russia prohibiting certain types of money remittance from Russia to countries that have introduced sanctions against Russian payment systems (which, to our knowledge, so far only include Ukraine). Moreover, in May 2018, Qiwi Bank, one of our key subsidiaries, was added to the list of sanctioned entities by the Ukrainian government, and in June 2021, nine other companies of our Group were added as well. While we have not experienced any substantial operational difficulties in connection with this so far since we have no assets or business in Ukraine, there can be no assurance as to what effect the imposition of sanctions on us by Ukraine might have in the future, or what further adverse actions the government of Ukraine might take against us. Any determination by a relevant regulator that we have not complied with the spirit or text of any such sanctions or regulations, or even any statements to that effect, may have a material adverse effect on our business, financial condition and results of operations, as well as the price of our ADSs. While Ukraine remains the only country so far to introduce sanctions of this type, there can be no assurance that additional sanctions affecting the payments business will not be imposed by regulators in other countries in which we operate. These sanctions might also cause reputational damage and, as a result, adversely affect any potential international expansion plans we might have. See also "– *The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition*".

New Regulations Outside of Russia

The regulatory framework around electronic payments and other financial services that we offer is constantly in a state of development in most of the countries in which we operate, including the United Arab Emirates, Kazakhstan, and the UK. New laws that are being adopted in these countries may increase our compliance costs and create new regulatory risks. For example, on January 1, 2017, the Regulatory Framework for Stored Values and Electronic Payment Systems came into force in the United Arab Emirates. It introduced a mandatory licensing and related compliance regime for certain electronic payment service providers and established a one-year transitional period for existing digital payment services providers to take appropriate measures to comply with the new rules. In case of failure to do so payment services provider may be mandated to cease provision of such services. Moreover, any individual or entity providing (or representing themselves as capable of providing) digital payment services without the appropriate license or authorization will be subject to administrative penalties. Even though such legislation has been in effect for a few years now, there still remains a lack of clarity as to the interpretation of many of its provisions, and we are still assessing the applicability and potential impact of the new legislation on our business. If our position on our status under the Regulatory Framework is different from that of the UAE regulator or if we are unable to comply with the mandatory licensing if it is deemed applicable to us, it could have a material adverse effect on our business, financial condition and results of operations.

Privacy and Protection of User Data

We are subject to a number of laws, rules, directives, and regulations (which we refer to as "privacy and data protection laws") relating to the collection, use, retention, security, processing, and transfer (which we collectively refer to as "processing") of personally identifiable information about our customers and employees (which we refer to as "personal data") in the countries where we operate. Our business relies on the processing of personal data in many jurisdictions and the movement of data across national borders. As a result, much of the personal data that we process, which may include certain financial information associated with individuals, is regulated by multiple privacy and data protection laws and, in some cases, the privacy and data protection laws of multiple jurisdictions. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between or among us, our subsidiaries, and other parties with which we have commercial relationships.

Regulatory scrutiny of privacy, data protection, cybersecurity practices, and the processing of personal data is increasing around the world. There is uncertainty associated with the legal and regulatory environment relating to privacy and data protection laws, which continue to develop in ways we cannot predict, including with respect to evolving technologies such as cloud computing, artificial intelligence, and blockchain technology. Any failure or perceived failure to comply with existing or new laws of any government authority (including changes to or expansion of the interpretation of those laws), including those discussed in this risk factor, may subject us to significant fines, penalties, civil lawsuits, and enforcement actions in one or more jurisdictions, result in additional compliance requirements, increase regulatory scrutiny of our business, restrict our operations, and force us to change our business practices, make product or operational changes, or delay planned product launches or improvements.

Any failure, or perceived failure, by us to comply with our privacy policies as communicated to users could result in proceedings or actions against us by data protection authorities, government entities or others, including class action privacy litigation in certain jurisdictions. Such proceedings or actions could subject us to significant fines, penalties, judgments, and negative publicity which may materially harm our business. The foregoing may require us to change our business practices and would likely increase the costs and complexity of compliance. In addition, compliance with inconsistent privacy and data protection laws may restrict our ability to provide products and services to our customers.

Taxi Market Regulation

In Russia, ride-hailing services work with taxi drivers directly or through fleet management companies or taxi companies, which in turn engage taxi drivers as self-employed entrepreneurs. In one of our lines of business, we provide payment solution to taxi companies that is similar in nature to salary programs for taxi drivers. In addition, we have developed a "Taxiaggregator" product for taxi companies and taxi drivers that facilitates and speeds up payments to taxi drivers. There have been proposals to change the legislative framework of the ride-hailing market, including, for example, direct employment of taxi drivers by ride-hailing platforms or by taxi companies as employees. Such proposals have so far been turned down. However, these or similarly adverse initiatives are adopted in the future, our products developed for this market would become obsolete, and we would also experience a negative impact on the user base of our e-wallets.

Subsequent legislation and regulation and interpretations thereof, litigation, court rulings, or other events could expose us to increased costs, liability and reputational damage that could have a material adverse effect on our business, financial condition and results of operations.

Events outside of our control, including public health crises, may negatively affect consumer spending and our business.

Our operations are susceptible to public health crises, such as pandemics and epidemics, political instability or other events outside of our control. These types of events could have a negative effect on consumer spending and result in unpredictable declines in business activity in various industries that we serve.

For example, in December 2019, a novel strain of coronavirus surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities and factories across China. The virus then quickly spread out across Europe and the Americas, resulting in various "shelter-in-place" regulations, lockdowns, curfews, bans on international travel, cancellations of public events, and supply chain disruptions. These measures continue to be in place in various forms in most countries in the world, including (to a rather minor extent as of the date of this report) Russia. These developments have negatively impacted consumer and business spending and payments activity generally, and have significantly contributed to deteriorating macroeconomic conditions, business closures, higher unemployment and decrease in consumer confidence throughout the world, including Russia and other countries in which we operate. While governments around the world have taken steps to attempt to mitigate some of the more severe anticipated economic effects of COVID-19, such steps have not always been effective.

The negative effects of the coronavirus on our business have included a decline in revenues from our betting merchants due to the cancellation of numerous major sporting events, a drop in money remittance primarily due to a decline in payments to self-employed individuals due to an overall contraction of business activity, and a decline in the use of our kiosk network. The coronavirus pandemic is still ongoing and significant COVID-19 related restrictions largely continue to prevail globally. The full impact of the COVID-19 pandemic on the global economy is difficult to predict due to the lack of clarity on how long it could be expected to last as the world has now entered its third year. These factors may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition, even after the COVID-19 outbreak has subsided.

The COVID-19 outbreak has required and is likely to continue to require significant management attention, substantial investments of time and resources across our enterprise, and increased costs to effectively manage our operations. The spread of COVID-19 has caused us to make significant modifications to our business practices, including enabling most of our workforce to work from home, establishing strict health and safety protocols for our offices, restricting physical participation in meetings, events, and conferences and imposing restrictions on employee travel. The significant increase in the number of our employees who are working remotely as a result of the outbreak, and an extended period of remote work arrangements and subsequent reintroduction into the workplace could introduce operational risk, increase cybersecurity risk, strain our business continuity plans, negatively impact productivity, give rise to claims by employees, and impair our ability to manage our business or otherwise adversely affect our business. Additionally, COVID-19 could negatively affect our internal controls over financial reporting as a significant portion of our workforce continue to work from home and therefore new or modified processes, procedures, and controls could be required to respond to changes in our business environment. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 or will otherwise be satisfactory to government authorities.

We cannot predict the ultimate impact that COVID-19 will have on our customers, suppliers, merchants, and other business partners, and their respective financial condition, and any significant negative impact on these parties could materially and adversely impact us. All these factors could harm our business and adversely affect our operating results.

We may not be able to complete or integrate successfully any potential future acquisitions, partnerships or joint ventures.

From time to time, we have evaluated and expect to continue to evaluate possible acquisition transactions, partnerships or joint ventures, some of which may be material. At any time, including currently, we may be engaged in discussions or negotiations or diligence evaluations with respect to possible acquisitions, partnerships or joint ventures or may have entered into non-binding documents in relation to such transactions. As part of our strategy, we intend to continue our disciplined approach to identifying, executing and integrating strategic acquisitions, partnerships and joint ventures.

In the third quarter of 2021, we completed a sale of its 40% stake (45% economic interest) in the capital of its Tochka associate. The consideration for the sale of the stake in Tochka was comprised of a fixed portion and a contingent portion. Certain dividends were also paid by Tochka to QIWI prior to the sale. Dividends and the fixed portion of consideration were received during the third quarter of 2021. The contingent portion is expected to be paid in second quarter of 2022.

In March 2022, the President of Russia issued a Decree whereby Russian legal entities and individuals are prohibited from transferring securities to, and entering into certain other transactions with, certain foreign counterparties without prior clearance by the Government Commission for Control over Foreign Investments in the Russian Federation. Transactions with foreign entities that are controlled by Russian citizens or legal entities, such as QIWI, are carved out from the scope of such Decree. Moreover, we believe that the Decree pertains to securities transfers rather than to payment of deferred consideration for transfers that have already occurred. Nevertheless, the buyer of Tochka took the view that the Government Commission's approval should be sought for the payment of the contingent portion of the consideration.

As a result, we believe that there is uncertainty regarding the receipt of the contingent portion of the consideration for the sale of Tochka. A negative decision of the Commission may postpone or even block the payment and therefore could result in a loss in the amount of up to RUB 4,855 million.

Potential future acquisitions, partnerships and joint ventures may pose significant risks to our existing operations if we acquire businesses that prove not to be a good fit for our organization, fail to perform the necessary due diligence on the relevant targets, overestimate their anticipated contribution to our business, overvalue them or fail to successfully integrate them. These projects would place additional demands on our managerial, operational, financial and other resources, create operational complexity requiring additional personnel and other resources as well as enhanced control procedures. In addition, we may not be able to successfully finance or integrate any businesses, services or technologies that we acquire or with which we form a partnership or joint venture. Furthermore, the integration of any acquisition may divert management's time and resources from our main business and disrupt our operations. Moreover, even if we were successful in integrating newly acquired assets, expected synergies or cost savings may not materialize, resulting in lower than expected benefits to us from such transactions. We may spend time and money on projects that fail to perform in line with our expectations or require financing in excess of what we were budgeting at the time of the acquisition. Additionally, when making acquisitions it may not be possible for us to conduct a detailed investigation of the nature of the assets being acquired due to, for instance, time constraints in making the decision and other factors. We may become responsible for additional liabilities or obligations not foreseen at the time of an acquisition. In addition, in connection with any acquisitions, we must comply with various antitrust requirements. It is possible that perceived or actual violations of these requirements could give rise to regulatory enforcement action or result in us not receiving all necessary approvals in order to complete a desired acquisition. To the extent we pay the purchase price of any acquisition in cash, it would reduce our cash reserves, and to the extent the purchase price is paid with our stock, it could be dilutive to our stockholders. In the event we pay the purchase price with proceeds from the incurrence of debt, it would increase our level of indebtedness and could negatively affect our liquidity and restrict our operations. Our competitors may be willing or able to pay more than us for acquisitions, which may cause us to may lose certain acquisitions that we would otherwise desire to complete. We may also face counterparty and credit risks in connection with acquisitions, partnerships and joint ventures in the event our counterparties fail to perform their obligations. In Russia, acquisitions, partnerships and joint ventures are also complicated by the lack of strong judicial protection for non-competition and non-solicitation covenants, which are often unenforceable as a result. Joint ventures also carry specific risks such as potential disagreements with partners about the management and strategy of the JV, adverse actions by JV partners prompted by such disagreements or otherwise, and reliance on JV partners for the development of the JV's business and resulting inability to continue development of the venture in the event the relationship with the partner is terminated. Any or all of the above risks could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Our compliance processes, procedures and controls with respect to the rules and regulations that apply to our business may prove insufficient.

Our business has grown and developed rapidly in recent years and we are continuing to realign our compliance function with the size and scope of our business. In light of the fact that we are a highly regulated business that processes large volumes of payments, we need to have enhanced processes, procedures and controls in order to provide reasonable assurance that we are operating in compliance with applicable regulatory requirements. Given that we store and/or transmit sensitive data of our customers, we have ultimate liability to our customers for our failure to protect this data. As discussed in more detail below, we have experienced breaches of our cybersecurity in the past, and future breaches resulting in unauthorized disclosure of data are possible (see – "*Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business.*"). In addition, the Russian anti-money laundering laws to which we are subject contain numerous requirements with respect to identification of clients, and documentation and reporting of transactions subject to mandatory control and other suspicious transactions to the relevant authorities.

Following our acquisition of Rapida LTD in 2015, we have had to devote additional resources to enhance the compliance function within Rapida LTD, which, at the time of our acquisition, was deficient in several areas. As of the date of this annual report, we continue to develop and integrate certain control procedures with respect to our projects Flocktory and Billing Online in order to maintain a comprehensive system of controls and procedures across our business. There can be no assurance, however, that the measures we undertake will be sufficient to prevent significant deficiencies in the compliance procedures and internal controls of our projects. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could lead to a restatement of our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, which may result in a decline in the market price of our ADSs.

Among others, we are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, which prohibits U.S. companies and their intermediaries from bribing foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and other laws concerning our international operations. Similar legislation in other jurisdictions contains similar prohibitions, although varying in both scope and jurisdiction. We have implemented policies and procedures and internal controls designed to provide reasonable assurance that we, our employees, distributors and other intermediaries comply with the anti-corruption laws to which we are subject. However, there are inherent limitations to the effectiveness of any policies, procedures and internal controls, including the possibility of human error and the circumvention or overriding of the policies, procedures and internal controls. There can be no assurance that such policies or procedures or internal controls will work effectively at all times or protect us against liability under these or other laws for actions taken by our employees, distributors and other intermediaries with respect to our business or any businesses that we may acquire.

Our success requires significant public confidence in our ability to handle large and growing payment volumes and amounts of customer funds, as well as comply with applicable regulatory requirements. Any failure to manage consumer funds or to comply with applicable regulatory requirements could result in the imposition of fines, harm our reputation and significantly diminish use of our products. In addition, if we are not in compliance with anti-corruption laws and other laws governing the conduct of business with government entities and/or officials (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse impact on our business, financial condition, results of operations and prospects.

Our systems and our third-party providers' systems may fail due to factors beyond our control, which could interrupt our service, cause us to lose business and increase our costs.

We depend on the efficient and uninterrupted operation of numerous systems, including our computer systems, software and telecommunications networks, as well as the data centers that we lease from third parties. Our systems and operations, or those of our third-party providers, could be exposed to damage or interruption from, among other things, fire, flood, natural disaster, power loss, telecommunications failure, vendor failure, unauthorized entry, improper operation and computer viruses. In addition, because all three of our data centers used for processing payments are located in the city of Moscow, a catastrophic event affecting the city of Moscow may result in the loss of all of three of our data centers. Substantial property and equipment loss, and disruption in operations as well as any defects in our systems or those of third parties or other difficulties could expose us to liability and materially adversely impact our business, financial condition and results of operations in all of our operating segments. In addition, any outage or disruptive efforts could adversely impact our reputation, brand and future prospects.

Unauthorized or improper disclosure of data, whether through cybersecurity breaches, computer viruses or otherwise, could expose us to direct loss, liability, protracted and costly litigation and damage our reputation.

We store and/or transmit sensitive data, such as credit or debit card numbers, mobile phone numbers and other personal data, and we have ultimate liability to our customers for our failure to protect this data. Numerous and evolving cybersecurity threats, including advanced and persisting cyberattacks, cyberextortion, spear phishing and social engineering schemes, the introduction of computer viruses or other malware, and the physical destruction of all or portions of our information technology and infrastructure could compromise the confidentiality, availability, and integrity of the data in our systems. We have experienced breaches of our security by hackers in the past, and breaches could occur in the future. In such circumstances, our encryption of data and other protective measures have not prevented unauthorized access and may not be sufficient to prevent future unauthorized access. For example, in January 2014 we discovered certain unauthorized activity in a number of wallet accounts. Although we do not believe that any confidential customer account data was compromised as a result of the activity, we incurred a loss of RUB 88 million. Rapida LTD (prior to its acquisition by us and its merger with and into QIWI Bank) also experienced several security breaches. Any future breach of our system, including through employee fraud, may subject us to material losses or liability, including fines and claims for unauthorized purchases with misappropriated credit or debit card information, identity theft, impersonation or other similar fraud claims. These risks are exacerbated by the COVID-19 pandemic and related lockdowns, since unauthorized access to data may potentially be easier when a large percentage of employees works from home. Moreover, even in the absence of an emergency event such as a cyberbreach, we may at times be found to be not in compliance with applicable personal data processing and transfer legislation, which is actively developing and becoming increasingly complex throughout the world, including in Russia. A misuse of sensitive data, including personal data, or a cybersecurity breach could harm our reputation and deter clients from using electronic payments as well as kiosks and terminals generally and any of our services specifically, increase our operating expenses in order to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, result in the imposition of material penalties and fines by state authorities and otherwise materially adversely affect our business, financial condition and results of operations.

Customer complaints, actual or perceived failures of our customer service function or negative publicity about our customer service could materially adversely affect the attractiveness of our services.

Customer complaints, actual or perceived failures of our customer service function or negative publicity about our customer service could diminish consumer confidence in, and the attractiveness of, our services. Breaches of our consumers' privacy and our security systems could have the same effect. We sometimes take measures to combat risks of fraud and breaches of privacy and security, such as freezing consumer funds or rejecting in opening an account, which could damage relations with our consumers. These measures heighten the need for prompt and attentive customer service to resolve irregularities and disputes. In addition, we have previously received negative media coverage regarding customer disputes. Moreover, some of our products compete to a large extent on the basis of enhanced customer service and attention to customers, and are vulnerable to any customer complaints or actual or perceived decline in service levels. Any failure on our part to continue to provide customers with the level of service they have come to expect could harm our reputation significantly. Effective customer service requires significant personnel expense, and this expense, if not managed properly, could impact our profitability significantly. Any inability by us to manage or train our customer service representatives properly could compromise our ability to handle customer complaints effectively. If we fail to provide customer service at the level our clients expect from us or do not handle customer complaints effectively, our reputation may suffer and we may lose our customers' confidence, which could have a material adverse effect on our business, financial condition and results of operations.

Our agreements with most of our counterparties, including our agents, merchants and other partners, do not include exclusivity clauses and may be terminated unilaterally at any time or at short notice.

We normally do not include exclusivity clauses in our agreements with our counterparties, including our agents, merchants and other partners. Accordingly, our counterparties usually do not have any restrictions on dealings with other providers and can switch from our payment processing system to another or disconnect from our system or platform without significant investment. Additionally, due to mandatory provisions of Russian civil law, our agreements with agents may be unilaterally terminated by the agents at any time, and our agreements with merchants and other counterparties may be unilaterally terminated at a short prior notice. The termination of our contracts with existing agents, merchants or other partners, or a significant decline in the amount of business we do with them as a result of our contracts not having exclusivity clauses could have a material adverse effect on our business, financial condition and results of operations.

Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business.

Despite measures we have taken and continue to take, our services have been and may continue to be used for fraudulent, illegal or improper purposes. These include use of our payment and other financial services in connection with fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, illegal online gambling, software and other intellectual property piracy, money laundering, bank fraud, terrorist financing, trafficking, and prohibited sales of restricted products.

Criminals are using increasingly sophisticated methods to engage in illegal activities. It is possible that fraudulent, illegal or improper use of our services could increase in the future. Our risk management policies and procedures may not be fully effective to identify, monitor and manage these risks, and we may from time to time not be able to identify merchants who are engaged in illegal activities, particularly if we work with them indirectly through payment aggregators since we generally do not perform full know-your-customer procedures with respect to each merchant engaged by such aggregators and rely on the aggregators to vet their merchants appropriately. Furthermore, the regulators' interpretation of what constitutes illegal activities is subject to change, and their interpretation of applicable laws may differ from ours. We are also not able to monitor in each case the sources for our counterparties' funds or the ways in which they use them. Increases in chargebacks or other liability could have a material adverse effect on our business, financial condition and results of operations. An increase in fraudulent transactions or publicity regarding chargeback disputes could harm our reputation and reduce consumer confidence in the use of our products and services.

The perceived risk of the use of e-payments or other financial services to finance fraudulent, illegal or improper activities is causing the regulators to impose restrictions on the operations of the providers of such services that negatively affect regular compliant transactions and operations as well. See "– *Know-your-client requirements established by Russian anti-money laundering legislation may adversely impact our transaction volumes*" and "– *If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, or if any of the new products we roll out are unsuccessful, the use of our services could decline, and we could experience a decline in revenue and an inability to recoup costs*". While we already undertake efforts to cut off or refuse to engage merchants and users who appear to be engaged in illegal activities from our network, the relevant state authorities could further increase their enforcement measures against such merchants and users, including through the introduction of new legislation. In the event that we are required to cease working with a significant number of merchants or payment aggregators, or shut down a significant number of wallets, as a result of such actions, our revenue and our profitability could materially decline.

It has been reported that peer-to-peer transfers through regular retail banks and payment services providers such as ourselves may be increasingly used in Russia in various illegal activities, including by illicit forex dealers, online casinos, cryptocurrencies exchanges and peer-to-peer exchange offices, scammers, etc. Recognizing this industry-wide problem, in September 2021 the CBR introduced heightened scrutiny recommendations with respect to peer-to-peer transactions. These recommendations require financial institutions such as ourselves to track transactions that are deemed suspicious under the various criteria imposed by the recommendations, cancel or block such suspicious transactions under certain circumstances and terminate relationships with the relevant clients carrying out such transactions. For instance, such criteria designate as suspicious operations of clients with unusual number of individuals as counterparties or if the volume of operations exceeds certain threshold. Due to the broad scope of suspiciousness criteria, in practice suspicious transactions may be difficult to distinguish from legitimate peer-to-peer transfers or payments to private accounts of small entrepreneurs that provide perfectly legal services. It is likely that certain bona fide operations that do not involve anything illegal or improper may be affected by the new regulations as the market participants, including our company, seek to institute controls aimed at compliance with the new guidelines. Starting from 2022, the CBR intends to start collecting from credit institutions specialized reports focused specifically on their peer-to-peer transactions. It may be expected that the volume of the peer-to-peer transfers in Russia generally (and our respective volumes in particular) will deteriorate as a result of these measures. If we experience a decline in our peer-to-peer transfers volume, or if we are found to be in violation of the new regulations due to any differences in ours and the regulator's interpretation thereof, our business, financial condition and results of operations could be materially adversely affected.

Any resulting claims could damage our reputation and any resulting liabilities (including the revocation of applicable banking licenses or significant fines), the loss of transaction volume, decline in the number of customers or increased costs could have a material adverse effect on our business, financial condition and results of operations.

Our business is exposed to counterparty and credit risks.

In our Payment Services segment, we seek to sell services on a prepayment basis or to ensure that our counterparties have low credit risk profiles, such as large merchants and agents. Nevertheless, we are exposed to the risk of non-payment or other default under our contracts with our agents and merchants. If we provide trade credit or loans to an agent and we are unable to collect loans or proceeds paid to the agent by its consumers due to the agent's insolvency, fraud or otherwise, we must nonetheless complete the payment to the merchant on behalf of the consumer. As a result, our losses would not be limited to a loss of revenue in the form of fees due to us from the agent, but could amount to the entire amount of consumer payments accepted by such agent for a certain period of time. We also face counterparty risk in connection with the bank guarantees and lending products of our ROWI project, such as loans for public contractors and marketplaces suppliers.

We also have significant receivables due from some of our merchants and agents, and may not recover these receivables in the event of such merchants' bankruptcy or otherwise. As of December 31, 2021, we had credit exposure to our agents of RUB 3,044 million and to our merchants of RUB 3,146 million. Our receivables from merchants are generally non-interest bearing and unsecured, while our receivables and loans from agents are generally interest-bearing and unsecured. Although we monitor the creditworthiness of our counterparties on an ongoing basis, there can be no assurance that the models and approaches we use to assess and monitor their creditworthiness will be sufficiently predictive, and we may be unable to detect and take steps to timely mitigate an increased credit risk.

In addition to the above sources of credit risk, as of December 31, 2021, we had credit exposure to our counterparties in connection with our ROWI project factoring portfolio of RUB 9.9 billion, guarantees for third party obligations (primarily in connection with our digital bank guarantee services) in the amount of RUB 45.6 billion, and loans relating to our ROWI project of RUB 1.3 billion.

If we experience material defaults by our consumers, agents, merchants, or other partners, our business, financial condition and results of operations could be materially adversely affected.

We are subject to fluctuations in currency exchange rates.

We are exposed to currency risks. Our financial statements are expressed in Russian rubles, while our revenues and expenses outside Russia are in local currencies and some of our assets and liabilities are in foreign currencies (see "*– Quantitative and Qualitative Disclosures About Market Risk – Foreign Exchange Risk*"). Accordingly, our results of operations and assets and liabilities are exposed to fluctuations in exchange rates between the ruble and such other currencies. Changes in currency exchange rates also affect the carrying value of assets on our consolidated statement of financial position, which, depending on the statement of financial position classification of the relevant asset, can result in losses on our consolidated statement of financial position. In addition, because our earnings are primarily denominated in Russian rubles whereas our ADSs are quoted in U.S. dollar, currency exchange rate fluctuations between the Russian ruble and the U.S. dollar significantly affect the price of our ADSs.

Over the past ten years, the Russian ruble has fluctuated dramatically against the U.S. dollar and the euro. Due to the economic sanctions imposed on certain Russian companies and individuals by the US, EU, Canada and other countries, as well as the volatility in oil prices, high inflation and a sharp capital outflow from Russia, the Russian ruble has significantly depreciated against the U.S. dollar and the euro since the beginning of 2014 (see "– *Economic instability in Russia could have an adverse effect on our business*"). According to the CBR, from December 31, 2014 to December 31, 2015 and from December 31, 2013 to December 31, 2014, the ruble has depreciated by 30% and 72% against the U.S. dollar, respectively, and by 17% and 52% against the euro, respectively. From December 31, 2015 to December 31, 2016, the ruble appreciated somewhat against these currencies and remained relatively stable throughout 2017; however, depreciation of the ruble resumed in 2018 when its value fell 21% against the U.S. dollar and 15% against the euro, in each case from December 31, 2017 to December 31, 2018. In 2019, the ruble/U.S. Dollar exchange was relatively stable with intermittent volatility, and was RUB 61.9 per U.S.$1.00 on December 31, 2019. However, in the first quarter of 2020 the ruble again depreciated substantially and abruptly against the U.S. dollar and the euro due to a steep decline in oil prices and has continued to be volatile throughout the year, ending it at RUB 73.88 per U.S.$1.00 on December 31, 2020. The exchange rate mostly remained stable throughout 2021 and amounted to RUB 74.3 per U.S.$1.00 on December 31, 2021. Another major decline occurred in early 2022 in the wake of the military conflict in Ukraine and resuting sanctions. By March 4, 2022, the official Central Bank-issued ruble exchange rate dropped to 111.76 per dollar, compared to 75.76 per dollar on February 21, immediately prior to the escalation, representing a 48% drop over the course of less than two weeks, although the ruble regained much of the ground it lost by late March due to extreme protective measures adopted by the Russian government and the Central Bank, including a mandatory exchange of the majority of currency proceeds by exporters, prohibitively high commissions on foreign currency exchange by individuals, and other protective measures (see "– *We are subject to the economic risk and business cycles of our merchants, partners and agents and the overall level of consumer spending*"). It is likely that significant fluctuations will continue in the future. Further fluctuations of the ruble could have a material adverse effect on our business, financial condition, results of operations and the price of our ADSs.

Regulatory authorities in Russia and Kazakhstan could determine that we hold a dominant position in our markets, and could impose limitations on our operational flexibility, which may adversely affect our business, financial condition and results of operations.

The Russian anti-monopoly authorities impose various requirements on companies that occupy a dominant position in their markets. One of the important questions is to identify and define the relevant market, in which the entity in question operates. There are numerous aspects to be taken into account, including interchangeability or substitutability of the products and/or services for the consumer, their pricing and intended use. Different approaches may be applied in this respect by anti-monopoly authorities and the participants of the market. Thus, the state authorities may conclude that we hold a dominant position in one or more of the markets in which we operate. If they were to do so, this could result in limitations on our future acquisitions and a requirement that we pre-clear with the authorities any changes to our standard agreements with merchants and agents, as well as any specially negotiated agreements with business partners. In addition, if we were to decline to conclude a contract with a third party this could, in certain circumstances, be regarded as abuse of a dominant market position. Any abuse of a dominant market position could lead to administrative penalties and the imposition of a fine of up to 15% of our annual revenue for the previous year. These limitations if imposed may reduce our operational and commercial flexibility and responsiveness, which may adversely affect our business, financial condition and results of operations.

We may not be able to successfully protect our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights, copyright, trademark and trade secret laws to establish and protect our proprietary technology. We also maintain patents for certain of our technologies. We customarily require our employees and independent contractors to execute confidentiality agreements or otherwise to agree to keep our proprietary information confidential when their relationship with us begins. Typically, our employment contracts also include clauses requiring our employees to assign to us all of the inventions and intellectual property rights they develop in the course of their employment and to agree not to disclose our confidential information. Nevertheless, we may not be able to successfully protect our intellectual property at all times. Our agreements with software developers may not have always properly and unambiguously assigned the rights to software to us, and as such this software may be exposed to their claims. This is also often the case at various companies we have acquired throughout our history. Certain technologies that we have developed may not be fully and comprehensively protected by copyrights or patents and could therefore be exposed to theft or misuse. Third parties, including our competitors, may independently develop similar technology, duplicate our services or design around our intellectual property. Further, contractual arrangements may not prevent unauthorized disclosure of our confidential information or ensure an adequate remedy in the event of any unauthorized disclosure of our confidential information. Because of the limited protection and enforcement of intellectual property rights in certain jurisdictions in which we operate, such as Russia and CIS countries, our intellectual property rights may not be as protected as they may be in more developed markets such as the United States. We may have to litigate to enforce or determine the scope or enforceability of our intellectual property rights (including trade secrets and know-how), which could be expensive, could cause a diversion of resources and may not prove successful. The loss of intellectual property protection could harm our business and ability to compete and could result in costly redesign efforts, discontinuance of certain service offerings or other competitive harm. Additionally, we do not hold any patents for our business model or our business processes, in part because our ability to obtain them in Russia is subject to legislative constraints, and we do not currently intend to obtain any such patents in Russia or elsewhere.

We may also be subject to costly litigation in the event our services or technology are claimed to infringe, misappropriate or otherwise violate a third party's intellectual property or proprietary rights. Such claims could include patent infringement, copyright infringement, trademark infringement, trade secret misappropriation or breach of licenses. In addition, while we seek to obtain copyright registration certificates for the critical software we develop, our rights to software obtained as works for hire might be potentially challenged by the employees and former employees or developers of such software. We may not be able to successfully defend against such claims, which may result in a limitation on our ability to use the intellectual property subject to these claims and also might require us to redesign affected services, enter into costly settlement or license agreements, pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our services. In such circumstances, if we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted. Additionally, non-practicing entities had and may continue in the future to acquire patents, make claims of patent infringement and attempt to extract settlements from companies in our industry. Even if we believe that such claims are without merit and successfully defend these claims, defending against such claims is time consuming and expensive and could result in the diversion of the time and attention of our management and employees.

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

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

Starting from 2023, certain Russian companies might be required to use primarily domestic Russia-produced software and hardware.

In October 2020, a legislative initiative was publicized aiming to mandate the use of domestically-developed software and telecommunication and radio hardware with respect to critical digital infrastructure (including in some respect the banking industry in which we operate) from January 1, 2023 and 2024, respectively. Although pursuant to the latest version of the draft bill the requirement will only apply to market participants that are deemed to operate critical digital infrastructure (which doesn't include our company), if this requirement is further extended to other players including ourselves, it is possible that it could materially adversely affect our business, financial condition and results of operations. Since we use a lot of foreign-produced technologies and equipment, complying with these requirements may prove a challenge for us and is likely to result in significant operational costs. The switch to locally produced software and hardware may adversely affect the performance and safety features of the system and thus the quality of our services.

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

The insurance industry in Russia is not yet fully developed, and many forms of insurance protection common in more developed countries are not yet fully available or are not available on comparable or commercially acceptable terms. Accordingly, while we hold certain mandatory types of insurance policies in Russia, we do not currently maintain insurance coverage for business interruption, property damage or loss of key management personnel as we have been unable to obtain these on commercially acceptable terms. We do not hold insurance policies to cover for any losses resulting from counterparty and credit risks or fraudulent transactions. We also do not generally maintain separate funds or otherwise set aside reserves for most types of business-related risks. Accordingly, our lack of insurance coverage or reserves with respect to business-related risks may expose us to substantial losses, which could materially adversely affect our business, financial condition and results of operations.

In a dynamic industry like ours, the ability to attract, recruit, retain and develop qualified personnel is critical to our success and growth.

Our business functions at the intersection of rapidly changing technological, social, economic and regulatory developments that require a wide-ranging set of expertise and intellectual capital. In order for us to compete and grow successfully, we must attract, recruit, retain and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. This is particularly true with respect to top management personnel as well as qualified and experienced software engineers and IT staff, who are highly sought after and are not in sufficient supply in Russia and in most other markets in which we operate. The market for such personnel is highly competitive, and we may not succeed in recruiting additional personnel or may fail to replace effectively current personnel who depart with qualified or effective successors. A failure to replace departing personnel in an efficient and timely manner might result in improper functioning or failures of our systems and technologies, since our know-how may not always be properly institutionalized and instead is reliant on the expertise of specific employees, which we may not be able to replace immediately in the event of their departure. Our efforts to retain and develop personnel may result in significant additional expenses, which could adversely affect our profitability. We currently do not have a market standard long-term incentive plan due to the refusal by our shareholders to approve the disapplication of pre-emptive rights (see "*– Our ADS holders may not be able to exercise their pre-emptive rights in relation to future issuances of class B shares*"). In Cyprus, where our Company is registered, there is no statutory carve-out from pre-emptive rights for issuances of shares to employees like in some other jurisdictions, and such carve-out has to be specifically approved by shareholders and renewed periodically. The refusal by our shareholders to approve disapplication of pre-emptive rights for issuances of shares to employees has rendered us unable to issue shares to our employees under our employee incentive plans, and has caused us to incur additional expenses due to the fact that we have to make cash payouts to employees in lieu of issuing shares under an employee incentive plan. These developments could undermine our ability to retain and attract competitive talent who have come to expect share-based compensation in an industry like ours. For these and other reasons, we cannot assure you that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on our business, financial condition and results of operations.

Our operations may be constrained if we cannot attract or service future debt financing.

As of the date of this annual report, we have RUB 4.7 billion in debt, which represents the outstanding portion of the RUB 5 billion of bonds issued in 2020 by our subsidiary Qiwi Finance, with respect to which Qiwi plc and our subsidiaries JSC Qiwi and Sette FZ-LLC have provided irrevocable offers to bondholders to purchase such bonds from them upon the occurrence of certain events. We may also incur additional debt financing to finance the development of our new or existing projects, and our operations and growth may be constrained if we cannot do so on favorable terms or at all. In particular, the continued success of our ROWI project is heavily dependent on procuring external funding to finance its operations. Our debt capacity depends upon our ability to maintain our operating performance at a certain level, which is subject to general economic and market conditions and to financial, business and other factors, many of which are outside of our control. If our cash flow from operating activities is insufficient to service our debt, we could be forced to take certain actions, including delaying or reducing capital or other expenditures or other actions, to restructure or refinance our debt; selling or mortgaging our assets or operations; or raising additional equity capital, which we might not be able to do on favorable terms, in a timely manner or at all. Furthermore, such actions might not be sufficient to allow us to service our debt obligations in full and, in any event, could have a material adverse effect on our business, financial condition, and results of operations. Moreover, our inability to service our debt through internally generated cash flow or other sources of liquidity could put us in default of our obligations to creditors, which could trigger various default provisions under our financings and thus have a material adverse effect on the business, financial condition, and results of operations.

We may experience difficulties with conducting transactions denominated in U.S. dollars.

We contract with some of our international merchants in U.S. dollars and other currencies such as Euros and may experience challenges in relationships with U.S. banks that are required for any non-U.S. company to transact in U.S. dollars due to changes in internal know-your-customer procedures, limits on certain types of merchants and certain jurisdictions, and other internal policies, which we believe might be a result of the increasing negative sentiment towards Russia on part of U.S. banks, among other factors (see – *The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition*), even with respect to transactions and relationships that do not present any potential violation of any applicable sanctions. Even though we maintain a number of U.S. dollar accounts with various financial institutions, at the same time we are also conducting a portion of U.S. dollar transactions with our international merchants in other currencies, bearing additional currency conversion costs. No assurance can be given that such institutions or their respective correspondent banks in the U.S. will not refuse to process our transactions for such reasons or otherwise, thereby further increasing the currency conversion costs that we have to bear or that our international merchants will agree to accept payments in any currency, but the U.S. dollar in the future. If we are not able to conduct transactions in U.S. dollars, we may bear significant currency conversion costs or lose some of our merchants who will not be willing to conduct transactions in currencies other than the U.S. dollars, and our business, financial condition and results of operations may be materially adversely affected. We can give no assurance that similar issues would not arise with respect to our transactions in other currencies, such as the Euro, which could have similarly adverse consequences for us.

Our bond portfolio could decline in value, which may result in financial losses and have a negative effect on our compliance with banking prudential ratios.

As part of our treasury operations, we hold a portfolio of publicly traded debt securities. Accordingly, in connection with such portfolio, we are exposed to all of the risks that are associated with holding such securities, including unfavorable price fluctuations for any reason, decline in the market liquidity, market volatility, unfavorable changes in interest rates or foreign currency exchange rates affecting our positions, and the risk that the risk-management tools we use, such as value-at-risk formulas and stop-loss orders, will not be effective to prevent losses or will not work as intended. We also bear the risk of defaults by the issuers of the debt securities we hold. Investments in debt securities represented million RUB 13,087, or 15.6% of our total assets as of December 31, 2021. As of 31 December 2021, predominantly all of the securities held by us were Russian sovereign bonds, and corporate bonds, which are subject to abrupt price fluctuations and other various risks in connection with the factors described in *" Risks Relating to the Russia and Other Markets in Which We Operate"* as well as in connection with various other risk factors that are specific to the issuers of such securities.

We determine fair value of securities based on quoted market information, where it exists, and appropriate valuation methodologies. While we employ rigorous risk management tools to limit the impact of market risk, among other things, on our capital, the fair value of financial instruments may not always be accurately estimated or properly reflected. This may result in an inaccurate assessment of our results of operations and financial position. Any instability on the securities markets can lead to a significant devaluation of our securities portfolio, which would result in financial losses to us and could have a negative impact on Qiwi Bank's prudential ratios (see "-*Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations*").

For the years ended December 31, 2021 and December 31, 2020, the revaluation loss of our bond portfolio constitued RUB 206 million and RUB 15 million, respectively. If our bond portfolio further declines in value, we may incur losses and suffer negative impact on our prudential ratios, which could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to expand into new geographical markets, or develop our existing international operations successfully, which could limit our ability to grow and increase our profitability.

Certain of our services are offered in countries beyond Russia, and we may look to further expand our geographical footprint if the right opportunities appear. Our expansion into new geographical markets and further development of our international operations depend on our ability to apply our existing technology or to develop new applications to meet the particular needs of each local market or country. We may not have adequate financial, technological or personnel and management resources to develop effective and secure services or distribution channels that will satisfy the demands of these markets. We may not be able to establish partnerships with any counterparties that we may need in order to strengthen our international operations. If we fail to enter new markets or countries or to develop our international operations, we may not be able to continue to grow our revenues and earnings. Furthermore, we may expand into new geographical markets in which we may not have any previous operating experience. We operate in an industry that is often subject to significant regulation, and our lack of familiarity with the regulatory landscape in new markets may result in us running into unanticipated problems or delays in obtaining the requisite regulatory approvals and licenses. We may not be able to successfully expand in such markets due to our lack of experience. Moreover, we may not be able to execute our strategy in our existing international operations successfully, which may result in additional losses or limit our growth prospects. The general anti-Russian sentiment that has become prevalent in the international business community in the wake of the military conflict in Ukraine and resuting sanctions in early 2022 may also hinder of international expansion.

In addition, expanding internationally subjects us to a number of risks, including:

- greater difficulty in managing foreign operations;
- expenses associated with localizing our products, including offering consumers the ability to transact in major currencies;
- higher labor costs and problems integrating employees that we hire in different countries into our existing corporate culture;
- laws and business practices that favor local competitors;
- multiple and changing laws, tax regimes and government regulations;
- foreign currency restrictions and exchange rate fluctuations;
- changes in a specific country's or region's political or economic conditions; and
- differing intellectual property laws.

In addition, our international operations may expose us to numerous and sometimes conflicting legal and regulatory requirements, and violations or unfavorable interpretation by authorities of these regulations could harm our business. In particular, we are exposed to the risk of being deemed to have permanent establishment in a specific country and transfer pricing risks which could result in additional tax liability.

If we are not able to manage these and multiple other risks associated with international operations successfully, our business, financial condition and results of operations could be materially adversely affected.

Risks Relating to Corporate Governance Matters and Organizational Structure

The substantial share ownership position of the Chairman of our board of directors, Sergey Solonin, may limit your ability to influence corporate matters.

The Chairman of our board of directors, Sergey Solonin, owns substantially all of our class A shares, representing approximately 66.6% of the voting power of our issued share capital. As a result of this concentration of share ownership, Mr. Solonin has sole discretion over any matters submitted to our shareholders for approval that require a simple majority vote and has significant voting power on all matters submitted to our shareholders for approval that require a qualified majority vote, including the power to veto them. Our articles of association require the approval of no less than 75% of present and voting shareholders for matters such as amendments to the constitutional documents of our company, dissolution or liquidation of our company, reducing the share capital, buying back shares and approving the total number of shares and classes of shares to be reserved for issuance under any employee stock option plan or any other equity-based incentive compensation program of our group. Matters requiring a simple majority shareholder vote include, among other matters, increasing our authorized capital, removing a director, approving the annual audited accounts and appointing auditors.

This concentration of ownership could delay, deter or prevent a change of control or other business combination that might otherwise give you the opportunity to realize a premium over then-prevailing market price of our shares. The interests of Mr. Solonin may not always coincide with the interests of our other shareholders. This concentration of ownership may also adversely affect the price of our ADSs.

Our ADS holders have limited rights in relation to the appointment of our directors, including our independent directors.

Other than in certain limited cases provided for in our articles of association, our directors are elected by shareholder weighted voting, sometimes referred to as cumulative voting, under which each shareholder has the right to cast as many votes as the voting rights attached to its shares multiplied by a number equal to the number of board seats to be filled by shareholders. As a result, our class A shareholders will have the ability to appoint, through the weighted voting set forth in our articles of association, at least a majority of the board of directors for the foreseeable future. The interests of our directors may therefore not be aligned with or be in the best interests of the holders of our ADSs.

We cannot guarantee that our shareholders will approve our buyback program or that we will buy back any of our ordinary shares represented by ADSs pursuant to the buyback program, if approved, or that our buyback program will enhance long-term shareholder value.

On March 31, 2022, our board of directors convened an extraordinary general meeting of shareholders to be held on May 16, 2021 for the purpose of approving a buyback program under which the Company may directly or through any of its subsidiaries acquire ordinary shares of the Company represented by the ADSs listed on the Nasdaq Global Select Market and the Moscow Exchange, in the open market (see Item 4.A for details). The buyback program, if approved by our shareholders, would authorize our board of directors to acquire the ordinary shares for a period of 12 months as from the date on which the buyback program is approved. If approved by our shareholders, the specific timing and amount of buybacks under the buyback program, if any, will depend upon several factors, including market and business conditions, the trading price of our ordinary shares, and the nature of other investment opportunities. In addition, our ability to buy back shares may be limited by law or regulatory authority. In particular, in accordance with Cyprus law, the total nominal value of the ordinary shares that may be acquired under by the Company or any of its subsidiary if the buyback program is approved, shall not exceed 10% of the total number of shares outstanding.

Even if the buyback program is approved, we are not obligated to purchase any ordinary shares under the buyback program, and such program may be suspended or discontinued at any time. Buybacks of our ordinary shares pursuant to our buyback program could affect the market price of our ordinary shares or increase their volatility. The existence of a buyback program could also cause the price of our ordinary shares to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our ordinary shares. Additionally, buybacks under the buyback program will diminish our cash reserves, which impacts our ability to pursue possible future strategic opportunities and acquisitions, support our operations, invest in securities and pay dividends and could result in lower overall returns on our cash balances. Buybacks may not enhance shareholder value because the market price of our ordinary shares may decline below the levels at which we buyback ordinary shares, and short-term stock price fluctuations could reduce the program's effectiveness.

On February 28, 2022, trading on the Moscow Exchange in all equity securities was suspended (including our ADSs), which suspension was later extended until the limited resumption of stock trading on the Moscow Exchange on March 24, 2022, and the full resumption of stock trading on the Moscow Exchange on March 28, 2022. Also, on February 28, 2022, the Nasdaq Global Select Market halted trading in our ADSs and stocks of certain other Russian companies. If such trading suspensions of our ordinary shares on the Nasdaq Global Select Market persists, we will be limited in our ability to purchase ordinary shares under the buyback program due to lower liquidity.

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 some of the U.S. state laws. For example, by law existing holders of shares in a Cypriot public company are entitled to pre-emptive rights on the issue of new shares in that company (provided such shares are paid in cash and the pre-emption rights have not been disapplied). 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.:

- our board of directors can only take certain actions by means of a supermajority vote of 75% of its members, including approving our annual budget and business plan, disposing of our interest in a subsidiary if such disposal results in a change of control over such subsidiary, issuing shares for consideration other than cash and other actions
- our shareholders are able to convene an extraordinary general meeting; and
- if our board of directors exercises its right to appoint a director to fill a vacancy on the board created during the term of a director's appointment, shareholders holding 10.01% of the voting rights of the company may terminate the appointment of all of the directors and initiate reelection of the entire board of directors.

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.

Acquisitions of Russian entities are subject to pre-closing approval by multiple government authorities which exercise significant discretion as to whether a consent should be granted or not, and are regulated by numerous laws which are often ambiguous and open to varying interpretations.

Due to our ownership of Qiwi Bank, any transactions resulting in the acquisition of more than 50% of voting power of our company or the right to otherwise direct our business activities would become subject to preliminary approval by the CBR. In addition, any acquisition of more than 50% of our voting power may also be subject to a preliminary approval by the Russian Federal Antimonopoly Service, or the FAS. Furthermore, Qiwi Bank holds encryption licenses which are necessary to conduct its operations, and by virtue of this may be deemed to be a "strategic enterprise" for the purposes of the Federal Law of the Russian Federation No. 57-FZ "On the Procedure for Foreign Investments in Enterprises which are Strategically Important for the State Defense and National Security", dated April 29, 2008, as amended, or "the Strategic Enterprise Law". In this case, any acquisition of control over our company would require an approval of a specialized government commission, which is a relatively lengthy process that typically takes between three and six months in practice (see "– *Regulation – Regulation of Strategic Investments*"). These regulatory approval requirements may have the effect of making a takeover of our company more difficult or less attractive, and may prevent or delay a change of control, which could have a negative impact on the liquidity of, and investor interest in, our ADSs.

Additionally, under Russian law, the depositary may be treated as the owner of the class B shares underlying the ADSs, and therefore, could be deemed a beneficial shareholder of Qiwi Bank. This is different from the way other jurisdictions treat ADSs. As a result, the depositary may be subject to the approval requirements of the CBR, FAS and the government commission described above in the event an amount of our shares representing over 50% of our voting power is deposited in the ADS program. Accordingly, our ADS program may be subject to an effective limit of 50% of our voting power, unless the depositary obtains FAS, CBR and potentially additional government commission approvals to increase its ownership in excess of 50% of our voting power. This could limit our ability to raise capital in the future and the ability of our existing shareholders to sell their ADSs in the public markets, which in turn may impact the liquidity of share capital.

The quota imposed on foreign ownership of Russian banks or IT companies may make a takeover of our company by a foreign purchaser impossible.

Under current Russian law, the Russian government is entitled, upon consultation with the CBR, to propose legislation imposing a quota on foreign ownership in the Russian banking industry, covering both Russian branches of international banks and foreign participation in the charter capital of Russian banks, such as Qiwi Bank. Currently, a 50% quota on foreign ownership is in place, subject to certain exemptions.

Furthermore, in late 2019 a draft legislative bill was submitted to the Russian legislature proposing to restrict ownership by foreign persons of certain key Russian IT companies pursuant to a list to be determined at a later stage to not more than 20% in the aggregate. Such draft law was repealed after significant criticism. However, there can be no assurance that similar measures will not be adopted in the future, as has already happened, for example, to media companies and video content distributors under other laws adopted in Russia in recent years.

If the quota on foreign ownership of Russian banks is exceeded, or if a law restricting foreign ownership of Russian IT companies is adopted, a takeover of our company by a foreign purchaser may become impossible, which could limit, prevent or delay a change of control of our company and in turn could negatively impact the liquidity of our ADSs.

As a foreign private issuer whose ADSs are listed on Nasdaq, we have elected to follow certain home country corporate governance practices instead of certain Nasdaq requirements.

As a foreign private issuer whose ADSs are listed on Nasdaq, we are permitted in certain cases to, and do, follow Cypriot corporate governance practices instead of the corresponding requirements of Nasdaq. We follow Cypriot corporate governance practices with regard to the composition of our board of directors which, unlike the applicable Nasdaq rule for U.S. corporations, do not require that a majority of our directors be independent. Due to the resignation of Ms. Elena Titova from our board of directors, currently only two out of our six directors are independent. Our board of directors has conducted a search for a qualified replacement for Ms. Titova and expects to appoint a third independent director. We also do not have a compensation committee or a nominating committee comprised entirely of independent directors, and our independent directors do not meet in regular executive sessions. In addition, our board of directors has not made any determination whether it will comply with certain Nasdaq rules concerning shareholder approval prior to our taking certain company actions, including the issuance of 20% or more of our then-outstanding share capital or voting power in connection with an acquisition, and our board of directors, in such circumstances, may instead determine to follow Cypriot law. Accordingly, our shareholders may not be afforded the same protection as provided under Nasdaq corporate governance rules.

In addition, as a result of Ms. Titova's resignation, the Company is not compliant with Rule 5605(c)(2) of the Nasdaq Rules, which requires a company to have an audit committee comprised of at least three independent directors. The Company has received a Nasdaq Staff Notification letter dated April 28, 2022, in which Nasdaq has provided the Company with a cure period in order to regain compliance as follows: (i) until the earlier of the Company's next annual shareholders' meeting or April 20, 2023; or (ii) if the next annual shareholders' meeting is held before October 17, 2022, then the Company must evidence compliance no later than October 17, 2022. The Board has conducted a search for a qualified replacement for Ms. Titova and expects to appoint a third independent director to the Board and to the audit committee within the stated cure period. If we fail do so, the Company could become subject to delisting by Nasdaq.

Our ADS holders may not have the same voting rights as the holders of our class A shares and class B shares and may not receive voting materials in time to be able to exercise their right to vote. Our ADS holders' right to receive certain distributions may be limited in certain respects by the deposit agreement.

Except as set forth in the deposit agreement, holders of our ADSs are not able to directly exercise voting rights attaching to the class B shares represented by our ADSs. Holders of our ADSs may instruct the depositary how to vote such holder's class B shares represented by the ADSs. Upon receipt of voting instructions from an ADS holder, the depositary will vote the underlying class B shares in accordance with these instructions. Pursuant to our articles of association, we may convene an annual shareholders' meeting or a shareholders' meeting called for approval of matters requiring a 75% shareholder vote upon at least 45 days' notice and upon at least 30 days' notice for all other shareholders' meetings. If we give timely notice to the depositary under the terms of the deposit agreement and so request, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure our ADS holders that they will receive the voting materials in time to instruct the depositary to vote the class B shares underlying their ADSs, and it is possible that our ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. 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 our ADS holders may not be able to exercise their right to vote and there may be nothing such holders can do if the class B shares underlying your ADSs are not voted as requested. In addition, although our ADS holders may directly exercise their right to vote by withdrawing the class B shares underlying their ADSs, they may not receive sufficient advance notice of an upcoming shareholders' meeting to withdraw the class B shares underlying their ADSs to allow them to vote with respect to any specific matter. Furthermore, under the deposit agreement, the depositary has the right to restrict distributions to holders of the ADSs in the event that it is unlawful or impractical to make such distributions. We have no obligation to take any action to permit distributions to holders of our ADSs. As a result, holders of ADSs may not receive distributions made by us.

Risks Relating to Russia and Other Markets in Which We Operate

Emerging markets such as Russia are subject to greater risks than more developed markets, including significant legal, economic and political risks.

Investors in emerging markets such as Russia should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging economies are subject to rapid change and that the information set out herein may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate.

Generally, investment in emerging markets is 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 advisors before making an investment in our ADSs.

Know-your-client requirements established by Russian anti-money laundering legislation may adversely impact our transaction volumes.

Our business is currently subject to know-your-client requirements established by Federal Law of the Russian Federation No. 115-FZ "On Combating the Legalization (Laundering) of Criminally Obtained Income and Funding of Terrorism", dated August 7, 2001, as amended, or the Anti-Money Laundering Law. Based on the Anti-Money Laundering Law we distinguish three types of consumers based on their level of identification, being anonymous, identified through a simplified procedure and fully identified. There can be no assurance that we will always be able to collect all necessary data to perform the identification procedure in full or that the data the users provide us for the purposes of identification will not contain any mistakes or misstatements and will be correctly matched with the information available in the governmental databases. Due to the lack of clarity and gaps existing under the current customer identification legislation, we have to employ a risk-based approach to customer KYC and sometimes make judgment calls in applying anti-money laundering legislation, with the resulting risk of being found in non-compliance with it. Thus, current situation could cause us to be in violation of the identification requirements. In case we are forced to change our approaches to identification procedure or in case the identification requirements are further tightened, it could negatively affect the number of our consumers and, consequently, our volumes and revenues. Additionally, Russian anti-money laundering legislation is in a constant state of development and is subject to varying interpretations. See also "– *Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business*". If we are found to be in non-compliance with any of its requirements, we could not only become subject to fines and other sanctions, but could also have to discontinue to process operations that are deemed to be in breach of the applicable rules and lose associated revenue streams.

Political and governmental instability could adversely affect the value of investments in Russia.

Political conditions in Russia were highly volatile in the 1990s, as evidenced by the frequent conflicts amongst executive, legislative and judicial authorities, which negatively impacted the business and investment climate in the Russian Federation. Over the past three decades the course of political and other reforms has in some respects been uneven and the composition of the Russian Government has at times been unstable. The Russian political system continues to be vulnerable to popular dissatisfaction, including dissatisfaction with the results of the privatizations of the 1990s, as well as to demands for autonomy from certain religious, ethnic and regional groups.

On January 15, 2020, Russian Prime Minister Dmitry Medvedev announced that he and the entire Government were resigning after President Vladimir Putin proposed constitutional amendments that would, among other things, strengthen the powers of the Russian parliament regarding appointment of the Prime Minister and members of the Government. Vladimir Putin has subsequently nominated the former head of the Federal Taxation Service, Mikhail Mishustin, to replace Dmitry Medvedev as Prime Minister and appointed the new Government. Future changes in the Russian Government, the State Duma or the presidency, major policy shifts or eventual lack of consensus between the president, the Russian Government, Russia's parliament and powerful economic groups could lead to political instability. Additionally, the potential for political instability resulting from the worsening of the economic situation in Russia and deteriorating standards of living should not be underestimated. Any such instability could negatively affect the economic and political environment in Russia, particularly in the short term. Shifts in governmental policy and regulation in Russia are less predictable than in many Western democracies and could disrupt or reverse political, economic and regulatory reforms. Any significant change in the Russian Government's program of reform in Russia could lead to the deterioration of Russia's investment climate that might limit our ability to obtain financing in the international capital markets or otherwise have a material adverse effect on our business, financial condition and results of operations.

The implementation of government policies in Russia targeted at specific individuals or companies could harm our business as well as investments in Russia more generally.

The use of governmental power against particular companies or persons, for example, through the tax, environmental or prosecutorial authorities, could adversely affect the Russian economic climate and, if directed against us, our senior management or our major shareholders, could materially adversely affect our business, financial condition and results of operations. Russian authorities have recently challenged some Russian companies and prosecuted their executive officers and shareholders on the grounds of tax evasion and related charges. In some cases, the results of such prosecutions and challenges have been significant claims against companies for unpaid taxes and the imposition of prison sentences on individuals. There has been speculation that in certain cases these challenges and prosecutions were intended to punish, and deter, opposition to the government or the pursuit of disfavored political or economic agendas. There has also been speculation that certain environmental challenges brought recently by Russian authorities in the oil and gas as well as mining sectors have been targeted at specific Russian businesses under non-Russian control, with a view to bringing them under state control. More generally, some observers have noted that takeovers in recent years of major private sector companies in the oil and gas, metals and manufacturing sectors by state-controlled companies following tax, environmental and other challenges may reflect a shift in official policy in favor of state control at the expense of individual or private ownership, at least where large and important enterprises are concerned.

Deterioration of Russia's relations with other countries could negatively affect the Russian economy and those of the nearby regions.

Over the past several years, Russia has been involved in conflicts, both economic and military, involving other members of the CIS or other countries. On several occasions, this has resulted in the deterioration of Russia's relations with other members of the international community, including the United States and various countries in Europe. Many of these jurisdictions are home to financial institutions and corporations that are significant investors in Russia and whose investment strategies and decisions may be affected by such conflicts and by worsening relations between Russia and its immediate neighbors.

In addition to the military conflict in Ukraine (see "– *The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition*") other recent points of tension between Russia and Western governments have included: the Russian role in the Syrian crisis and its military support for the government of Syria; the alleged involvement of the Russian government in the cyber-attacks aimed at disrupting the election process in the U.S.; the alleged involvement of the Russian intelligence service in an attempted poisoning of a Russian citizen in the UK; the incident involving Ukrainian vessels near the Kerch Strait in November 2018; and the incarceration of a prominent Russian public figure Alexey Navalny. All of the above have led to escalation of geopolitical tensions, and sometimes introduction or expansion of international sanctions or other countermeasures by Western countries against Russia, or calls for introduction of additional sanctions, and may continue to do so in the future. The emergence of new or escalated tensions between Russia and neighboring states or other states could negatively affect the Russian economy. This, in turn, may result in a general lack of confidence among international investors in the region's economic and political stability and in Russian investments generally. Such lack of confidence may result in reduced liquidity, trading volatility and significant declines in the price of listed securities of companies with significant operations in Russia, including our ADSs, and in our inability to raise debt or equity capital in the international capital markets, which may affect our ability to achieve the level of growth to which we aspire.

Crime and corruption could create a difficult business climate in Russia.

The political and economic changes in Russia since the early 1990s have led, amongst other things, to reduced policing of society and increased lawlessness. Organized crime, particularly property crimes in large metropolitan centers, has reportedly increased significantly since the dissolution of the Soviet Union. In addition, the Russian and international media have reported high levels of corruption in Russia. Press reports have also described instances in which government officials have engaged in selective investigations and prosecutions to further the interest of the government and individual officials or business groups. Although we adhere to a business ethics policy and internal compliance procedures to counteract the effects of crime and corruption, instances of illegal activities, demands of corrupt officials, allegations that we or our management have been involved in corruption or illegal activities or biased articles and negative publicity could materially and adversely affect our business, financial condition and results of operations.

Economic instability in Russia could have an adverse effect on our business.

Any of the following risks, which the Russian economy has experienced at various points in the past, may have or have already had a significant adverse effect on the economic climate in Russia and may burden or have already burdened our operations:

- international sanctions;
- significant declines in gross domestic product, or GDP;
- high levels of inflation;
- sudden price declines in the natural resource sector;
- high and fast-growing interest rates;
- unstable credit conditions;
- high state debt/GDP ratio;
- instability in the local currency market;
- a weakly diversified economy which depends significantly on global prices of commodities;
- lack of reform in the banking sector and a weak banking system providing limited liquidity to Russian enterprises;
- pervasive capital flight;
- corruption and the penetration of organized crime into the economy;
- significant increases in unemployment and underemployment;
- the impoverishment of a large portion of the Russian population;
- large number of unprofitable enterprises which continue to operate due to deficiency in the existing bankruptcy procedure;
- prevalent practice of tax evasion; and
- growth of the black-market economy.

As Russia produces and exports large quantities of crude oil, natural gas, petroleum products and other commodities, the Russian economy is particularly vulnerable to fluctuations in oil and gas prices as well as other commodities prices, which historically have been subject to significant volatility over time, as illustrated by the recent decline in crude oil prices. Russian banks, and the Russian economy generally, were adversely affected by the global financial crisis. In 2014 and 2015, Russia experienced an economic downturn characterized by substantial depreciation of its currency, sharp fluctuations of interest rates, a decline in disposable income, a steep decline in the value of shares traded on its stock exchanges, a material increase in the inflation rate, and a decline in the gross domestic product. In 2016-2017 some of those economic trends reversed or moderated, with oil prices increasing somewhat, inflation rates declining significantly and gross domestic product returning to modest growth. Economic instability resumed in 2018, with the ruble depreciating significantly and inflation exceeding the government's forecasts. In 2019, the ruble was relatively stable with intermittent volatility and inflation was below government forecast; however, the first quarter of 2020 saw another abrupt drop in oil prices, and, as a result, the value of the ruble, which then continued to be volatile throughout 2020 and 2021 (see "*– We are subject to the economic risk and business cycles of our merchants, partners and agents and the overall level of consumer spending*"). There can be no assurance that any measures adopted by the Russian government to mitigate the effect of any financial and economic crisis will result in a sustainable recovery of the Russian economy. Discussions are currently ongoing with respect to potential limits on trade in energy with Russia, which represent a major source of income for the country. If such measures are adopted, this could further exacerbate the economic crisis unraveling in Russia.

As an emerging economy, Russia remains particularly vulnerable to further external shocks. Events occurring in one geographic or financial market sometimes result in an entire region or class of investments being disfavored by international investors – so-called "contagion effects". Russia has been adversely affected by contagion effects in the past, and it is possible that it will be similarly affected in the future by negative economic or financial developments in other countries. Economic volatility, or a future economic crisis, may undermine the confidence of investors in the Russian markets and the ability of Russian businesses to raise capital in international markets, which in turn could have a material adverse effect on the Russian economy and the Group's results of operations, financial condition and prospects. In addition, any further declines in oil and gas prices or other commodities pricing could disrupt the Russian economy and materially adversely affect our business, financial condition, results of operations and prospects.

The banking system in Russia remains underdeveloped.

The banking and other financial systems in Russia are not well-developed or regulated, and Russian legislation relating to banks and bank accounts is subject to varying interpretation and inconsistent application. The 1998 financial crisis resulted in the bankruptcy and liquidation of many Russian banks and almost entirely eliminated the developing market for commercial bank loans at that time. From April to July 2004, the Russian banking sector experienced further serious turmoil. As a result of various market rumors and certain regulatory and liquidity problems, several privately owned Russian banks experienced liquidity problems and were unable to attract funds on the inter-bank market or from their client base. Simultaneously, they faced large withdrawals of deposits by both retail and corporate customers. Several of these privately owned Russian banks collapsed or ceased or severely limited their operations. Russian banks owned or controlled by the government and foreign owned banks generally were not adversely affected by the turmoil.

There are currently a limited number of creditworthy Russian banks (most of which are headquartered in Moscow). Although the CBR has the mandate and authority to suspend banking licenses of insolvent banks, some insolvent banks still operate. Many Russian banks also do not meet international banking standards, and the transparency of the Russian banking sector in some respects still lags behind internationally accepted norms. Banking supervision is also often inadequate, as a result of which many banks do not follow existing CBR regulations with respect to lending criteria, credit quality, loan loss reserves, diversification of exposure or other requirements. The imposition of more stringent regulations or interpretations could lead to weakened capital adequacy and the insolvency of some banks. Prior to the onset of the 2008 global economic crisis, there had been a rapid increase in lending by Russian banks, which many believe had been accompanied by a deterioration in the credit quality of the loan portfolio of those banks. In addition, a robust domestic corporate debt market was leading Russian banks to hold increasingly large amounts of Russian corporate ruble bonds in their portfolios, which further deteriorated the risk profile of the assets of Russian banks. The global financial crisis of 2007-2008 has led to the collapse or bailout of some Russian banks and to significant liquidity constraints for others. Profitability levels of most Russian banks have been adversely affected. Indeed, the global crisis has prompted the government to inject substantial funds into the banking system amid reports of difficulties among Russian banks and other financial institutions. In recent years, the CBR has considerably increased the intensity of its supervision and regulation of the Russian banking sector. Historically, the revocation of banking licenses by the CBR has been a relatively rare event mostly occurring to local banks with little assets and little or no significance for the banking sector as a whole. Starting October 2013, however, the CBR has launched a campaign aimed at cleansing the Russian banking industry, revoking the licenses from an unusually high number of banks (including significant banks such as Ugra, Master-Bank, Investbank, ProBusinessBank, Svyaznoy Bank, Vneshprombank, Tatfondbank and others) on allegations of money laundering, financial statements manipulation and other illegal activities, as well as inability of certain banks to discharge their financial obligations, which resulted in turmoil in the industry, instigated bank runs on a number of Russian credit institutions, and severely undermined the trust that the Russian population had with private banks. In addition, in the course of 2017 three of Russia's largest private banks, Otkritie Bank, Binbank and Promsvyazbank, were all bailed out and taken over by the CBR through the newly established Banking Industry Consolidation Fund, since all of them were allegedly unable to perform their obligations as they fell due for various reasons. License revocations have continued throughout 2018 and 2019, again with some major banks impacted. The private banking sector in Russia, always relatively minor compared to state players like Sberbank and VTB to begin with, has contracted severely as a result. This can be expected to result in reduced competition in the banking sector (while at the same time putting alternative payment solution providers such as ourselves in the position of having to predominantly compete with the government itself), increased inflation and a general deterioration of the quality of the Russian banking industry. It could be expected that the difficulties currently faced by the Russian economy could result in further collapses of Russian banks. With few exceptions (notably the state-owned banks), the Russian banking system suffers from weak depositor confidence, high concentration of exposure to certain borrowers and their affiliates, poor credit quality of borrowers and related party transactions. Current economic circumstances in Russia, and foreign sanctions that have hit the banking industry in particular disproportionately hard, are putting stress on the Russian banking system. These circumstances decrease the affordability of consumer credit, putting further pressure on overall consumer purchasing power. In addition, these factors could further tighten liquidity on the Russian market and add pressure onto the ruble.

Our business is significantly affected by development in the Russian banking sector. First, we periodically hold funds in a number of Russian banks and rely on guarantees given by those banks to enhance our liquidity. Increased uncertainty in the Russian banking sector exposes us to additional counterparty risk and affects our liquidity. In addition, a significant portion of our revenue is derived from consumer payments in the banking industry in our Financial Services market vertical. As a result, the bankruptcy or insolvency of one or more of these banks could adversely affect our business, financial condition and results of operations. The continuation or worsening of the banking crisis could decrease our transaction volumes, while the bankruptcy or insolvency of any of the banks which hold our funds could prevent us from accessing our funds for several days. All of these factors could have a material adverse effect on our business, financial condition and results of operations.

Social instability could lead to labor and social unrest, increased support for renewed centralized authority, nationalism or violence.

Failures to adequately address social problems have led in the past, and could lead in the future, to labor and social unrest. Labor and social unrest could have political, social and economic consequences, such as increased support for a renewal of centralized authority; increased nationalism, with support for re-nationalization of property, or expropriation of or restrictions on foreign involvement in the economy of Russia; and increased violence. Any of these could have an adverse effect on confidence in Russia's social environment and the value of investments in Russia, could restrict our operations and lead to a loss of revenue, and could otherwise have a material adverse effect on its business, results of operations and financial condition.

Russia has experienced high levels of inflation in the past.

As a substantial portion of our expenses (including operating costs and capital expenditures) are denominated in rubles, the relative movement of inflation and exchange rates significantly affects our results of operations. The effects of inflation could cause some of our costs to rise. Russia has experienced high levels of inflation since the early 1990s. For example, inflation increased dramatically after the 1998 financial crisis, reaching a rate of 84.4% in that year. According to Rosstat, inflation in Russia was 12.9% in 2015, 5.4% in 2016, 2.5% in 2017, 4.2% in 2018, 3% in 2019 and 4.9% in 2020. In 2021 inflation amounted to 8.4%, based on Rosstat estimates, mainly as a result of COVID-19 pandemic. In response to the unprecedented drop in the ruble/U.S. dollar exchange rate in February-March 2022, Russian Central Bank raised the key rate to 20%, and the level of inflation is expected to increase substantially in 2022. Certain of our costs, such as salaries and rent, are affected by inflation in Russia. To the extent the inflation causes these costs to increase, such inflation may materially adversely affect our business, financial condition and results of operations.

The immaturity of legal systems, processes and practices in Russia may adversely affect our business, financial condition and results of operations.

Risks associated with the legal system of Russia include, to varying degrees, inconsistencies between and among laws, presidential decrees, edicts and governmental and ministerial orders and resolutions; conflicting local, regional, and federal rules and regulations; the lack of judicial or administrative guidance regarding the interpretation of the applicable rules; the untested nature of the independence of the judiciary and its immunity from political, social and commercial influences; the relative inexperience of jurists, judges and courts in interpreting recently enacted legislation and complex commercial arrangements; a high degree of unchecked discretion on the part of governmental authorities; alleged corruption within the judiciary and governmental authorities; substantial gaps in the regulatory structure due to delays in or absence of implementing regulations; bankruptcy procedures that are not well-developed and are subject to abuse; and a lack of binding judicial precedent. All of these weaknesses affect our ability to protect and enforce our legal rights, including rights under contracts, and to defend against claims by others. In addition, the merger of the Supreme Arbitration Court of the Russian Federation, which used to oversee business disputes, into the Supreme Court, which used to only handle criminal cases and civil lawsuits, is viewed by some as having further aggravated these issues. The Russian judicial system is not immune from economic and political influences.

The Russian court system is understaffed and underfunded, and the quality of justice, duration of legal proceedings, and performance of courts and enforcement of judgments remain problematic. Under Russian legislation, judicial precedents generally have no binding effect on subsequent decisions and are not recognized as a source of law. However, in practice, courts usually consider judicial precedents in their decisions. Enforcement of court judgments can in practice be very difficult and time-consuming in Russia. Additionally, court claims are sometimes used in furtherance of political and commercial aims. All of these factors can make judicial decisions in Russia difficult to predict and make effective redress problematic in certain instances.

The relatively recent enactment of many laws, the lack of consensus about the scope, content and pace of political and economic reform and the rapid evolution of legal systems in ways that may not always coincide with market developments have resulted in legal ambiguities, inconsistencies and anomalies and, in certain cases, the enactment of laws without a clear constitutional or legislative basis. Legal and bureaucratic obstacles and corruption exist to varying degrees in each of the regions in which we operate, and these factors are likely to hinder our further development. These characteristics give rise to investment risks that do not exist in countries with more developed legal systems. The developing nature of the legal systems in Russia could materially adversely affect our business, financial condition and results of operations.

Unlawful, selective or arbitrary government action may have an adverse effect on our business.

Governmental authorities have a high degree of discretion in Russia and at times appear to act selectively or arbitrarily, without hearing or prior notice, and in a manner that is contrary to law or influenced by political or commercial considerations. Moreover, the Russian Government also has the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or terminate contracts. Unlawful, selective or arbitrary governmental actions have reportedly included denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. Federal and local government entities also appear to have used common defects in matters surrounding share issuances and registration as pretexts for court claims and other demands to invalidate the issuances or registrations or to void transactions, seemingly for political purposes. Moreover, selective, public criticism by Russian Government officials of Russian companies has in the past caused the price of publicly traded securities in such Russian companies to sharply decline, and there is no assurance that any such public criticism by Russian Government officials in the future will not have the same negative affect. Standard & Poor's has expressed concerns that "Russian companies and their investors can be subjected to government pressure through selective implementation of regulations and legislation that is either politically motivated or triggered by competing business groups". In this environment, our competitors could receive preferential treatment from the government, potentially giving them a competitive advantage. Unlawful, selective or arbitrary governmental action, if directed at our operations in Russia, could materially and adversely affect our business, financial condition and results of operations.

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

Russian law generally provides that shareholders in a Russian joint-stock company or participants in a limited liability company are not liable for that company's obligations and risk only the loss of their investment. This may not be the case, however, when one company (the "effective parent") is capable of making decisions for another (the "effective subsidiary"). Under certain circumstances, the effective parent bears joint and several responsibilities for transactions concluded by the effective subsidiary in carrying out such decisions.

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 shareholders 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, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations in Kazakhstan have become significant, and many of the risks we face in Kazakhstan are similar to those we face in Russia.

In addition to Russia, our operations in Kazakhstan are significant. In many respects, the risks we face in operating business in Kazakhstan are similar to those in Russia as set out above in "– *Risks Relating to the Russia and Other Markets in Which We Operate*". As is typical of an emerging market, Kazakhstan does not possess a well-developed business, legal and regulatory infrastructure and has been subject to substantial political, economic and social change. Our business in Kazakhstan is subject to Kazakhstan specific laws and regulations including with respect to tax, anti-corruption, and foreign exchange controls. Such laws are often rapidly changing and are unpredictable. In addition, we are exposed to foreign currency fluctuations between the Russian ruble and the Kazakh tenge, which could affect our financial position and our profitability. Our failure to manage the risks associated with doing business in Kazakhstan could have a material adverse effect upon our results of operations.

Risks Relating to Taxation

Global anti-offshore measures may have adverse impact on our business, financial condition and results of operations.

In 2013 the Organization for Economic Co-operation and Development ("OECD") and G20 countries accepted that existing international tax rules create opportunities for base erosion and profit shifting, because these rules have been designed more than a century ago. Pursuing solutions for this problem, OECD and G20 countries adopted a 15-point Action Plan to Base Erosion and Profit Shifting ("BEPS"). The BEPS package of measures represents the substantial renovation of the international tax rules. In light of the new measures, it is expected that profits will be reported where the economic activities that generate them are carried out and where value is created.

The Convention on Mutual Administrative Assistance in Tax Matters developed by the Council of Europe and the OECD in 1988 and amended by Protocol in 2010 is now signed by 141 jurisdictions (the Russian Federation, Cyprus, UAE are among the signatories). This Convention, by virtue of its Article 6, requires competent authorities of jurisdictions-signatories to participate in the automatic exchange of information that is foreseeably relevant for the administration or enforcement of their domestic laws concerning the taxes. In addition, by virtue of Article 5 the Convention requires competent authorities of jurisdictions-signatories to participate in the exchange of information on request and, by virtue of Article 7, stipulates that such competent authorities should participate in spontaneous exchange of information. The tax authorities (including, Russian, Cypriot and UAE tax authorities) already cooperate in terms of mutual administrative assistance in tax matters. In compliance with the requirements of Article 6 of this Convention in 2016 the Russian Federation joined the Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard, the "CRS"). CRS calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. The Russian Federation also adopted country-by-country reporting ("CbCR") requirements which assume automatic exchange of county-by-country reports. The mandatory CbCR reporting for multinational enterprise groups was introduced in Cyprus as well. The new means of global exchange of financial information provide for much more transparency of international transactions. Due to information exchange instruments the tax authorities are becoming much more efficient in combating tax avoidance. Currently, the Russian Federation applies automatic exchange of financial information, among others, with Cyprus and UAE and does not apply such automatic exchange of financial information with the UK.

The above developments in terms of global information exchange could complicate tax planning as well as related business decisions and could possibly expose us to significant fines and penalties and to enforcement measures, despite our best efforts at compliance, and could result in a greater than expected tax burden.

On November 24, 2016, the OECD published the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS ("MLI") which introduces new provisions to existing double tax treaties limiting the use of tax benefits provided thereof. As a minimum standard MLI implements principle purposes test, under which treaty benefits are disallowed if one of the principle purposes of the transaction or the structure was to obtain tax benefit. Depending on the position chosen by the party of MLI, certain optional provisions limiting tax treaty benefits could also apply. For example, the reduced rate on dividends provided under a double tax treaty shall be denied if the conditions for holding equity interest or shares by the time of the dividend payout are met over less than a 365-day period. The optional provisions of MLI also provide for Dual Resident Entities rules under which if there is a conflict of tax residency for the person (other than an individual) and competent authorities do not come to an agreement on the relevant person, it shall not be entitled to any tax relief or exemption provided by the relevant double tax treaty except to the extent as may be agreed upon by the competent authorities. Given that certain provisions of MLI are optional and are subject to notifications and reservations by the states-parties, tax consequences should now be determined by way of considering several sources of legislation, namely the domestic tax law, double tax treaties and MLI provisions, which have been adopted by states-parties to the relevant double tax treaty.

Cyprus Government ratified the MLI on January 22, 2020. Cyprus has adopted the minimum standards of the MLI and made full reservations on all other provisions of the MLI, including replacement of the "effective management" concept with the mutual agreement procedure between the jurisdictions of which the entity shall be deemed to be a resident. In effect, the double tax treaties of Cyprus will be amended to include these provisions without further bilateral negotiations after the other jurisdiction of the respective tax treaty has deposited its instrument of ratification, acceptance, or approval of the MLI, and a specified time period has passed. The UAE has ratified MLI on May 29, 2019 covering 114 of its double tax treaties, adopting the minimum standards and making certain reservations with respect to optional provisions.

On May 1, 2019 the MLI was ratified by the Russian Federation. Starting from 2021, MLI has come into effect in respect of withholding taxes covered by tax treaties concluded by the Russian Federation with 34 countries (including tax treaty with Cyprus). Application of MLI could potentially limit tax benefits granted by double tax treaties of Russian Federation and Cyprus.

The OECD Inclusive Framework (IF) on BEPS have been developing a 'two-pillar' approach in an effort to address the tax challenges arising from the digitalization of the economy (also known as the BEPS 2.0 project). In June and July 2021, a political agreement on the key aspects of the proposals was reached by the G7, G20, and many of the OECD IF countries. Furthermore, in October 2021, the OECD/G20 IF published an updated statement on the two-pillar solution which has been agreed by 136 IF member countries. Under Pillar One, a formulaic share of the consolidated profit of certain multinational enterprises (MNE) will be allocated to markets (i.e. where sales arise). Pillar One will apply to MNEs with profitability above 10% and global turnover above EUR 20bn. Pillar Two introduces a global minimum effective tax rate of 15%. Companies with global turnover above EUR 750m will be within the scope of Pillar Two, with headquarter jurisdictions retaining the option to apply the rules to smaller, domestic MNEs. Pillar Two should also introduce Subject to Tax Rule resulting in additional taxation of certain types of income paid at source to jurisdictions where it taxed at tax rates below certain threshold. Pillar One and Pillar Two are expected to take effect in 2023 at the earliest.

Russian Federation and UAE are members of the IF. Cyprus is not currently a member of the IF, however an announcement issued by the Cyprus Ministry of Finance on October 9 2021 highlighted that Cyprus is in alignment with the principles governing the two-pillar plan of the IF's agreement.

The implementation of global instruments means the application of such instruments by competent authorities on mutually agreed grounds, however, there might be a risk that competent authorities of jurisdictions where our subsidiaries operate would apply newly introduced global transparency instruments inconsistently, which would lead to the imposition of additional taxes on us.

For more details on the possible impact of these measures, see sections below.

Significant change of substance requirements in certain jurisdictions may adversely impact our business.

Following the global trend on increase of substance requirements in various jurisdictions, starting from 2019, certain jurisdictions (including traditional offshore jurisdictions) implement legislation that requires companies registered in the relevant offshore jurisdiction to maintain actual substance on the territory of such jurisdictions, which may include, amongst others, the qualified personnel, premises located in the particular jurisdiction, reasonable expenses to support daily operation of the company.

We cannot exclude that we might be subject to additional costs and/or tax liabilities resulting from the said requirements, which could have a material adverse effect on our business, financial condition and results of operations.

Weaknesses and changes in the Russian tax system could materially and adversely affect our business and the value of investments in Russia.

We are subject to a broad range of taxes and other compulsory payments imposed at federal, regional and local levels, including, but not limited to, profits tax, VAT and social contributions. Tax laws, namely the Russian Tax Code, have been in force for a short period relative to tax laws in more developed market economies, and the implementation of these tax laws is still unclear or inconsistent. Historically, the system of tax collection has been relatively ineffective. The Russian tax laws and regulations are subject to frequent changes, varying and contradicting interpretations and inconsistent and selective enforcement. Although the quality of Russian tax legislation has generally improved since the introduction of the first and second parts of the Russian Tax Code, the possibility exists that Russia may impose arbitrary or onerous taxes and penalties in the future, which could adversely affect our business, financial condition and results of operations.

A large number of changes have been made to various chapters of the Russian Tax Code since their introduction. Since Russian federal, regional and local tax laws and regulations are subject to changes and some of the sections of the Russian Tax Code relating to the aforementioned taxes are comparatively new, interpretation of these regulations is still unclear or non-existent. Also, different interpretations of tax regulations exist both among and within government bodies at the federal, regional and local levels, which creates uncertainties and inconsistent enforcement. The current practice is that private clarifications to specific taxpayers' queries with respect to particular situations issued by the Russian Ministry of Finance are not binding on the Russian tax authorities and there can be no assurance that the Russian tax authorities will not take positions contrary to those set out in such clarifications. During the past several years the Russian tax authorities have shown a tendency to take more assertive positions in their interpretation of the tax legislation, which has led to an increased number of material tax assessments issued by them as a result of tax audits. Starting from January 1, 2019 tax authorities are entitled to claim documents (information) used for calculation and payment of taxes (other obligatory payments) from the taxpayers' auditors. In practice, the Russian tax authorities generally interpret the tax laws in ways that do not favor taxpayers, who often have to resort to court proceedings against the Russian tax authorities to defend their position. In some instances, Russian tax authorities have applied new interpretations of tax laws retroactively. There is no established precedent or consistent court practice in respect of these issues. Furthermore, in the absence of binding precedent, court rulings on tax or other related matters by different courts relating to the same or similar circumstances may also be inconsistent or contradictory.

Starting from January 1, 2015, a number of amendments have been made to the Russian tax legislation introducing, among others, the concepts of controlled foreign companies, corporate tax residency and beneficial ownership (see also "*Risk Factors – Risks Relating to Taxation - Russian anti-offshore measures may have adverse impact on our business, financial condition and results of operations*").

On November 27, 2017, the Federal Law No. 340-FZ introducing CbCR requirements was published. The mandatory filing of CbCR is, in general, in line with the OECD recommendations within the BEPS initiative. The law has taken effect on the date of its official publication, and its provisions apply to financial years starting in 2017 (except for the provisions regarding the national documentation). These amendments would require multinational corporate enterprise groups with consolidated revenues of over certain threshold to submit annual CbCR, as well as certain other reporting forms detailing multinational corporate enterprises groups operations (locally and globally, respectively), as well as transfer pricing methodologies applied to intra-group transactions. Thus, if we reach the reporting threshold established for the consolidated revenue of the group (over RUB 50 billion if parent company for CbCR purposes is regarded as Russian tax resident or over relevant threshold established in any other jurisdiction as applicable (e.g. EUR 750 million for Cyprus))) we may be liable to submit relevant CbCR. It is unclear at the moment how the above measures will be applied in practice by the tax authorities and courts. It is important that, for example, the above changes and amendments to the Russian Tax Code introduced by the law do not replace the already existing transfer pricing documentation requirements.

As mentioned in "*Global anti-offshore measures may have adverse impact on our business, financial condition and results of operations"* the OECD is actively developing a 'two-pillar' approach in an effort to address the tax challenges arising from the digitalization of the economy (also known as the BEPS 2.0 project). It is currently unclear how this initiative will be addressed in Russian tax legislation (if at all), what will be the effect from these initiatives and how these initiatives will impact on business and operations.

Certain other changes were introduced to the Russian Tax Code over the recent years, namely changes to types of controlled transactions subject to transfer pricing rules, increase of the VAT rate to 20%, etc.

On September 8, 2020 the protocol on amendment of double tax treaty between Russia and Cyprus was signed. The amendments increased withholding tax rate envisaged by this double tax treaty in respect of dividends and interest to 15% (with certain exceptions). The amendments were ratified in the end of 2020 and came into effect starting from January 1, 2021.

The possibility exists that the Government may introduce additional tax-raising measures. Although it is unclear how such measures would operate, the introduction of any such measures may affect the Group's overall tax efficiency and may result in significant additional taxes becoming payable.

For example, there was an initiative of Russian Ministry of Finance to introduce progressive profits tax rate in case dividends distributed by the Russian corporate taxpayers exceed investments. Although the respective amendments were considered as requiring further development and were not enacted in 2021 it may not be excluded that this concept will be revisited and introduced in the future. If such initiative finally is adopted, the Company may be subject to such additional profit tax in Russian Federation.

There can be no assurance that the Russian Tax Code will not be changed in the future in a manner adverse to the stability and predictability of the tax system. These factors, together with the potential for state budget deficits, raise the risk of the imposition of additional taxes on us. The introduction of new taxes or amendments to current taxation rules may have a substantial impact on the overall amount of our tax liabilities. There is no assurance that we would not be required to make substantially larger tax payments in the future, which may adversely affect our business, financial condition and results of operations.

Our business in Russia may be deemed to receive unjustified tax benefits.

In its decision No 138-0 dated July 25, 2001, the Constitutional Court of the Russian Federation, or the Constitutional Court, introduced the concept of "a taxpayer acting in a bad faith" without clearly stipulating the criteria for it. Although this concept is not defined in Russian tax law, it has been used by the tax authorities to deny, for instance, the taxpayer's right to obtain tax deductions and benefits provided by the tax law. The tax authorities and courts often exercise significant discretion in interpreting this concept in a manner that is unfavorable to taxpayers.

The concept of "unjustified tax benefit" was formulated in Resolution No. 53 issued by the Plenum of the Supreme Arbitrazh Court of the Russian Federation in 2006. The concept is defined in the resolution mainly by reference to specific examples of tax benefits obtained as a result of a transaction that has no reasonable business purpose and which may lead to disallowance of their application.

On July 19, 2017, new anti-avoidance provisions were introduced by the Article 54.1 of the Russian Tax Code, which replaced the previously existing concept of "unjustified tax benefit". These anti-avoidance provisions establish two specific criteria that should be met simultaneously to entitle a taxpayer to reduce the tax base or the amount of tax: (i) the main purpose of the transaction (operation) is not a non-payment (incomplete payment) and (or) offset (refund) of the amount of tax; and (ii) the obligation under the transaction (operation) is executed by a person who is a party to a contract entered into with the taxpayer and / or a person to whom the obligation to execute a transaction (operation) was transferred under a contract or law. The Russian Tax Code specifically indicates that signing of primary documents by an unidentified or unauthorized person, violation by the counterparty of tax legislation, the possibility to obtain the same result by a taxpayer by entering into other transactions not prohibited by law cannot be considered in itself as a basis for recognizing the reduction of the tax base or the amount of tax unlawful. However, application of these criteria is still under consideration of the tax authorities, therefore, no assurance can be given that positions of taxpayers will not be challenged by the Russian tax authorities.

The Russian Ministry of Finance issued clarifications that the concepts expressed in Resolution No. 53 and evolved in the relevant court practice should not be applied by the Russian tax authorities in the course of tax audits following the enactment of new anti-avoidance rules. However, it cannot be excluded that this new concept could be applied by the tax authorities in a broader sense. There were some publications in mass media with reference to the Head of Federal Tax Service of the Russian Federation stating that more than 85% of tax disputes based on Article 54.1 of the Russian Tax Code are ruled out in favor of the tax authorities. Furthermore, recently the Russian tax authorities issued the new clarifications regarding application of Article 54.1 of the Russian Tax Code. In view of this trend and taking into the account the uncertainties with application of anti-avoidance concept, this could possibly expose our Group to significant fines and penalties and to enforcement measures, despite our best efforts at compliance, and could result in a greater than expected tax burden.

Our Russian subsidiaries are subject to tax audits by Russian tax authorities which may result in additional tax liabilities.

Generally, taxpayers are subject to tax audits for a period of three calendar years immediately preceding the year in which the decision to conduct the audit is taken. Nevertheless, in some cases the fact that a tax period has been reviewed by the tax authorities does not prevent further review of that tax period, or any tax return applicable to that tax period within three-year statute of limitation period. In addition, based on the court practice and the first part of the Russian Tax Code, the three-year statute of limitations for tax liabilities is extended if the actions of the taxpayer create insurmountable obstacles for the tax audit. Because none of the relevant terms is defined in Russian law, the tax authorities may have broad discretion to argue that a taxpayer has "obstructed" or "hindered" or "created insurmountable obstacles" in respect of an audit, effectively linking any difficulty experienced in the course of their tax audit with obstruction by the taxpayer and use that as a basis to seek tax adjustments and penalties beyond the three-year term. Therefore, the statute of limitations is not entirely effective. Tax audits may result in additional costs to our Group if the relevant tax authorities conclude that our Russian subsidiaries did not satisfy their tax obligations in any given year. Such audits may also impose additional tax burdens on our Group by diverting the attention of management resources. The outcome of these audits could have a material adverse effect on our business, financial condition and results of operations.

Russian transfer pricing legislation may require pricing adjustments and impose additional tax liabilities with respect to all controlled transactions.

The existing Russian transfer pricing rules became effective from January 1, 2012. Under these rules the Russian tax authorities are allowed to make transfer-pricing adjustments and impose additional tax liabilities in respect of certain types of transactions ("controlled" transactions). The list of the "controlled" transactions includes transactions with related parties (with several exceptions such as guarantees between Russian non-banking organizations and interest-free loans between Russian related parties) and certain types of cross border transactions. Starting from 2019, transactions between Russian tax residents are subject to transfer pricing control only if the amount of income from the transactions between these parties within one year exceeds RUB 1 billion and at the same time one of the conditions stipulated in Article 105.14 of Russian Tax Code (e.g., the parties to the transaction apply different corporate income tax rates) is met. Certain other transactions, such as foreign trade transactions in commodities traded on global exchanges, transactions with counterparties from blacklisted countries, transactions between related parties with participation of the independent intermediary, as well as transactions between the Russian tax resident and foreign tax resident (related parties) remain under control in case the amount of income from transactions between these parties within one year exceeds RUB 60 million threshold. As a side effect of this change, the Russian tax authorities who are entitled to perform tax audits of Russian taxpayers with focus on compliance with existing transfer pricing legislation will no longer be involved in tax audit of transactions between Russian parties due to increased limits on transactions between Russian tax residents but they will be able to pay more attention to cross-border transactions.

The burden of proving market prices, as well as keeping specific documentation, lies with the taxpayers. In certain circumstances, the Russian tax authorities may apply the transfer pricing rules and methods in cases where the rules are formally not applicable, claiming additional tax charges calculated using the transfer rules but based on other tax concepts (e.g. anti-avoidance rules, lack of economic justification of expenses, etc.). For more information see "O*ur business in Russia may be deemed to receive unjustified tax benefits*". It is therefore possible that the Group entities established in Russia may become subject to transfer pricing tax audits by tax authorities in the foreseeable future. Due to the uncertainty and developing practice of application of the Russian transfer pricing legislation the Russian tax authorities may challenge the level of prices applied by the Group under the "controlled" transactions (including certain intercompany transactions) or challenge the methods used to prove prices applied by the Group, and as a result accrue additional tax liabilities. If additional taxes are assessed with respect to these matters, they could have a material adverse effect on our business, financial condition and results of operations.

Cyprus transfer pricing legislation may require pricing adjustments and impose additional tax liabilities with respect to intra group financing transactions and/or all related party transactions.

The arm's length principle in the Cyprus income tax law requires that all transactions between related parties should be carried out on an arm's length basis, being at fair values and on normal commercial terms.

More specifically, under the arm's length principle, where conditions are made or imposed upon the commercial or financial relations of two related parties which differ from those which would have been made between independent parties, any profits which would have accrued to one of the parties had the two parties been independent, but have not so accrued, may be included in the profits of that party and taxed accordingly. The amendment to the income tax law, effective as of January 1, 2015, extends the arm's length principle by introducing the possibility of, in cases where two related Cyprus tax residents transact and the Cyprus tax authorities make an upward arm's length adjustment to one of them, effecting a corresponding downwards adjustment to the other one.

On June 30, 2017, the Cyprus tax authorities issued a tax technical circular (Circular) providing guidance for the tax treatment of intra-group financing transactions (IGFTs). The Circular effective as from July 1, 2017 closely follows the application of the arm's length principle of the OECD Transfer Pricing Guidelines and it applies for all relevant existing and future IGFTs. In this respect, the remuneration on all IGFTs should be supported by a transfer pricing study in order to be accepted by the Cyprus tax authorities.

IGFTs for the purposes of the Circular are defined as (i) any activity relating to granting of loans or cash advances to related companies that is or should be remunerated by interest; and (ii) such activity is financed by financial means and instruments, such as debentures, private loans, cash advances and bank loans.

The Circular requires that the transfer pricing study should be prepared by independent experts and will have to be based on the relevant OECD standards for the purposes of (i) describing (delineating) the IGFT by performing a comparability analysis based on the functional and risk profile of the company; and (ii) determining the applicable arm's length remuneration by performing an economic analysis.

There are no specific transfer pricing rules or any transfer pricing documentation requirements in the Cyprus tax laws with respect to any other related party transactions. However, Cyprus is in the late stages of adopting transfer pricing rules, covering all types of transactions, that are applicable to Cyprus tax resident companies or Cyprus permanent establishments that meet the standards set in the OECD BEPS Action 13: Transfer Pricing Documentation and Country-by-Country Reporting. The Cyprus draft transfer pricing legislation is expected to be enacted within the coming months.

We may encounter difficulties in obtaining lower rates of Russian withholding income tax envisaged by the Russia-Cyprus double tax treaty for dividends distributed from Russia.

Dividends paid by a Russian legal entity to a foreign legal entity are generally subject to Russian withholding income tax at a rate of 15%, although this tax rate may be reduced under an applicable double tax treaty. We intend to rely on the Russia-Cyprus double tax treaty. The Russian-Cyprus double tax treaty allows reduction of withholding income tax on dividends paid by a Russian company to a Cypriot company provided that the following conditions are met: (i) the Cypriot company is a tax resident of Cyprus within the meaning of the tax treaty; (ii) the Cypriot company is the beneficial owner of the dividends; (iii) the dividends are not attributable to a permanent establishment of the Cypriot company in Russia; (iv) the conditions established by the Russia-Cyprus double tax treaty for application of the reduced tax rate are satisfied; (v) the treaty benefits are not disallowed by the applicable provisions of MLI; and (vi) the treaty clearance procedures are duly performed.

The Protocol of September 8, 2020 coming into effect from January 2021 and amending Russia-Cyprus double tax treaty increased withholding tax rates in respect of interest and dividend income to 15% (though it provides for a number of exceptions where the lower rates of 5% or 0% are envisaged). The reduced 5% tax rate in respect of dividend and interest income is envisaged for certain categories of income recipients, including public companies whose shares are listed on a registered stock exchange provided that at least 15% of the voting shares of that company are in free float and which holds directly at least 15% of the capital of the company paying the dividends throughout a 365 days period that includes the day of payment of the dividends. The Cypriot holding company believes that it fulfills the conditions for application of the reduced 5% tax rate under the amended Russia-Cyprus double tax treaty in respect of dividend income, including more than 15% free float. However, there is some uncertainty in respect of the approach as to how to establish the percentage of depository receipts in free float. Although, the Russian Ministry of Finance issued some clarifications on this matter there is still some possibility that different interpretations could be applied given the vague wording of such clarification. Also, there is no assurance that the Russian Ministry of Finance will not revise its position in the future or that the Russian tax authorities will not challenge the Company's position in this respect. There is also no assurance that the reduced withholding income tax rate under the Russia-Cyprus double tax treaty will be applied to interest income.

The application of Russia-Cyprus double tax treaty benefits could be also disallowed if our Cypriot holding company fails to duly perform the treaty clearance procedures at the date when the dividend payment is made. In this case, we may seek to claim as a refund the difference between the 15% tax withheld and the reduced rate of 5% (as applicable). However, there can be no assurance that such taxes would be refunded in practice. Furthermore, starting from January 1, 2015, a number of amendments had been made to the Russian tax legislation introducing, amongst others, the concept of beneficial ownership. Under this concept, double tax treaty benefits are only available to the recipient of income from Russian sources, if such recipient is the beneficial owner of the relevant income. Foreign entities that do not qualify as beneficial owners may not claim double tax treaty relief even if they are residents in a double tax treaty country. Starting from 1 January 2017, the Russian Tax Code requires the tax agent to obtain confirmation from the non-resident holder-legal entity that it is the beneficial owner of the relevant income. Russian tax law provides neither the form of such confirmation nor the precise list of documents which can demonstrate the beneficial owner status of the recipient with respect to the received income. Due to the introduction of these changes, there can be no assurance that treaty relief at source will be available in practice. According to the clarifications of the Russian tax authorities, a foreign company may not benefit from a double tax treaty if its activity does not have a real business purpose, if such company does not bear any risks that are normal for business activity, such company does not benefit from the use of such income and its employees actually do not control/ manage such company. If activities of the company are limited to investments and/or financing of a group of companies, it cannot be considered as an independent business activity and it is not enough to confirm the beneficial owner status of the recipient of income. In addition, it is unclear how the beneficial ownership concept will evolve in the future. As a result, there is a risk that application of the concept of beneficial ownership may result in the inability of the foreign companies within our Group to claim benefits under a double taxation treaty through structures which historically have benefited from double taxation treaty protection in Russia.

Cypriot holding company intends to use simplified approach for confirmation of the beneficial ownership status that has recently been adopted for public companies with shares and (or) depository receipts comprising more that 25% of their share capital admitted to trade on a qualifying stock exchange if the respective confirmation letter on its beneficial ownership status and documents confirming publicly traded company status are in place. Since this simplified approach is relatively new and untested there is no assurance that the Russian tax authorities will not challenge our beneficial ownership status.

We may be deemed to be a tax resident outside of Cyprus.

According to the provisions of the Cyprus Income Tax Law, a company is considered to be a resident in Cyprus for tax purposes if its management and control is exercised in Cyprus. The concept of "management and control" is not defined in the Cypriot tax legislation. For more details in relation to tax residency in Cyprus see "Item 10.E Taxation – Material Cypriot Tax Considerations – Tax residency of a company". On 9 December 2021, the Cyprus Parliament voted to pass into law two bills for amending the Cyprus tax legislation in order to address aggressive tax planning, one of which being the introduction of a corporate tax residency test based on incorporation in addition to the existing "management and control" test.

If we are deemed not to be a tax resident in Cyprus, we may not be subject to the Cypriot tax regime other than in respect of Cyprus sourced income and we may be subject to the tax regime of the country in which we are deemed to be a tax resident. Further, we would not be eligible for benefits under the double tax treaties entered into between Cyprus and other countries.

The double tax treaty in force between Cyprus and Russia provides that a company shall be deemed to be a tax resident of the state in which the place of effective management of the company is situated. In case both states claim the tax residency of the company, the process of determining the effective management will be achieved through the two states endeavoring to determine the place of effective management by mutual agreement having regard to all relevant factors. It cannot be excluded that the Covid-19 restrictions limiting the ability of the directors who are not Cypriot citizens to travel and physically attend the meetings of the board of directors could have certain impact on the application of the Cypriot tax residency concept and associated risks. However, the Company has already obtained a tax ruling from the Cyprus tax authorities where the Cyprus tax authorities confirm that tax residency position of the Company for 2020 and 2021 is not affected by the fact that the Board of Directors' meetings did not physically take place in Cyprus due to Covid-19 related circumstances.

Our companies established outside of Russia may be exposed to taxation in Russia.

Due to our international structure (see "Item 18. Financial Statements, Note 5. Consolidated subsidiaries"), we are subject to permanent establishment, tax residency rules and transfer pricing risks in various jurisdictions in which we operate. We manage the related risks by looking at management functions and risks in various countries and level of profits allocated to each subsidiary. If additional taxes are assessed in connection with these matters, they may be material.

Under the Russian Tax Code, a foreign legal entity may be recognized as a Russian tax resident if such entity is managed from Russia. There are certain rules for determining the place of effective management for foreign companies. In particular, a foreign entity is considered to be managed from Russia if such entity and its business meet at least one of the following criteria: (i) its executive body (bodies) regularly acts (act) on its behalf from Russia; or (ii) its senior (management) staff (persons authorized to plan, supervise and manage the undertaking's business, and who are liable therefor) predominantly perform their management functions (that is, making decisions and carrying out other actions relating to the business of the entity falling within the competence of its executive bodies) in Russia. If an entity is recognized as Russian tax resident it is obligated to register with the Russian tax authorities, calculate and pay Russian tax on its worldwide income and comply with other tax-related rules established for Russian legal entities or organizations. There is an uncertainty as to how these criteria could be applied by the Russian tax authorities in practice.

We may not rule out the possibility that, as a result of these regulations, we or our companies established outside of Russia might be deemed to have become Russian tax residents, subject to all applicable Russian taxes, which could have a material adverse effect on our business, financial conditions and results of operations. In addition, if we are regarded as Russian tax resident dividend income received by the Non-Resident Holders of ADSs may be subject to Russian withholding tax at 15%. Due to certain specifics and uncertainty surrounding the withholding tax mechanism in Russia our recognition as Russian tax resident may also lead to taxation of dividends received by Russian Resident Holders at source at a 15% tax rate, normally applicable to Non-Resident Holders.

Each jurisdiction has its own tax residency requirements. We believe that our subsidiaries do comply with tax residency requirements of the jurisdiction, where they are incorporated; however, there might be a risk that they may be deemed a tax resident outside of countries of their incorporations.

The Russian Tax Code contains the concept of a permanent establishment in Russia as means for taxing foreign legal entities, which carry on regular operational activities in Russia beyond the activities of preparatory and auxiliary nature. The Russian double tax treaties with other countries also contain a similar concept. If a foreign company is treated as having a permanent establishment in Russia, it would be subject to Russian taxation in a manner broadly similar to the taxation of a Russian legal entity, but only to the extent of the amount of the foreign company's income that is attributable to the permanent establishment in Russia. However, the practical application of the concept of a permanent establishment under Russian domestic law is not well developed and so foreign companies having even limited operations in Russia, which would not normally satisfy the conditions for creating a permanent establishment under international rules, may be at risk of being treated as having a permanent establishment in Russia and hence being exposed to Russian taxation. Furthermore, the Russian Tax Code contains attribution rules, which are not sufficiently developed, and there is a risk that the tax authorities might seek to assess Russian tax on the global income of a foreign company. Having a permanent establishment in Russia may also lead to other adverse tax implications, including challenging a reduced withholding tax rate on dividends under an applicable double tax treaty, potential effect on VAT and property tax obligations. There is also a risk that penalties could be imposed by the tax authorities for failure to register a permanent establishment with the Russian tax authorities. Recent events in Russia suggest that the tax authorities may be seeking more actively to investigate and assert whether foreign entities of our Group operate through a permanent establishment in Russia. Any such taxes or penalties could have a material adverse effect on our business, financial condition and results of operations.

Russian anti-offshore measures may have adverse impact on our business, financial condition and results of operations.

The Russian Federation, like a number of other countries in the world, is actively involved in introduction of measures against tax evasion through the use of low tax jurisdictions as well as aggressive tax planning structures. Starting from January 1, 2015, the Federal Law No. 376-FZ, introducing the concept of "controlled foreign companies" (the "CFC Rules"), the concept of "corporate tax residency" and the concept of "beneficial ownership" into Russian tax legislation, came into force. Moreover, Russia has entered into several multilateral agreements for the exchange of information between the tax authorities of different countries.

Under the Russian CFC Rules, in certain circumstances, undistributed profits of foreign companies and non-corporate structures (e.g., trusts, funds or partnerships) domiciled in foreign jurisdictions, which are ultimately owned and/ or controlled by Russian tax residents (legal entities and individuals) will be subject to taxation in Russia. The Russian CFC Rules are being constantly developed. In the meantime, certain provisions of the Russian CFC Rules are still ambiguous and may be subject to arbitrary interpretation by the Russian tax authorities.

Under the concept of "corporate tax residency" a foreign legal entity may be recognized as a Russian tax resident (see *"Our companies established outside of Russia may be exposed to taxation in Russia"*.: When an entity is recognized as Russian tax resident it is obligated to register with the Russian tax authorities, calculate and pay Russian tax on its worldwide income and comply with other tax-related rules established for Russian entities. There is still an uncertainty as to how these criteria will be applied by the Russian tax authorities in practice.

Under the Russian Tax Code, a beneficial owner is defined as a person with by means of direct and/or indirect participation or control over other organizations or otherwise, has the right to own, use or dispose of income, or the person on whose behalf another person is authorized to use and/or dispose of such income. When determining the beneficial owner, the functions of a foreign person that is claiming the application of reduced tax rates under an applicable double tax treaty and the risks that such person takes should be analyzed. In accordance with the provisions of the Russian Tax Code, the benefits of a double tax treaty will not apply if a foreign person claiming such benefits has limited powers to dispose of the relevant income, fulfills intermediary functions without performing any other duties or taking any risks and paying such income (partially or in full) directly or indirectly to another person who would not be entitled to the same benefits should it received the income in question directly from Russia. Starting from January 1, 2017, the Russian Tax Code requires a tax agent, i.e. the payer of income, in addition to a certificate of tax residency to obtain a confirmation from the recipient of the income that it is the beneficial owner of the income. To date, there is still no approved or recommended format of such confirmation letter and (or) the precise list of documents to be obtained from the recipient of income claiming the beneficial owner status.

It cannot be excluded that we might be subject to additional tax liabilities because of these changes being introduced and applied to transactions carried out by us, which could have a material adverse effect on our business, financial condition and results of operations (see also "We may encounter difficulties in obtaining lower rates of Russian withholding income tax envisaged by the Russia-Cyprus double tax treaty for dividends distributed from Russia", "Global anti-offshore measures may have adverse impact on our business, financial condition and results of operations" and "Our companies established outside of Russia may be exposed to taxation in Russia").

The Russian thin capitalization rules allow for different interpretations, which may affect our business, results of operations and financial condition

Russian tax legislation contains thin capitalization rules envisaged under the point 2 of the Article 269 of the Russian Tax Code. These rules under certain conditions limit the amount of interest that could be deducted by the Russian companies with direct or indirect participation of foreign company. These rules were subject to frequent amendments and different interpretations over the past years

Our Russian subsidiaries may be affected by the Russian Federation's thin capitalisation rules in respect of loans from or have loans guaranteed by foreign or Russian related parties.

It is currently unclear how the Russian tax authorities could interpret and apply thin capitalisation rules. Specifically, it is unclear whether thin capitalization rules should be applied to coupon payments on bonds issued by one of our Russian subsidiaries when the investors in such bonds have irrevocable public offer from Group companies in place. If thin capitalization rules are applied, the Russian tax authorities may disallow part or full coupon payments for income tax deduction purposes. As a result, non-deductible coupon payments would be considered as payment of dividends and subsequently would be subject to withholding tax rate at 13% or 15%. As at the date of this Report there is no available court practice on this matter. It cannot be ruled out that we might be subject to additional tax liabilities, which could have a material adverse effect on our business.

ADS holders outside of Russia may be subject to Russian tax for income earned upon a sale, exchange or disposal of our ADSs.

In the event that the proceeds from a sale, exchange or disposal of ADSs are deemed to be received from a source within Russia, a non-resident holder that is an individual may be subject to Russian tax in respect of such proceeds at a rate of 30% of the gain (such gain being computed as the sales price less any available documented cost deduction, including the acquisition price of the ADSs and other documented expenses, such as depositary expenses and brokers' fees). In case of non-resident holders that are legal entities or organizations proceeds from sale, exchange or disposal of ADSs would be regarded as Russian source proceeds subject to tax in Russia at the rate of 20% if more than 50% of our assets directly or indirectly consist of immovable property in located in Russia. Relevant tax may be eliminated under any available double tax treaty relief, provided that the necessary requirements to qualify for the treaty relief, including beneficial ownership requirements, and the appropriate administrative requirements under the Russian tax legislation have been met. For example, holders of ADSs that are eligible for the benefits of the United States-Russia double tax treaty should generally not be subject to tax in Russia on any gain arising from the disposal of ADSs, provided that the gain is not attributable to a permanent establishment or a fixed base that is or was located in Russia and/or provided that no more than 50% of our assets consist of immovable property situated in Russia (as defined in the treaty). If not less than 50% of our assets were to consist of immovable property situated in Russia, the benefits of the United States-Russia double tax treaty may not be available to an ADS holder (whether a legal entity or an individual). For more details, see "Russian Tax Considerations Relevant to the Purchase, Ownership and Disposal of the ADSs". We believe that this should not be applicable to ADSs as our assets do not directly or indirectly by more than 50% consist of the immovable property located in Russia as of the date of this Report.

Income in the form of material benefit from the acquisition of the ADSs below the fair market value may be subject to Russian personal income tax

Generally, no Russian tax implications should arise for holders of ADSs, whether resident in Russia or not, upon the purchase of the ADSs. However, in certain circumstances, taxable income in the form of a so-called material benefit (imputed income) may arise for holders who are individuals if the ADSs are purchased at a price below market value. The difference may become subject to Russian personal income tax at the rate of 13% or 15% (if an individual's annual income is over RUB 5 million) for Russian resident holders which are individuals and, if treated as Russian-source income, 30% (or such other tax rate as may be effective at the time of acquisition) for non-resident holders which are individuals, which may be subject to reduction or elimination under an applicable double taxation treaty.

Depending upon the value and the nature of our assets and the amount and nature of our income over time, we could be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

We will be classified as a PFIC in any taxable year if either: (a) 50% or more of the fair market value of our gross assets (determined on the basis of a quarterly average) for the taxable year produce passive income or are held for the production of passive income, or (b) 75% or more of our gross income for the taxable year is passive income. As a publicly traded foreign corporation, for this purpose, we generally treat the aggregate fair market value of our gross assets as being equal to the aggregate value of our outstanding stock ("market capitalization") plus the total amount of our liabilities and to treat the excess of the fair market value of our assets over their book value as a nonpassive asset to the extent attributable to our nonpassive income. In prior years, we have relied on the presence of goodwill to avoid being classified as a PFIC; however, a decline in the price of our ADSs during 2021 has resulted in such goodwill declining significantly. We currently hold a substantial amount of cash and cash equivalents and other passive assets used in our business and the value of our gross assets is likely to be determined in large part by reference to our market capitalization securities. We maintain such substantial amounts of cash and cash equivalents in order to comply with certain Russian banking regulations. Our cash and cash equivalents are not maintained in such a manner that they can be treated as active assets for purposes of the PFIC tests. As such, it is likely that we were classified as a PFIC for the taxable year ended December 31, 2021. Nevertheless, we believe that we are an active business and do not intend to take the position that we were a PFIC in 2021, though there is no certainty in this regard.

The application of the PFIC rules is subject to uncertainty in several respects, and we must make a separate determination after the close of each taxable year as to whether we were a PFIC for such year. If we are a PFIC for any taxable year during which a U.S. investor held our ADSs, the U.S. investor might be subject to increased U.S. federal income tax liability and to additional reporting obligations. We do not intend to provide the information necessary for the U.S. investor to make a qualified electing fund election with respect to our ADSs. See "Taxation – United States Federal Income Tax Considerations – Passive Foreign Investment Companies."

Risks Relating to our ADSs

The class B shares underlying the ADSs are not listed and may be illiquid.

The class B shares underlying the ADSs are neither listed nor traded on any stock exchange, and we do not intend to apply for the listing or admission to trading of the class B shares on any stock exchange. As a result, a withdrawal of class B shares by a holder of ADSs, whether by election or due to certain other events will result in that holder obtaining securities that are significantly less liquid than the ADSs and the price of those class B shares may be discounted as a result of such withdrawal.

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

Our ADSs trade on both Nasdaq and MOEX. Trading in our ADSs on these markets occurs in different currencies (U.S. dollars on Nasdaq and Russian rubles on MOEX) and at different times (due to different time zones, trading days and public holidays in the United States and Russia). The trading prices of our ADSs on these two markets may differ due to these and other factors. The liquidity of trading in our ADSs on MOEX is limited. This may impair your ability to sell your ADSs on MOEX at the time you wish to sell them or at a price that you consider reasonable. In addition, trading of a small number of ADSs on that market could adversely impact the price of our ADSs significantly and could, in turn, impact the price in the United States. ADSs are completely fungible between both markets. Any decrease in the trading price of our ADSs on one of these markets could cause a decrease in the trading price of our ADSs on the other market. Additionally, as there is no direct trading or settlement between the two stock markets, the time required to move the ADSs from one market to another may vary and there is no certainty of when ADSs that are moved will be available for trading or settlement. There can be furthermore no assurance that ADSs may be moved between markets in the current market environment.

Future sales of ADSs or ordinary shares by significant shareholders could cause the price of our ADSs to decline.

If any of our significant shareholders sell, or indicate an intent to sell, substantial amounts of our ADSs or ordinary shares, including both class A shares and class B shares, in the market, the trading price of our ADSs could decline significantly. We cannot predict the effect, if any, that future sales of these ADSs or ordinary shares or the availability of these ADSs or ordinary shares for sale will have on the market price of our ADSs. As of the date of this annual report, we have outstanding 62,712,975 ordinary shares, including those represented by ADSs. Our shares that are not currently represented by ADSs could generally be added into our ADS program in relatively short order, subject to applicable securities laws restrictions. Our two significant shareholders (see Item 7.A Major Shareholders") have certain registration rights and are able to cause us to conduct registered offerings. A significant sale of our securities by any of these holders or any other future owner of a substantial stake in our company could have a detrimental effect on the trading price of our ADSs. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

Investors in our ADSs may have limited recourse against us, our directors and executive officers because we conduct our operations outside the United States and most of our current directors and executive officers reside outside the United States.

Our presence outside the United States may limit investors' legal recourse against us. We are incorporated under the laws of the Republic of Cyprus. All of our current directors and senior officers reside outside the United States, principally in the Russian Federation. Substantially all of our assets and the assets of our current directors and executive officers are located outside the United States, principally in the Russian Federation. As a result, investors may not be able to effect service of process within the United States upon our company or its directors and executive officers or to enforce U.S. court judgments obtained against our company or its directors and executive officers in Russia, Cyprus or other jurisdictions outside the United States, including actions under the civil liability provisions of U.S. securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions outside the United States, liabilities predicated upon US securities laws. There is no treaty between the United States and Russia providing for reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters. These limitations may deprive investors of effective legal recourse for claims related to their investment in our ADSs.

Our ADS holders may not be able to exercise their pre-emptive rights in relation to future issuances of class B shares.

In order to raise funding in the future, we may issue additional class B shares, including class B 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). Our ADS holders may not be able to exercise pre-emptive rights for class B shares represented by ADSs unless applicable securities law requirements are adhered to or an exemption from such requirements is available. 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 assurance that an exemption from the registration requirements of the Securities Act would be available to enable U.S. holders of ADSs 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 ADSs to rely on it. Accordingly, our ADS holders may not be able to exercise their pre-emptive rights on future issuances of shares, and, as a result, their percentage ownership interest in us would be reduced.

In April 2013, our shareholders authorized the disapplication of pre-emptive rights for a period of five years from May 8, 2013, the date of the closing of our initial public offering, in connection with the issue of up to an additional 52,000,000 class B shares, including in the form of ADSs. Such disapplication has expired on May 8, 2018, and while we have solicited further disapplication by our shareholders, such disapplication has not been supported by our public shareholders so far. If no further disapplication of pre-emptive rights is approved by our shareholders, any of our share issuances would be subject to the pre-emptive rights of our shareholders which some of our ADS holders may not be able to exercise due to the factors described above. At the same time, to the extent we attempt an offering of ADSs in the United States pursuant to the pre-emptive rights of our shareholders, we may not be able to do so due to the fact that 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 via a rights offering in the United States.

ADS holders have no legal interest in the underlying class B shares.

ADS holders acquire the beneficial, and not the legal, interest in the underlying class B shares, which the depositary holds for them, under the terms of the deposit agreement. The intended effect is to ring-fence the class B shares in the hands of the depositary by conferring a property interest on ADS holders as beneficiaries. However, the interest of the ADS holders as beneficiaries in the class B shares, is indirect, in the sense that in the normal course they do not have any direct recourse to the class B shares nor do they have any direct right of action against us.

ADS holders may be subject to limitations on transfer of their ADSs.

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

ITEM 4. Information on the Company

A. History and Development of the Company

We were incorporated in Cyprus under the name of OE Investments Limited on February 26, 2007 as a new holding company for JSC QIWI (previously known as OSMP CJSC and QIWI CJSC). The company operates under the Companies Law, related legislation, and common law of Cyprus. In 2007, we acquired, among other entities, CJSC E-port and LLC QIWI Wallet, which were reorganized in the form of accession to JSC QIWI. In April 2008, we launched the Qiwi brand, which gradually became the marketing name for our businesses. We changed our legal name to Qiwi Limited on September 13, 2010, and subsequently to QIWI plc upon going public on February 25, 2013.

Our primary subsidiaries are QIWI Bank (JSC), or Qiwi Bank, and JSC QIWI. JSC QIWI was incorporated in Russia in January 2004, and its key business functions include the provision of payment processing services as well as development and maintenance of our physical distribution network.

In September 2010, we acquired Qiwi Bank from a group of our then-current shareholders. In June 2015, we acquired the Rapida payment processing system and the CONTACT money transfer system, and subsequently in April 2017, they merged into Qiwi Bank.

In 2016, we launched a payment-by-installment card project SOVEST. In July 2020, following a strategic decision to divest the project, we sold the SOVEST consumer-lending business to Sovcombank. In connection with this transaction we assigned receivables from SOVEST customers (the portfolio of installment card loans) and transferred certain other assets related to the SOVEST project to Sovcombank.

In March 2017, we acquired Flocktory, a SaaS platform for customer lifecycle management and personalization focused primarily on the development of automated marketing solutions for the e-commerce, financial, media and travel industries, based on data collection and analysis.

In June 2018, QIWI signed a partnership agreement to establish a new entity JSC Tochka to collectively develop the Tochka business, as a digital banking service focused on offering a broad range of services to small and medium-sized businesses. JSC Tochka commenced its business operations in February 2019. In September 2021, we sold our stake in JSC Tochka.

In July 2018, we acquired Rocketbank, a digital banking service offering debit cards and deposits to retail customers. In 2019, the Board of Directors requested the management to investigate the potential for a partial or complete sale of Rocketbank. As we were unable to find a suitable buyer for Rocketbank, the Board of Directors resolved to wind down Rocketbank's operations. The wind-down of Rocketbank's operations was substantially completed in 2020.

In 2019, we launched the Factoring PLUS project (renamed ROWI project in 2021), which develops factoring financing and digital bank guarantee products. In 2021, as part of our ROWI project we also started providing online loans for performance of public procurement contracts and online funding for marketplace sellers based on sales scoring via personal account data. In order to fund the growth of the factoring portfolio, in October 2020 our special purpose finance vehicle, QIWI Finance LLC, incorporated in Russia, issued RUB 5 billion unsecured bonds due in 2023 that were listed on the Moscow Stock Exchange.

In 2021 ContactPay Solution Ltd., our subsidiary in UK, obtained an EMI (Electronic Money Institution) license in UK that enables us to provide payment services to consumers, merchants and partners throughout the European Union.

In 1Q 2022, QIWI acquired the Taxiaggregator SaaS platform that provides payment solutions and data analytics tool for taxi companies and taxi drivers. The transaction aims to further develop QIWI's value proposition in the payment segment for the self-employed. It serves as a foundation for transforming QIWI's offering from a "payment solution provider" into a "full-cycle taxi ecosystem."

In 1Q 2022, QIWI convened an EGM to approve a buyback program. On the recommendation of the Board of Directors it was proposed to approve acquisition by the Company directly or through any of its subsidiary of ordinary shares of the Company represented by the ADSs listed at Nasdaq Global Select Market and Moscow Exchange (MOEX), and to authorize the Board to buyback ordinary shares of the Company represented by the ADSs. The purpose of the buyback is to purchase the ordinary shares of the Company represented by the ADSs in the open market at current prices which the Company perceives to be below the fundamental value in order to:

- return additional value to shareholders;
- use as equity consideration for potential value-accretive M&As;
- fund the Company's long-term incentive plan;
- return repurchased shares back to the market when price level recovers.

Our principal executive office is located at Kennedy 12, Kennedy Business Centre, 2nd floor, P.C. 1087, Nicosia, Cyprus. Our telephone number at this address is: +357-22-653390. Our registered office is at the same address.

The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. Our website address is www.qiwi.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this Annual Report. References herein to the company's websites shall not be deemed to cause such incorporation.

For a description of our principal capital expenditures and divestitures for the three years ended December 31, 2021 and for those currently in progress, see Item 5 "Operating and Financial Review and Prospects."

For a description of the rules and regulations under which we are governed, see Item 4 "Regulation."

B. Business Overview

We are a leading provider of cutting-edge payment and financial services in Russia and the CIS. For over 20 years we have been at the forefront of fintech innovation to facilitate and secure digitalization of payments. Our mission is to connect our clients providing unique financial and technological solutions to make the impossible accessible and simple. We offer a wide range of products through our main product families: QIWI payment and financial services ecosystem for merchants and B2C clients across various digital use cases, ROWI digital structured financial products for SME, Flocktory services in marketing automation and advertising technologies, Taxiaggregator SaaS platform for taxi companies and drivers, as well as several startup projects at various stages of development.

We have an integrated proprietary network that enables payment services across online, mobile and physical channels and provides access to financial services for retail customer and B2B partners. As of December 31, 2021, our network allows over 27 million of customers and partners to accept and transfer RUB 144 billion of cash and electronic payments monthly and our money remittance payment platform CONTACT connects businesses and people from over 185 countries via over 670 thousand service points.

Our customers and partners can use cash, stored value, prepaid cards and other electronic payment methods in order to pay for goods and services or transfer money across virtual or physical environments interchangeably, as well as employ QIWI's open API infrastructure and highly customizable, sophisticated payment solutions to serve their business or personal needs. Our ROWI brand offers small and medium-sized businesses (SMEs) digital factoring, bank guarantees and other financial solutions.

We continously strive to broaden the scope of services, products, and use cases that we offer our customers and partners and aim penetrate new market niches where our offering could be a fit. We believe the complementary combination of our physical and virtual payment and financial services as well as our open infrastructure provide differentiated convenience to our customers and create a strong network effect that drives payment volume, scale across the business and helps us sustain robust profitability.

We operate in and target growing markets and segments that lack convenient digital solutions for customers and partners to pay or accept payments for goods and services, transfer money or use other financial tools in online, mobile and physical environments or that are largely cash-based. We help consumers, merchants and partners connect more efficiently in these markets by providing an integrated network of virtual wallets, applications, acquiring and payout services, open APIs and physical distribution points as well as payment gateways and methods that enable consumers to use differentiated funding sources to pay to any merchant or to another user in or outside of our network or access other services quickly and securely through a variety of interfaces.We believe our expertise, infrastracture and efficient business model make us well positioned to benefit from strong secular tailwinds, including growth of the gig economy, overall digitalization of payments, and e-commerce trends.

Our platform and products provide simple and intuitive user interfaces, convenient access, quick on-boarding and high-quality services combined with the reputation and trust associated with the QIWI Group brands. In Russia and Kazakhstan, the QIWI brand is well known and our digital solutions as well as our kiosks and terminals provide differentiated access to alternative payment infrastructure for our customers in those countries. We believe that the popularity and usage of our financial services in Russia is increasing, with these services well regarded by our customers. Further, in 2021 we received EMI (Electronic Money Institution) license in UK that enables us to provide payment services to consumers, merchants and partners throughout the European Union. It opens up new opportunities for us to extend our customer base and expand abroad. No sizable business is conducted on the basis of such license as of the day of this report.

We distribute our payment services primarily through our virtual products, most notably QIWI Wallet, which enables consumers to access, make and receive payments through their computers or mobile devices. Our customers can seamlessly create an online account, or virtual wallet, with QIWI through a variety of interfaces where they can store money, deposited from cash or funded from other sources, such as cards, bank accounts, mobile phone balances or money transfers to make payments and purchases at any time or they can make cash payments directly through our physical distribution network. Our services also allow merchants in Russia and other markets, including leading digital entertainment and online service providers and retailers, financial institutions, MNOs, and utilities, to accept payments via our network, enabling them to attract more consumers, generate more sales and get paid faster and more easily or use other services such as acquiring or payout solutions. Our partners can also use our infrastructure to create sophisticated payment and payout solutions and use various payment and financial tools we provide to service their operations. Our payment infrastructure offers diversity and flexibility that helps us deliver convenient solutions and satisfy the needs of a broad range of customers.

Moreover, our payment solutions target a variety of use cases creating an ecosystem that can be used to meet the diverse needs of our customers. These use cases include secure peer-to-peer and card-to-card money transfers for friends splitting lunch or self-employed people collecting money for their services; a light banking solution with a variety of upload channels; payment tools for the younger and underbanked population with easy on-boarding, wide acceptance and intuitive interfaces; unique payment tools for gamers and other specialized categories of users; and convenient solutions for payment collection for large, small and very small merchants including customizable open API capabilities, mass payouts solutions, online acquiring, etc.

We run our network and process our transactions using a proprietary, advanced technology platform that leverages the latest digital, analytics and security technologies to create a fast, highly reliable, secure and redundant system. We believe that the breadth and reach of our network and product offering, along with the proprietary nature of our technology platform, differentiates us from our competitors and allows us to effectively manage and update our services and realize a strong operating advantage with growth in volumes and diversification of our product offering. Historically, our payment services business has been a major part of our operations and it currently generates most of our revenues. We are constantly striving to diversify our product offering and range of services with certain new projects contributing to our payment services business and others aimed at penetrating new areas of the financial services market. In order to best reflect our current operational and management structure, we distinguish two key operating segments, as set out below:

- *Payment Services segment*, which encompasses our virtual distribution services, including QIWI Wallet and other QIWI applications, payment channels and methods; physical distribution, including our kiosks, terminals and other retail points of service, CONTACT Money Remittance system; and our merchant focused services, such as acquiring services;
- *Corporate and Other category*, which encompasses expenses associated with the corporate operations of QIWI Group, as well as our R&D, early stage business models or non-core projects, and projects that don’t pass the threshold for qualifying as separate reporting segments, including Tochka, ROWI (the new brand previously known as Factoring PLUS), and Flocktory.

Payment Services

Payment Services historically have been and continue to be our key business and core area of expertise. We offer our customers and partners unique payment processing infrastructure with easy on-boarding and diverse functionality that works seamlessly across virtual and physical channels and a wide range of accessible, intuitive digital services. We aim to develop a secure and convenient multi-use case platform to help our customers and partners satisfy a full range of their transactional and financial needs, which among others include:

- acceptance of payments;
- mass payout;
- issuance of plastic and virtual bank cards;
- internet acquiring;
- payment gateways;
- various while label solutions;
- classic money remittance services via CONTACT payment platform

Our Payment Network

Consumers and partners access our payment network through two primary channels: 1) virtual distribution, represented by our online products and APIs that we operate and 2) our physical distribution, represented by kiosks and terminals as well as payment gateways. These two channels are highly synergetic, creating a self-reinforcing network that we believe has been key for the continuing success of our business.

In 2019, 2020, and 2021, we processed RUB 1,489 billion, RUB 1,617 billion and RUB 1,735 billion in payments, respectively.

Virtual Distribution

Overview

We offer our customers and partners a variety of payment products and services, including our core QIWI Wallet product. QIWI Wallet is an online and mobile payment processing and money transfer system that we operate in Russia, Kazakhstan and other countries which allows customers to pay for the products and services of the merchants, and to perform peer-to-peer money transfers using a virtual wallet, which effectively replaces a physical wallet in an online and mobile environment. Using a virtual wallet, its holder can make online purchases and payments through a convenient, secure and intuitive online or mobile interface with multiple payment methods. QIWI Wallet allows our customers and partners to create and use highly customizable payment and payout solutions built on our infrastructure and covering a wide variety of business and personal needs. We believe QIWI Wallet is one of the leading virtual wallets in Russia.

We also operate the QIWI Wallet brand in certain jurisdictions outside of Russia, predominantly in Kazakhstan.

In 2019, 2020 and 2021, we had 22.5 million, 18.1 million, and 14.1 million active virtual wallets registered with our system as of year-end, respectively. The decline in number of active virtual wallets primarily resulted from the introduction of limitations on the anonymous wallets and enhancement of certain KYC, identification and compliance procedures. The number of active wallets was also affected by the CBR restrictions imposed in December 2020 resulting in outflow of clients that customarily used our services specifically for payments to merchants that have become subject to the restrictions. Furthermore, most of the 1.3 million QIWI wallet accounts previously created solely for the purposes of making bets via QIWI TSUPIS using payment methods other than QIWI wallet have been inactive since October 2021 when QIWI stopped providing TSUPIS services. We are focused on diversification of our product proposition and increase of payment volumes per QIWI wallet account. In 4Q 2021, payment volume per active QIWI wallet account was 62% higher year-over-year.

Apart from the broad functionality of our core QIWI Wallet product, we aim to offer our consumers certain additional products and applications that complement or enhance our main value proposition. For instance, our Qiwi Bonus offers discounts, cash-backs and loyalty programs from our merchants. We are also developing digital money remittance services as part of CONTACT money remittance system proposition. Additionally, we offer our customers an open API (Application Programming Interface) solution that allows to customize the interface of QIWI Wallet to make payment acceptance and collection more convenient. QIWI Wallet open API is one of the core features of our QIWI Master product that was developed specifically for self-employed individuals working in the online advertising industry. QIWI Master allows them to issue an infinite number of virtual cards that can be linked to one QIWI Wallet in order to track costs for different advertising campaigns simultaneously in an intuitive and user-friendly manner.

We offer our merchants and partners a number of solutions that complement and improve on our basic payment acceptance capabilities. These products include a solution for merchants to connect QIWI Wallet directly to their checkout page and manage their account with us online; acquiring services that enable merchants to get a one stop payment acceptance solution with the majority of means of payments, mass payouts solutions for the digital entertainment industry or businesses working with self-employed individuals, and certain other infrastructural solutions. We also provide virtual MIR cards to our customers. Our merchants and partners benefit from our robust infrastructure for customer identification, deposits, payments and transfers, legal and accounting support, AML/CFT controls and fraud monitoring.

We believe that our ability to leverage our technological platform and create convenient infrastructural solutions demanded by our partners and customers is a defining feature of our network that has enabled us to expand our business and penetrate new niches that will continue to fuel our growth going forward.

Our Virtual Wallet

With QIWI Wallet, consumers can create an online account, referred to as a virtual wallet, in which they can store money, whether deposited in cash or funded from a variety of sources such as mobile phone balances, bank accounts, credit or debit cards, or money transfers (including winning repayments and other merchant reloads and peer-to-peer transfers), and use it to make payments, purchases, peer-to-peer transfers or to remit money. To register a virtual wallet, a consumer only needs to have a mobile phone number to which the account is linked. See *Item 3D Risk Factors – "Know-your-client requirements established by Russian anti-money laundering legislation may adversely impact our transaction volumes*."

We believe that a key part of our service offering is consumer convenience and ease of use. QIWI Wallet is available through a variety of interfaces, including mobile applications, its own website, touch-screens of our kiosks, and merchant websites. An increasing share of consumers are accessing QIWI Wallet through our mobile applications rather than through our own website (which was historically the most popular QIWI Wallet interface), or our kiosk network. Nevertheless, kiosks remain an important channel for consumers to load and reload their QIWI Wallet accounts, which we believe highlights the synergies between our physical and virtual distribution.

The account loading process is simple and intuitive regardless of the interface that the consumer uses to access QIWI Wallet. Normally, a consumer just needs to enter the unique identification number of his or her virtual wallet and indicate the amount and source of money he or she wishes to load to the account. Likewise, while the process of making a payment through QIWI Wallet may vary slightly depending on the interface, we believe it is intuitive.

We offer downloadable QIWI Wallet applications for the most popular mobile and digital platforms and devices and support major mobile operating systems, including Android, iOS and other. We believe that these efforts are a vital part of our overall strategy and serve to increase our consumer base.

How Our Virtual Wallet Works

Payments made through QIWI Wallet can be categorized into push payments and pull payments. A push payment is a payment initiated by the consumer from a QIWI Wallet interface. Typical push payments include money remittance transactions, utility payments or mobile top-ups. After entering QIWI Wallet through one of its secure interfaces, a consumer is required to select the name of the merchant from hyperlink icon menu or using the search function, and then to type in the payment amount. Consumers are not subject to a fee when making most payments through QIWI Wallet. Additionally, consumers are able to link their bank cards to their QIWI Wallet accounts to make online payments without divulging their bank card details on merchant websites, decreasing the perceived risk of fraud associated with online payments. Payouts to QIWI Wallet made by the partners and merchants we serve are also mostly push payments.

A pull payment is a payment initiated by the consumer from a merchant interface, typically a merchant website through which the consumer makes a purchase. Usually a pull payment includes payments to e-commerce merchants. During the check-out process on a merchant website, the consumer chooses QIWI Wallet as a payment method and is re-directed to a QIWI Wallet web page. Next, if the consumer is already registered with QIWI Wallet, he or she is prompted to enter his or her mobile phone number to which his or her QIWI Wallet account is linked and his or her QIWI Wallet password. If the consumer is not yet registered with QIWI Wallet, our system automatically generates a virtual wallet once the mobile phone number is entered. A registered QIWI Wallet user is then required to select a source of funds to be used, including the prepaid balance of the QIWI Wallet account, a bank card previously linked to the QIWI Wallet account, or his or her mobile phone account. The consumer may also select a deferred payment option, with our system generating an electronic invoice from the merchant to the consumer, which is stored in the consumer's virtual wallet and can be paid at a later stage. After a payment option is chosen, the consumer is required to confirm the transaction, and then the funds are withdrawn from the source the consumer has selected and transmitted to the merchant. The only option available to consumers who did not have a QIWI Wallet account previously is the deferred payment option. Once the consumer loads his or her newly registered virtual wallet or links a bank card to it, the invoice can be confirmed and paid, and then the transaction is completed.

Our Reload Channels

QIWI Wallet accounts can be reloaded through most payment methods available on the market, including making cash deposits at any of our kiosks or terminals or third-party kiosks and terminals, via bank cards and accounts, mobile phone balances, online banking and retail or through peer-to-peer wallet transfers. QIWI Wallet also benefits from access to our own network of kiosks and terminals, which is one of the largest cash-reload networks in Russia. In some cases, QIWI Wallet accounts can be reloaded by our merchants or partners, for example when betting merchants are paying out winnings to our users, taxi companies are making payouts to taxi drivers or when microfinance organizations are issuing loans to wallet accounts. These latter reload channels are becoming consistently more important for us as we develop different infrastructural solutions based on our services, creating an ecosystem that is able to satisfy a wider range of payment and financial service needs of our customers. We believe that by offering the convenience of reloading through a variety of sources, we increase the likelihood of consumers using QIWI Wallet and other services that we offer as well as the adoption of such services.

QIWI branded kiosks and terminals historically have been the primary means that consumers use to reload their QIWI Wallet accounts. In 2015 the percentage of reloads made through bank cards, mobile phone balances and directly from bank accounts was less than 15% of total reloads, increasing to more than 25% in 2016. After that we observed a further increase in the proportion of non-cash reload channels as well as the growing share of top ups through different payout mechanisms. As of the end of 2021, the share of these non-cash top-ups surpassed 86% of the total reloads following the decline in the number of our kiosks and third party kiosks on the market (see *"Item 3.D Risk Factors—Risks Relating to Our Business and Industry—a decline in the use of cash as a means of payment or a decline in the use of kiosks and terminals may result in a reduced demand for our services*") and diversification of our payment infrastructure and product offering as well as overall market trend towards digitalization of payments.

Our International Virtual Wallets

As of December 31, 2021, the vast majority of active QIWI Wallet accounts were based in Russia. We also have a limited number of electronic wallets in Kazakhstan.

QIWI Prepaid Cards

At the end of 2009, we launched a prepaid card program in partnership with Visa Inc. Qiwi Visa prepaid cardholders enjoy all the benefits of a Visa card without having to open a bank account or credit line, eliminating the perceived risk of fraud associated with traditional credit and debit cards. Our QIWI Visa Plastic Card is a physical card that can be used to make purchases online or in a physical retail environment through a POS terminal from any merchant that accepts Visa branded cards. QIWI Visa Plastic Cards are linked to the balance of the consumer's QIWI Wallet and can serve as another extension of QIWI Wallet in to the physical environment. Up until March 10, 2022, these cards could be ordered through a QIWI Wallet. Visa QIWI Plastic Card complements our online capabilities and offers customers a wide range of use cases such as full scope light banking services including cash and electronic reloads, intuitive online interfaces, all types of payments and remittances and cash withdrawals from participating ATMs.

On March 5, 2022, Visa and Mastercard suspended membership of all their Russian members, rendering Qiwi Bank unable to issue Visa and Mastercard cards. Effective March 10, 2022 transactions with Visa and MasterCard cards issued in Russia are no longer supported by these payment systems and these cards no longer work outside of the country. In addition, any Visa and MasterCard cards issued by financial institutions outside of Russia don't work within the Russian Federation. Nevertheless, operations with such cards issued in Russia before the announced changes remain uninterrupted as they are processed through the National Payment Card System. Due to these changes QIWI is no longer able to issue VISA prepaid cards. As majority of our operations conducted in Rubles and availability of QIWI Wallet services as payment method was not affected, we do not see any meaningful impact on our operations and financial results due to such changes.

QIWI Bank has also been issuing physical MIR-branded cards since 2019 for our RusLom project. In March 2022, we started to issue MIR virtual cards. We also plan to launch the MIR Pay contactless payments for QIWI customers.

Physical distribution

Overview

Our physical distribution comprises approximately 75,000 kiosks and approximately 18,000 terminals (including various interfaces at physical points of service) that are assembled and sold by third party manufacturers. These kiosks and terminals run our proprietary software, which provides the customized interfaces that display our broad range of payment services and ensure the connectivity to our processing platform.

In 2019, 2020 and 2021 we had approximately 111,000, 94,000 and 75,000 kiosks and around 23,000, 19,000 and 18,000 terminals in our network as of year-end, respectively (for a discussion of the dynamics of the number of kiosks and terminals please see – *Item 5.A Operating Results. Key Measures of Financial and Operational Performance*). We have deployed our network of kiosks and terminals using a proprietary agent model. Under this model, kiosks are assembled by third-party manufacturers using our proprietary specifications and are then purchased by over 3,000 agents responsible for placing, operating and servicing the kiosks in high-traffic and convenient retail locations (the number of active agents includes only those who own kiosks and terminals. For reference, the number of active agents in physical distribution in 2019 and 2020 was 4,176 and 3,422, respectively). In addition, an agent-owned point of sale terminal, computer, laptop or mobile phone can serve as a QIWI terminal once our proprietary software is installed on it, which allows the agent to process consumer payments to merchants through our system.

In 2015, we acquired the CONTACT money remittance system. CONTACT is one of the major classic money transfer systems in Russia. It partners with hundreds of financial institutions and agents to form an extensive network of bank branches and retail offices across the globe to provide highly convenient and easily accessible money transfer services to a wide variety of users, digitalizing the offline market as well as strengthening and enlarging our ecosystem.

We have created and continue to develop our payment gateways which allow merchants to accept payments from customers for various goods and services. Our partners who deploy such payment gateways are primarily banks that integrate this payment solution into their remote banking channels, including ATM, internet banking, mobile applications, and websites. In addition to banks, this solution is in demand with our partners in retail and MNOs. The integration of this payment acceptance product allows our partners to increase monetization of the business through an additional income source, attract new customers and instantly start accepting payments to a large number of merchants.

Currently, our physical distribution network is almost entirely located in Russia and Kazakhstan. We also have a limited number of kiosks in Moldova and Belarus.

Our Kiosks and Terminals

A kiosk is a standalone computer terminal with a touch screen and specialized hardware and software, which enables consumers to make cash payments to merchants or reload their QIWI Wallet. Each kiosk is connected to our network using a dedicated SIM card or via the internet and is equipped with a cash acceptor, a printing device and a transaction recording device, along with a number of other capabilities in some cases. Kiosks are relatively easy and inexpensive to install and are equipped with specialized software that monitors the condition of the kiosk and its components.

In addition to kiosks, our network includes approximately 18,000 terminals at various retail locations, including a number of major Russian retail chains such as Svyaznoy. We provide these businesses with access to our network through our proprietary software and process payments made by their customers.

Our kiosks and terminals are owned by our agents in physical distribution. The agents purchase, install, operate and service the kiosks and terminals themselves; we provide them with our platform and technical solutions, help them comply with reporting requirements and provide them with various forms of support and incentives. Historically, we have been signing rental agreements with large retail networks including X5 Retail Group, Magnit, Monetka, Maria-Ra, and others to further sublease those locations to our agents. We believe it is important to provide our agents with comprehensive support in order to ensure the quality of service and a unique competitive environment.

Our Agents

Our agent base includes more than 3,000 agents who own kiosks and terminals and are responsible for placing, operating and servicing them in high-traffic, convenient retail locations. Apart from the larger agents such as consumer electronics retailers (for example Svyaznoy) or banks, many of our agents are small to medium-sized businesses, which we believe provides them with insights into local market dynamics.

Our agents determine the consumer fee for a number of services, mainly in the Telecom market vertical, while we may limit it and set, if applicable, consumer commissions for services of other categories of merchants. Moreover, we can cap these fees depending on our marketing actions or merchant's request. When the fee payable by the consumers is absent or capped, we normally award the agents an increased portion of merchant fees.

Merchants

In 2019, 2020 and 2021 we had approximately 12,500, 10,900 and 7,700 merchants active on a monthly basis in our system as of year-end, respectively. The decline in number of merchants was primarily driven by the CBR restrictions imposed in December 2020. Our merchants are vendors, including online retailers and service providers, betting companies, banks, microfinance organizations, money remittance companies, mobile network operators and utilities. With our extensive list of merchants, we aim to create a "one-stop" experience for our consumers. Consumers can easily access our merchants through QIWI Wallet, while our larger merchants can also be accessed through hyperlink icons placed directly on kiosk screens and, since any of our kiosks can be used as an interface to register a QIWI Wallet account or to access an existing one, the merchant offering is effectively the same for all our payment services interfaces. In addition, QIWI Wallet accounts can be linked to virtual or physical Visa prepaid cards that can be used to make purchases at any merchant accepting Visa worldwide.

Our merchants fall into five broad verticals, depending on the nature of the products and services they provide to consumers: E-commerce, Money Remittance, Financial Services, Telecom and Other. The following table shows the payment volume, payment adjusted net revenue, and payment average net revenue yield for each of these payment verticals.

	For the year ended 31 December,			
	2019 RUB	2020 RUB	2021 RUB	2021 USD
Payment Services segment key operating metrics				
Payment volume (in billions)	1,488.6	1,616.8	1,735.4	23.4
E-commerce	410.6	476.6	360.8	4.9
Financial Services	325.6	256.6	282.7	3.8
Money Remittance	549.1	679.7	922.1	12.4
Telecom	165.0	153.9	120.2	1.6
Other	38.3	50.0	49.7	0.7
Payment Adjusted Net Revenue (in millions)	18,103	19,549	17,507	235.6
E-commerce	10,415	11,078	7,791	104.9
Financial Services	1,207	1,342	942	12.7
Money Remittance	5,534	6,087	8,106	109.1
Telecom	722	709	510	6.9
Other	225	333	157	2.1
Payment Average Adjusted Net Revenue yield (in %)	1.22 %	1.21 %	1.01 %	1.01 %
E-commerce	2.54 %	2.32 %	2.16 %	2.16 %
Financial Services	0.37 %	0.52 %	0.33 %	0.33 %
Money Remittance	1.01 %	0.90 %	0.88 %	0.88 %
Telecom	0.44 %	0.46 %	0.42 %	0.42 %
Other	0.59 %	0.67 %	0.32 %	0.32 %

E-commerce. E-commerce is one of our major merchant categories and mostly comprises merchants that sell their products and services online, including betting (mostly sports betting) bookmakers such as F.O.N., BK Olimp and Leon, online game developers such as Wargaming and Mail.ru, social networks such as Vkontakte and Odnoklassniki; digital-entertainment providers; large international e-commerce merchants such as AliExpress and Joom and local e-commerce merchants. We also accept payments on behalf of ticketing and travel companies, software producers, coupon websites, and numerous other merchants. Our payment solutions provide e-commerce merchants with an opportunity to accept payments in a fast and reliable manner, increasing their consumer base and attractiveness of their services. Our QIWI Wallet provides customers of these businesses with a convenient, fast and secure payment option to make online purchases and top up their personal accounts, while our kiosk and terminal network offers a compelling offline interface to the online services of our e-commerce merchants. The CBR restrictions imposed in December 2020 adversely affected our performance in this market vertical and resulted in reduction of volumes and revenues generated from payments to foreign merchants and money transfers to pre-paid cards from corporate accounts *(see – Item 3.D Risk Factors, - "Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations").* Our business servicing betting merchants was also adversely affected by the regulatory developments in the Russian betting industry which forced us to stop operations of our Interactive Bets Accounting Center (TSUPIS) starting from October 2021 (*see "Regulation – TSUPIS" and – Item 3.D Risk Factors, - "Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up"*).

Financial Services. Financial Services includes primarily banks, microfinance organizations and insurance companies. As of December 31, 2021, we accepted payments on behalf of over 120 banks, including most major Russian retail banks such as Sberbank, VTB, Alfa-Bank, Tinkoff Credit Systems, Russian Standard Bank, Home Credit Bank, Raiffeisen Bank, and others. Based on information available from public sources, we believe our kiosk and terminal network is larger than most banks' ATM networks, and, as a result, we are able to provide banks with the ability to reach out to a larger market through our network by enabling their customers to make deposits, replenish their cards and repay loans.

Money Remittance. The Money Remittance market vertical includes various money transfer capabilities such as classic money remittance, card-to-card money transfers, peer-to-peer transactions, repayment of winning, etc. Starting from August 2010, enable QIWI Wallet accountholders to reload the account of a Visa or MasterCard bank card with a few clicks on our website, in a mobile application, or a kiosk touch-screen, by providing only the number of the recipient's card. Since 2015, we have been offering our users similar services for China Union Pay bank cards, and in 2016, we launched the same service for MIR cards. These services constitute a considerable proportion of our Money Remittance category and represent our focus use-cases. In June 2015, we acquired the CONTACT money transfer system, one of the largest operators in the Russian money transfer market, which offers classical money remittance services. At the end of 2016, we also started to provide certain types of peer-to-peer transactions, which mostly represent use-cases connected to payment, light banking, and collection of proceeds (similarly to acquiring) services we provide to self-employed customers. In September 2021, the Central Bank of Russia introduced heightened scrutiny recommendations with respect to peer-to-peer transactions with a view to eradicate such transactions which de-facto represent payments for various illicit or improper services (*see – Item 3.D Risk Factors, - "Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business").* The Money Remittance market vertical was also negatively affected by the regulatory developments in the Russian betting industry, which resulted in lower volumes of transfers of winning payouts (*see "Regulation – TSUPIS" and – Item 3.D Risk Factors, - "Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up"*).

Telecom. Telecom merchants include various telecommunication service providers, such as mobile network operators (MNOs), internet services providers, pay television channels, and public utilities. MNOs, in particular the three largest operators in Russia, have historically represented a large portion of our merchant base, although in terms of net revenues their relative importance have decreased significantly following the diversification of our business. For the years ended December 31, 2019, 2020, and 2021, the Big Three MNOs accounted for 6%, 4%, and 4% of our payment volume, respectively. Their share in our transaction volume has fallen over the last three years as our merchant base kept expanding and consumers started to increasingly use our payment systems for purposes other than mobile phone account top-ups. The downsizing of our kiosk network also affected the payment volume in our Telecom category more than in other categories.

Other. Our Other category includes all other merchants to which we offer payment processing services. These includes a broad range of merchants in utilities and other government payments as well as charity organizations.

We operate in specialized high-growth markets and segments that lack convenient digital solutions, are underserved by traditional banks and in some cases remain primarily cash-based. We believe our expertise and ability to deliver transparency and fintech solutions into such markets uniquely positions us to benefit from strong secular trends the new gig-economy provides. We aim to sustain a high-growth and return-driven profile, expanding our leadership in the key niches and developing products to enter new markets.

Our vision reflects this ambition. Our strategy is for QIWI to become the leading fintech platform for underbanked customers. We plan to use our extensive customer outreach and data to develop products and services focused on clients whose needs are not fully serviced by traditional banks, such as self-employed individuals, migrants, and similar customer groups. We anticipate that our expertise in the payment services and the variety of existing end-to-end products for the B2B channel will serve as a backbone for various digital players in betting, digital commerce and entertainment, self-employed space, and others.

Corporate and Other Category

The Corporate and Other category includes expenses associated with the corporate operations of QIWI Group as well as our research and development initiatives, and early stage or non-core projects and business models that we are developing (*see Item 3D Risk Factors – "If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, or if any of the new products we roll out are unsuccessful, the use of our services could decline, and we could experience a decline in revenue and an inability to recoup costs."*)

Apart from corporate expenses as of December 31, 2021 this category includes primarily:

- ROWI, a service that offers digital structured financial products to small and medium-sized enterprises. ROWI provides digital factoring solutions for businesses and issues bank guarantees to entities participating in public procurement procedures. In 2021 ROWI also started to provide online loans for performance of public procurement contracts and loans for marketplace sellers based on sales analytics;

- Flocktory, a SaaS platform for customer lifecycle management and personalization focused primarily on the development of automated marketing solutions for the e-commerce, financial, media and travel industries, based on data collection and analysis. Flocktory is currently focused on developing data exchange solutions based on BigData;
- JSC Tochka, a fully digital banking service for small and medium-sized enterprises that provides clients with a broad range of services including cash-and-settlement services, financial services, and others. JSC Tochka was our equity associate. In 2021, we sold our stake in the project;
- Other projects: a number of various venture projects, which are currently immaterial in the overall composition of our business.

We believe that our long-term growth depends on our ability to innovate on our existing solutions as well as develop and roll out new business models and technological products. As a result, testing these models and ideas is important for the growth of our business. It is also important to further develop our suite of services and offer our consumers, especially those in our key niches a broader range of new generation digital financial services in order to improve consumer value proposition and enforce our ecosystem.

ROWI

We launched the Factoring PLUS project in early 2019. It currently operates through Factoring Plus LLC, our fully consolidated subsidiary in which we own 51%. In 2021 Factoring PLUS project was rebranded as ROWI. It offers its clients several structured financial products: digital factoring services, digital bank guarantees for public procurement participation and execution, online loans for performance of public procurement contracts and online funding for marketplace sellers based on sales analytics.

Our factoring financing product operates in the following way: a client sells its accounts receivable at a discount in exchange for an immediate payment, ROWI then collects payments against these receivables from the client's debtors once they become due. Clients choose factoring financing in order to improve their cash position by monetizing receivables before they become due. This way, ROWI helps clients to free up capital that is tied up in accounts receivable. The core clients of ROWI are primarily small and medium-sized entrepreneurs operating in retail, food production industry, pharmaceutical industry and real estate, that are engaged in various trade activities and contract with large customers.

As of December 31, 2021, ROWI has over 690 active factoring clients with a total factoring portfolio of RUB 9.9 billion.

A bank guarantee is an irrevocable commitment by a bank to cover the obligation of the debtor requesting the guarantee towards the beneficiary thereof. Qiwi Bank acts as the issuing bank for digital bank guarantees, but business development, product development and account management are handled by the ROWI team. Clients use our digital bank guarantees on a broad range of transactions, primarily performance guarantees involving public procurement (where such guarantees are required by law). Public procurement at federal and local level is a vast and attractive market in Russia, with a large number of small and medium-sized businesses participating. By law, it is a tender-based process, with bids typically required to be supported by a bank guarantee. In 2021 ROWI started to provide loans to clients for implementation of public procurement contracts. As a result, ROWI provides full support to its clients engaged in the public procurement market.

Another new product launched by ROWI in 2021 is online funding for marketplaces sellers based on scoring of their sales via personal account data.

ROWI is a fully digital service based on a proprietary technological platform which enables servicing clients entirely online, approving financings expeditiously based on our proprietary scoring technologies and algorithms, and meaningfully reducing the volume of paperwork. These factors, along with our competitive pricing (enabled by high level of automation) make our factoring proposal attractive to small and medium-sized entrepreneurs. The ROWI API solution allows us to access various sources of procurement and tender information to be able to offer our services to prospective customers more efficiently.

In 2021, ROWI project issued over 41,800 bank guarantees. As of December 31, 2021, total value of digital bank guarantees portfolio reached RUB 45.6 billion.

Flocktory

We acquired an 82% stake in Flocktory Ltd in March 2017 and bought out the remaining minority interest in December 2019, when we started to consolidate the business as part of the Group.

Flocktory operates in Russia and Spain. Its business is primarily focused on the development of marketing automation, personalization and advertising solutions for online platforms (e.g. e-commerce, financial, media and travel industries) and advertisers (brands) based on data collection and analysis, and consists primarily of a SaaS platform for customer lifecycle management.

Flocktory product portfolio includes two key product segments: Performance Marketing segment and Personalization & Marketing Automation and AdTech venture segment. Performance Marketing comprises e-mail retargeting and consumer traffic exchange solutions designed to generate additional leads and orders. The purpose of Personalization & Marketing Automation (MarTech) is to enable clients to set up automated, personalized marketing campaigns with their own end customers via various channels (on-site personalization, e-mail, push and others) to improve sales on the platform while also collecting and analyzing data for continuous improvement of clients' digital marketing strategies. AdTech focuses on making advertising products from e-commerce partners' data and various pieces of ad inventory (such as sponsored products, widgets, massmail, etc) for ad agencies and brands.

E-commerce is the key market segment for Flocktory, with revenue improvement supported by a clear trend for online growth, shift towards omnichannel models, rise of mobile commerce, and data monetization. Flocktory's products are also popular among banks, insurance companies, payment systems, MNOs, travel industry, and many others.

JSC Tochka

JSC Tochka was our equity associate that we established together with our partners, inluding Tochka management team in June 2018. JSC Tochka started its operations on February 1, 2019. Starting from the first quarter of 2020, we presented the results of Tochka JV as a part of the Corporate and Other category.

Tochka offers its clients, who are primarily digital-ready small and medium-sized entrepreneurs and sole proprietors, a broad range of services, including round-the-clock cash and settlement services, account management, cross-border transactions and currency conversion, merchant acquiring and value-added services such as payroll payment processing, simplified accounting and tax services and certain others.

From QIWI's side the clients' banking operations were carried out by Qiwi Bank, while JSC Tochka provided IT infrastructure, support and know-how, and received consideration for such services from both banks. We didn't bear any material credit risk as a result of our participation in JSC Tochka.

In 3Q 2021 we sold our 40% stake (45% economic interest) in Tochka *(see – Item 10.C Material Contracts, - "Agreement for the transfer the ownership of the of shares related to the project "Tochka").*

The consideration for the sale of the stake in Tochka was comprised of a fixed portion paid at the time of closing and a contingent portion which is expected to be paid in second quarter of 2022. Management currently believes that there is uncertainty regarding the receipt of the contingent portion of the consideration, which was expected to amount to RUB 4.85 billion. See Item 3.D Risk Factors – "We may not be able to complete or integrate successfully any potential future acquisitions, partnerships or joint ventures."

Although QIWI sold its stake in the Tochka project we may still be responsible for certain liabilities related to Tochka operations from the period during which our company has been a shareholder in it (s*ee - Item 3.D Risk Factors – "We may not be able to complete or integrate successfully any potential future acquisitions, partnerships or joint ventures.").*

Retail Financial Services (SOVEST and Rocketbank)

Our Consumer Financial Services (CFS) segment included SOVEST, a payment by installment card that we had launched at the end of 2016. Our Rocketbank (RB) segment included Rocketbank, a digital banking service offering debit cards and deposits to retail customers. In 2020 we divested SOVEST and wound down Rocketbank.

Payment-by-installment card SOVEST

In late 2016, we launched a payment-by-installment card program under the SOVEST brand. SOVEST was the first large-scale payment-by installments card system in Russia developed to help consumers get easy and transparent access to funds to purchase a wide range of goods and services.

Following the strategic shift to focusing on servicing our core customer niches and developing synergetic products around our payment system, as well as due to the deterioration of the macroeconomic situation and resulting decline in consumer spending in the first half of 2020, we decided to sell the SOVEST project. On July 15, 2020, we completed the sale of the SOVEST consumer lending business to Sovcombank. As part of this transaction, we sold the assets of this business, primarily comprising the installment card loan receivables portfolio with a gross carrying value of approximately RUB 8 billion and net value of approximately RUB 6.4 billion, to Sovcombank, for a cash consideration of RUB 5.8 billion, including partial reimbursement of related redundancy costs. In connection with such sale, we have assumed a three-year non-compete obligation towards Sovcombank with respect to pay-by-installment cards business, subject to certain carve-outs.

We incurred a loss on disposal of the SOVEST project in 2020 in the amount of RUB 0.7 billion. This loss did not affect the Group's Adjusted Net Profit.

Rocketbank

Rocketbank was one of the first Russian fully remote digital banking services focused on young and tech-savvy audience, digitized spenders and travelers sensitive to service level, product friendliness and end-to-end engagement. Rocketbank offered debit cards, payments and transfers, loyalty program, saving accounts etc.

We acquired 100% of Rocketbank business in July 2017 and by the end of 2018 finalized the process of transferring Rocketbank's clients and platforms to Qiwi Bank.

Throughout the first half of 2019, QIWI reviewed a number of strategic opportunities for the development of the Rocketbank business as either a part of the broader QIWI ecosystem or as a standalone project. A final strategic plan for Rocketbank was presented to, and reviewed by, the Board of Directors in August 2019. Having duly considered the proposed strategy and required financing, the Board concluded that Rocketbank's business plan had an investment profile and financing requirements that were not compatible with QIWI's risk appetite and that the business had limited potential synergies with our core business. The Board of Directors requested that the management investigate the potential for a partial or complete sale of Rocketbank.

As the sale process did not result in a suitable transaction, in March 2020, the Board of Directors resolved to wind down Rocketbank's operations. We substantially completed the process of winding down Rocketbank's B2C operations in 2020, with certain final completion activities, including the wind-down of Rocketbank's B2B operations, took place in 2021.

Qiwi Bank

In September 2010, we acquired Qiwi Bank (which is licensed as a bank in the Russian Federation) to serve as a platform for our QIWI Wallet business. When a consumer deposits cash into his or her QIWI Wallet account, Qiwi Bank issues a virtual prepaid card to a consumer. Qiwi Bank also issues plastic cards to QIWI Wallet customers. Funds received by Qiwi Bank from customers loading and reloading their QIWI Wallet accounts are held on Qiwi Bank's account. Qiwi Bank does not pay interest on QIWI Wallet accounts.

In June 2015, we acquired Rapida LTD, a licensed non-banking credit organization, and the CONTACT money remittance system. In April 2017, Rapida LTD was merged into Qiwi Bank and it became the operator of the CONTACT.

In November 2016, following changes in legislation governing betting businesses in Russia, Qiwi Bank, together with one of the self-regulated organization of bookmakers, established the Interactive Bets Accounting Center (TSUPIS) and began acting as a platform for accepting interactive bets in favor of the members of the self-regulated organization of bookmakers. In December 2020, a new law was adopted, establishing a Unified Gambling Regulator as a new governmental agency with broad authority to oversee the betting market, and creating the role of a single Unified Interactive Bets Accounting Center (ETSUP). QIWI made a proposal to serve as the ETSUP but our bid was not successful. Since October 2021, the newly-appointed ETSUP has been exclusively processing betting operations, replacing our TSUPIS *(*see *"—Regulation – TSUPIS")*.

Qiwi Bank also served as a settlement bank for Tochka (*for the description of Tochka activities see Item 4. B Corporate and Other*) and the issuer of bank guarantees and loans for performance of public procurement contracts within the framework of our ROWI project.

Qiwi Bank also maintains a minor number of accounts for individuals, agents and certain related parties and issues bank guarantees to some of our merchants.

See also *"—Regulation"* for a brief description of the regulatory regime applicable to Qiwi Bank.

Our Technology Platform

Our services are based on an advanced, microservice, proprietary high-performing technology platform. All our key technology has been developed in-house. QIWI Core Processing System is the main platform, which provides the functionality of both microprocessing and more classical card payments and transfers. By relying on our own unified application building system, QIWI Platform, most of the company's products (such as QIWI Wallet, QIWI Distribution Processing, etc.) use QIWI Core Processing System as the common platform.

We obtained a VisaNet Processor status in July 2014, as a part of our relationship with Visa. This effectively allows us to process Visa transactions on behalf of other Visa member banks. Our processing system also implements the functionality of accepting payments using push and pull methods, internal currency conversion, cross-border remittances, and a full set of API solutions for both customers and merchants.

Our main products are QIWI Wallet and several other applications that enable customers to pay online easily and quickly to thousands of merchants and services, using mobile, web, kiosk or other interfaces. We also operate a network of kiosks, where the principal software is our proprietary application called Maratl, which enables payment acceptance, billing and processing connectivity.

Hardware supporting our solutions and products is located in three leased data centers in different parts of Moscow, all of them are Payment Card Industry Data Security Standard (PCI DSS) certified. We use the QIWI Private Cloud technology for the unification of our development process.

Technology Platform

The QIWI Private Cloud solution is a combination of hardware and core infrastructure platform for all company services that employs multiple geo distributed datacenter sites. Each of the sites is a separate platform capable of maintaining the performance of all systems independently. To ensure stable communication between the sites, a multi-triangle dedicated communication system comprised of duplicated fiber-optic communication lines has been implemented. This architecture conforms to the principle of double fault tolerance, which means that up to two communication channels can be damaged without affecting the stability of the whole system. All of our data centers are functioning in an active-active mode and are linked to Qiwi Private Cloud, each of them capable of handling twice the usual traffic. We use a different cluster and Fault Tolerance technologies at each site to provide additional availability of our services. This allows us to employ a distributed storage network and maintain protection against attacks like Distributed Denial of Service attack (DDOS).

QIWI also has a telecom operator license in Russia (#135744) for data transmission and has a flexibility to partner directly with the leading telecom operators to obtain more favorable tariffs, manage connections and traffic routing. We have inbound and outbound connection points at each of our data center. Our office has the same connections as any other data center and together they form a multi core network so we are able to route incoming and outgoing traffic inside between four points. This secures significant flexibility and durability of our system.

Architecture

QIWI is using cutting edge microservices architecture based on the containers, proprietary management system and software defined network and infrastructure. It includes more than 550 microservices, out of which over 230 have their own databases. This ecosystem has a potential to handle more than 20 independent teams continuously making changes to their respective products.

Using this kind of architecture allows us to achieve short time-to-market in IT development. We are able to handle over 50 releases every day, and this is almost an unattainable number for many banks at the moment.

In addition to server-side technologies, we also deploy payment client-side technologies, including kiosk software such as Maratl - cutting edge software that employs, among other things, such technological features as code-obfuscation and strong 3-layer proprietary cryptographic network protocols. These security features enable kiosks and terminals to connect with any open communication network as the data flow is strongly protected. The kiosks are not connected to each other, thus reducing any network risks. Kiosk infrastructure including hardware, software and the network as a whole are certified with Payment Application Data Security Standard (PA DSS).

Information Security

We have a robust transaction intelligence system designed to trace and prevent suspicious transactions inside our payment network. In the vast majority of cases, fraud through QIWI Wallet is attributable to scams rather than to a security system failure. We also employ a certified 3-D secure system similar to those adopted by other major payment networks and banks. We have established a sophisticated system of security monitoring utilizing the Security Information and Event Management system (SIEM) and Security Operations Center (SOC), each of them operating and supported continuously. Our critical internal resources are protected with an advanced intrusion prevention system (IPS); all applications are protected with a web application firewall (WAF) set up in a blocking mode, ensuring that all unauthorized or ambiguous activities are prohibited. Moreover, we have an in-house forensic lab that assesses any potentially harmful events.

Designing our information systems, we are guided by the DevSecOps (a set of practices that combines software development (Dev), security practices (Sec) and IT operations (Ops)) principles to ensure the security of our infrastructure and applications at all stages of the life cycle. In March 2020, our management decided to transfer most of our employees to remote work in order to prevent the spread of COVID-19 among the employees and to comply with the requirements of Russian regulations. In order to mitigate the risk of information security system breaches during remote work, we conducted additional training for our employees customized for the "work-from-home" environment. The focus of the Information Security team has shifted to endpoint protection. There was no increase in critical incidents after the transfer to remote work. In 2021 most of our employees continued to work remotely.

Anti-fraud system

In order to analyze all transactions in real time, we utilize a hybrid anti-fraud system based on IBM Safer Payments and our proprietary QIWI AF solutions.

The IBM Safer Payments anti-fraud system monitors and analyzes both payment transactions and additional information about non-payment transactions, such as data on users' authorizations in applications, changes in account properties, changes in user identification data, etc. The system is incorporated into all processes within the Company. We update rules daily based on our review of customer requests and the analysis of suspicious transactions and anomalies.

QIWI AF is our proprietary solution, which allows us to implement rules in a scripting language with the ability to use ML-models. The solution processes transactional data and receives additional information from external systems such as QIWI Data. The implemented two-step verification mechanism enables us to proceed with less resource-consuming verification of suspicious transactions.

Development approach

Our development approach is based on the following values: productivity, predictability, quality, and responsiveness. We organize our work as a cluster of independent cross-functional teams capable of full lifecycle value delivery. Self-organization principles that we apply provide us with the ability to quickly relocate development forces in accordance with business needs. Technical excellence and engineering practices we use result in high quality built in our products.

Data analysis, AI/ML

In 2018, QIWI completed the development of a Big Data cluster based on Hadoop that meets the requirements of PCI DSS. We have launched a new business department, QIWI Data, with the goal of building a unified corporate platform for working with data and analytics, machine learning technologies and data monetization. We plan to use these technologies in projects related to predictive analytics, cross sales, and marketing communications. A platform for machine learning was also deployed using the latest approaches, including natural language processing and graphics processing unit (GPU) computing.

Sales and Marketing

We have implemented separate B2B and B2C Marketing and Sales strategies for our key products. For each of our business products, we have built a dedicated team of sales and marketing professionals in order to build stronger brands, create a better user experience and drive financial performance.

As a part of our marketing and advertising strategy, we have conducted targeted marketing campaigns and client segment research. QIWI's research focuses on the key categories of our business and the markets we operate in. The research allows us to better understand our key customer groups and increase brand awareness in the media, positioning QIWI as a company that knows clients' needs and provides user-friendly and simple financial solutions. Starting in 2020, we continue to conduct surveys to study our key client niches, including self-employed and B2B2C markets.

We regularly carry out situational studies of business and consumer behavior in the Russian payments market. We analyze how spending has changed across key payment categories in the B2B and B2C payment channels due to the COVID-19 outbreak. In 2021, QIWI, together with the National Guild of freelancers, held extensive research to identify how freelancers feel about self-employed status, and how the government and the financial industry can better help them.

Brand Awareness

We currently operate a number of widely known brands including primarily QIWI, QIWI Business, ROWI, and Flocktory. We believe that our umbrella QIWI brand is a household name in Russia.

We maintain a strong social media presence. A dedicated team of SMM professionals regularly interact on our behalf with customers and a wider audience through our Facebook, Vkontakte, Odnoklassniki, Instagram, YouTube, and Twitter accounts.

We also use social networks to seek feedback from our consumers in order to improve our client service and support. As part of maintaining one of the best financial services available in Russia, we have dedicated a separate team of employees available 24/7 in order to respond to agents' and clients' concerns and quickly help them solve any problem. As a result of this, our loyalty score on leading financial services comparison platforms such as banki.ru, as well as our ratings in Google Play, and Apple Store have increased noticeably.

In 2021, we have focused on reputation management, aiming to reinforce QIWI's image as a fintech leader in new and niche markets in Russia and CIS. We believe it is important to raise brand awareness and promote our key services, and expertise in major media and other communication channels. One of the key focuses of our brand development is building strong brand positioning in the B2B and self-employed segments to support our business strategy. In line with this, we launched the QIWI Business brand in order to promote the offering of our Payment Services segment, and the ROWI brand. We regularly launch different campaigns and PR initiatives to increase coverage of our B2B business promotion.

In 2022, we plan to continue optimizing and developing our brand strategy, collecting and analyzing available data as well as adopting a more targeted approach, with a focus mostly on B2B partners in key niches and people in big cities, including self-employed customers.

Flocktory's target audience is B2B clients primarily e-commerce, so they rely on industry conferences and the media as a way to attract new clients. ROWI posts its products on specialized online marketplaces that target SME clients looking for factoring solutions or bank guarantees.

Advertising and Promotional Activities

Together with VISA, we have launched multiple promotional campaigns and attracted new B2C users to QIWI Wallet and QIWI Cards. We have concentrated on the key segments, such as online gamers, self-employed, webmasters, online shoppers, migrants, and other niches that we serve.

For our existing B2C users, we have created a cashback service, giving our users extra value from using QIWI Wallet: in order to do so, we have attracted various top e-commerce brands like AliExpress, Adidas, ASOS, Nike, Booking.com, etc. We have also collaborated with leading brands like Google Play, Apple Pay, Samsung Pay to carry out special offers for our users. Our business has implemented several state-of-the-art services like SoftPOS, and we have widely advertised it among our clients.

We are also working on increasing financial literacy among Russian users, by publishing financial cyber security articles and speaking at conferences, dedicated to this topic.

In addition, we have created special offers for our B2B clients and collaborated with other niche businesses to increase customer awareness of QIWI Business.

Competition

The most significant competitive factors in our business are speed, convenience, network size, accessibility, loyalty programs, reliability, security and safety, service level, product portfolio and price. Our competitors include retail banks, non-traditional payment services providers (such as retailers, social networks and MNOs), traditional kiosk and terminal operators and, electronic payment system operators and other companies that provide various forms of financial and payment services, including electronic payments and payment processing services. Competitors in our industry seek to differentiate themselves by features of their products and services and functionalities, including service level, onboarding process, product portfolio, accessibility, safety, reliability, price, etc. A significant number of our competitors have greater financial, marketing and human resources to pilot and roll out new products and services, operate robust networks and are highly regarded by consumers. *See – Item 3.D Risk Factors, - "– The financial services industry is highly competitive, and we have a vast number of competitors that are larger and have greater financial and other resources.".*

In Russia we compete with retail banks focused on well-developed electronic payment solutions such as Sberbank, Russia's largest bank that is majority-owned by the Russian state, which benefits from a large retail network, Alfa-Bank, one of the leading private Russian retail banks, and Tinkoff Bank, which positions itself as a specialized bank focused on innovative online retail financial services. Numerous other Russian banks are also actively pursuing the electronic payments business and developing various consumer payment solutions.

Sberbank has long adhered to the strategy of innovation in the financial and payments space and has been focusing on the promotion of alternative banking channels, such as kiosks, internet banking and mobile banking. Sberbank is the market leader of the Russian payments market, has access to significant financial resources, and possesses an extensive nationwide network of branches. It actively develops its online payment services capabilities, including through its online and mobile banking platform Sberbank Online and through YooMoney, one of the major electronic payment service providers in Russia formerly operated through a joint venture with Yandex, a leading Russian diversified technology company, which Sberbank bought out entirely in 2020. These factors give Sberbank a substantial competitive advantage over us in the payments business as well as any other financial services businesses that we pursue or may pursue. Additionally, Sberbank is pursuing a strategy to transform itself into a multi-purpose digital ecosystem offering, in addition to its core banking and payments products, a variety of diverse online services including e-commerce, entertainment, telemedicine, food delivery, online theaters, and others. The increasing domination of a major bank such as Sberbank in various online services, particularly e-commerce, may make customer acquisition and retention more complex and costly for smaller independent payment services providers such as ourselves.

Alfa-Bank is a major retail bank that combines a strong competitive position in the traditional retail banking sector with a focus on developing innovative financial and payments solutions.

Tinkoff Bank is a provider of online retail financial services operating in Russia through a high-tech branchless platform. Similarly, to Sberbank, Tinkoff Bank announced in December 2019 the launch of a super-app designed to be its own marketplace and an entry point to all of the numerous lifestyle services of Tinkoff and its partners. Tinkoff is also our major competitor in the self-employed servicing market, which is important to us as a key strategic growth stream. We provide different complex payment and payout solutions to diverse businesses, such as taxi companies (payments to taxi drivers) or delivery businesses (payments to couriers). These products are somewhat similar in nature to salary programs and certain other products offered by traditional retail banks, thereby exposing us to competition from all banks that offer such services for self-employed, particularly those similarly focused on convenience of on-boarding and use as well as customizable and user-friendly interfaces, such as Tinkoff and other major Russian banks with actively developing self-employed individuals and sole entrepreneurs servicing programs. For example, Tinkoff Bank has recently acquired Jump.Finance – the company provides automatic payout solutions to the companies, working with self-employed individuals.

We also compete with large banks (e.g. Sberbank, Tinkoff, VTB, etc.) and several payment aggregators (e.g. Yookassa, IntellectMoney, Robokassa, CloudPayments) when providing bank acquiring services. These competitors occupy significant market share due to their quick client onboarding and low prices. QIWI outstands by being both a bank and a flexible aggregator simultaneously. This gives our merchants and clients higher stability and availability of services, as well as increases overall attractiveness of our offer with better prices, greater variety of payment methods and an individual approach to each client.

The competition in the digital money transfer services space is also further intensifying as key market players including retail banks develop and digitalize their products. Recently the Central Bank of Russia in cooperation with other banks established an instant payment system ("IPS"), in which all major Russian retail banks participate, and which enables instantaneous money transfers between accounts at different banks with the only piece of identification needed for a transfer being the person's cell phone number. It may prove difficult for our digital money remittance solutions to compete with such system on the basis of convenience, price, or otherwise, particularly since it often features zero or relatively low commissions. There can be no assurance that the commissions within the IPS will not further decrease, whether as a result of a regulatory action or a market trend. Besides banks, there are also companies, specializing in digital money transfers such as KoronaPay (Russian service), and Western Union.

Another CBR initiative that may adversely affect our business is the proposed introduction of the "digital Rouble", an officially sanctioned cryptocurrency that will exist alongside the traditional monetary system in Russia. Sberbank has publicly stated that according to its research, the introduction of the digital Ruble has the potential to cause an outflow from the Russian banks of up to 9 trillion Rubles (approximately USD 119 billion) in liquidity by 2024. The electronic payments businesses may be similarly adversely affected.

Our competitors in the payments business also include non-traditional payment service providers that engage in payment services as a non-core business. In particular, we compete with the Russian Federal State Unitary Enterprise Postal Service, or Russian Post, which offers certain payment services. Russian Post's geographical penetration is at least as dispersed as our physical distribution network (i.e. our kiosks and terminals). We also face competition from other non-traditional payment service providers that have substantial financial resources, such as major tech businesses branching out into fintech, including Yandex, which is expected to develop its own fintech products following its recent acquisition of a captive bank, Russian leading marketplace Ozon, which is also developing a captive bank, Alibaba with its financial services subsidiary Ant Financial, VK (formerly Mail.ru Group), and MNOs, in particular the Russian "Big Three" MNOs, MegaFon, VimpelCom and MTS, as well as their closest competitor Rostelekom, all of which have developed various payment solutions. Yandex in particular is the market leader in the Russian ride-hailing business which we actively service, and accordingly we could face intense competition from them in this sector. In February 2021, VK, Alibaba Group, MegaFon and Russian Direct Investment Fund (RDIF) signed binding agreements to create two joint ventures, one in the payments business and the other in financial services. The payments joint venture is to acquire VK's payment service Money.Mail.ru and the payment system VK Pay operated by VK's subsidiary VKontakte, Russia's major social network company. In October 2021, VK reported that although the joint ventures agreed in February 2021 might not be implemented in the exact form that has been agreed then, their launch in the foreseeable future is still in the works. As is the case with Sberbank's increased presence in online services including e-commerce, creation of proprietary payment solutions by major IT companies may make customer acquisition and retention more complex and costly for smaller independent payment services providers such as ourselves, since tech companies' captive payment services providers are likely to be promoted heavily by their parent companies with respect to the online services they offer. In addition, non-traditional payment service providers also include smartphone manufacturers such as Samsung and Apple. New competitors may penetrate the Russian electronic payment market as well, including established international players such as MoneyGram or Google.

Globally and in Russia, there is a steady influx of new fintech businesses looking to challenge and disrupt the payments and financial services industry. These include so-called "challenger banks" such as Starling, Monzo, N26, Revolut, Atom and Tandem, who develop various digital banking and financial services and compete with various aspects of our services offering (to the best of our knowledge, none of the aforementioned companies has entered the Russian market as of the date hereof). Since the development in the fintech space is rapid, new categories of non-traditional financial service providers may emerge in the future that may be difficult to currently anticipate. See "– If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, or if any of the new products we roll out are unsuccessful, the use of our services could decline, and we could experience a decline in revenue and an inability to recoup costs".

We also compete against some directly comparable businesses, such as electronic payment system operators (primarily YooMoney, WebMoney and PayPal) and kiosk, terminal and e-wallet operators, including Cyberplat, Comepay and Elecsnet.

The CBR has announced plans to commence creation in 2022 of a regulatory framework for so-called non-banking financial services providers that, among other things, will be able to process and transfer payments and open e-wallets, and participate directly in payment systems without the need to engage an acquiring bank. This initiative is aimed at lowering the barriers to entry into the payment services market in Russia, and accordingly requirements towards such providers are expected to be lower than those towards banking institutions, such as ourselves, which could have the effect of intensifying competition in our markets and affecting a number of our revenue streams, including payment processing and acquiring services. Certain merchants that we service may opt to become non-banking financial services providers, which would obliviate their need for our services.

In recent years, we have started expanding our product portfolio beyond our traditional payment services business to include other types of financial services, such as factoring, digital bank guarantees services and online loans to public procurement tender participants and marketplaces suppliers, which we offer through our ROWI project (formerly known as Factoring PLUS, rebranded in 2021). In connection with each of these projects, we face intense competition from a multitude of commercial and retail banks. Such banking institutions often have more established businesses in the various services similar to those offered by us. While we seek to differentiate our products from the competition on the basis of enhanced user experience, price and add-on features, there cannot be any assurance that we will be successful in doing so due to the number of competitors and their level of sophistication.

Intellectual Property

Our intellectual property rights are important to our business. We rely primarily on a combination of contract provisions, copyrights, trademarks, patents and trade secrets to protect our proprietary technology and other intellectual property.

Our in-house know-how is an important element of our intellectual property. Our key software has been either developed in-house by our employees or acquired from the third parties. Accordingly, we seek to enter into confidentiality agreements and incorporate copyright assignment clause into employment contracts with our employees and to enter into confidentiality and copyright assignment agreements with the third parties, inter alia with the external developers, and we rigorously control access to our proprietary technology. We hold copyrights for our key software applications. We have also obtained copyright registrations for some of our software in Russia, Brazil and in the United States.

QIWI, CONTACT money transfer system and ROWI logotypes are registered trademarks in Russia and several other countries, including CIS countries. Rapida logotypes are also registered trademarks in Russia. However, a number of applications for registration of our brand and logotypes are still pending.

Employees

The following table sets out the average number of employees for the years ended December 31, 2019, 2020 and 2021 by function.

	For the year ended 31 December,		
	2019	2020	2021
Qiwi Group			
Front Office	1,541	955	435
Back Office	1,392	1,213	901
IT Personnel	697	697	567
Total	**3,630**	**2,865**	**1,904**

Our management structure is currently a mix among business functions and business units. Function managers are focused on centralized functions such as finance, strategy, legal, compliance and certain other functions, while business unit managers oversee the operations of the respective business units for which they are responsible. During 2020, we had four distinct key business units in accordance with the structure of our reporting segments: Payment Services and Corporate and Other category.

Headcount decreased in 2021 by 961 employees compared to the end of 2020 due to the following factors: (i) the sale of SOVEST project (403 employees); (ii) wind-down of Rocketbank (501 employees); and (iii) employee turnover in Payment Services driven by intense market competition for staff among peers. At the same time, we note hiring of 60 employees related to development of our ROWI project.

Headcount decline in 2020 compared to the end of 2019 by 765 employees was driven by the reduction the number of employees engaged in SOVEST (628 employees dismissed) and Rocketbank (427 employees dismissed) projects, as a result of the sale of the SOVEST project and wind-down of Rocketbank. The decline was partially offset by a number of factors including: (i) the hiring of personnel in our Payment Services Segment (284 employees hired) related primarily to the development of certain projects; (ii) consolidation of the Flocktory project in December 2019 and consequent transfer of employees (85 employees hired), and (iii) the hiring of personnel in connection with the development of the ROWI project.

Most of our employees are located in Russia, including Moscow, Voronezh, Yekaterinburg, Kazan and Saratov.

We operate in a dynamic and competitive market, and our employee value proposition is crucial for the success of the company. A combination of agile principles of work, flat organizational structure, green and modern office, remote working availability, career opportunities, competitive compensation, robust incentive schemes, high quality healthcare coverage, in-house and external education and many more helps us keep our employees motivated and allows QIWI to be the employer of choice for new talents.

We believe that QIWI has managed to create a unique corporate culture where people are united by common values, customer centricity, result orientation and high level of professionalism. We promote equality, fair treatment, zero tolerance to any kind of discrimination and pay serious attention to the personal development of our personnel.

Regulation

We are subject to a number of laws and regulations in Russia and other jurisdictions that regulate payment and financial services, anti-money laundering, data protection and information security. Qiwi Bank is also a subject to numerous laws and regulations governing banking activities and money remittances in Russia.

Regulation of Payment Services

A legislative framework for the payment services industry is not yet fully developed in Russia, and, moreover, is not universal, and various business models that payment services providers pursue are regulated differently.

Our virtual wallet operations are legally considered as cashless transfers with the use of bank cards. When a QIWI Wallet account is opened, the accountholder is issued a virtual prepaid card. While the accountholder agrees to the issuance of the card through accepting a public offer, he or she is not explicitly provided with details of the card. From a consumer's perspective, the amount of the reload is simply transferred to an account of a digital wallet, whereas it becomes stored value of a virtual prepaid card. Prepaid cards are regulated as "electronic means of payment" under the Federal Law of the Russian Federation No. 161 "On the National Payment System", dated June 27, 2011, as amended, hereinafter "Payment System Law".

The Payment System Law classifies electronic means of payment into personalized and non-personalized, depending on whether they allow for identification of the payer for the purposes of the Federal Law of the Russian Federation No. 115 "On Combating the Legalization (Laundering) of Criminally Obtained Income and Funding of Terrorism", dated August 7, 2001, as amended, or the "Anti-Money Laundering Law". In case the payer has passed identification, such electronic means of payment is considered as personalized. In case there is no identification or payer passed only simplified identification procedure, it is considered as non-personalized.

Any electronic money transfers are subject to thresholds on remaining electronic money balances, which amount to RUB 600,000 for means of payment the holder of which has undergone customer identification and RUB 15,000 for means of payment used without identification (or RUB 60,000 if the holder underwent a simplified identification procedure). The total monthly turnover for each means of payment without identification cannot exceed RUB 40,000 (or RUB 200,000 if the holder is non-personalized but underwent a simplified identification procedure). There are no limitations on the total monthly turnover for identified consumers (see - "The Anti-Money Laundering Law"). The consumers are not able to withdraw cash from their prepaid cards without identification (excluding those which underwent a simplified identification procedure). Furthermore, since August 2020 electronic means of payment without identification cannot be replenished by cash.

Moreover, the reporting requirements over electronic means of payment has tightened significantly. Starting from April 2020 we are required to inform the tax authorities on opening, closing or changing details of the personalized electronic means of payment (including those which are non-personalized but underwent a simplified identification procedure). Credit institutions (and Qiwi Bank respectively) started to transfer the information since January 2021, when the reporting formats were implemented.

The implemented procedure is similar to one to which bank accounts are subject. Since April 2021 we are required to report the cash flows and balances of the personalized electronic means of payment (including those which are non-personalized but underwent a simplified identification procedure) upon the request of the tax authorities.

In 2021 QIWI Wallet was connected to the Instant Payments System (or IPS), a service commissioned by the CBR that enables instantaneous money transfers between accounts at different banks (and digital wallets) with the only identifier needed for a transfer being the person's cell phone number. It was launched and has been in commercial use since January 2019. The CBR continues to develop IPS as a mandatory service for all banks. In some cases, these services might compete with our existing or new products. Moreover, the CBR limits the commissions that banks can charge from clients using IPS. This creates additional costs for QIWI due to increased competition and technical implementation of new services.

According to the Bank of Russia Law, the CBR is also the agency commissioned with supervision of compliance with the provisions of the Payment System Law. As such, it is entitled to suspend the activities of supervised entities in the event of violations and impose administrative liability on the offenders.

As part of operating our agent model, Qiwi Bank has contracts with the bank payment agents, whose principal function is to accept cash for the purpose of QIWI Wallet uploads through kiosks, terminals and other physical points of service. In accordance with the Payment System Law, bank payment agents have the right to engage bank payment subagents and Qiwi Bank is responsible for the supervision of compliance of such bank payment agents and subagents with the provisions of the corresponding Russian legislation, in particular their compliance with the regulation of payment services, anti-money laundering, data protection, and use of cash registers legislation. The credit institutions shall also file with the CBR various statistical data and information about the bank payment agents on a quarterly basis. The submitted information should be publicly available. In accordance with the Payment System Law, JSC QIWI and Billing Online Solutions LLC are deemed to be a bank payment agent acting as a payment aggregator and designated as such in a relevant public register.

JSC QIWI, as operator of our kiosk network, is deemed to be a payment agent in accordance with the Federal Law of the Russian Federation No. 103 “On Collection of Payments from Individuals by the Payment Agents”, dated June 3, 2009, as amended, or the Payment Agents Law. The “Payment Agents Law” is inapplicable to cashless payments and thus does not regulate our QIWI Wallet business.

The Payment Agents Law requires payment agents to comply with the Anti-Money Laundering Law.

The payment agent’s obligation to transmit the funds to the merchant is required to be either insured or secured by means of a pledge, guarantee, or otherwise. The amount of such insurance or security is not statutorily fixed, and there are no other guidelines regarding this requirement.

The Payment Agents Law provides that payment agents are entitled to levy fees from the merchants’ customers for each transaction processed by them. These fees are not statutorily capped, although proposals to cap them are from time to time considered by the Russian legislature.

This law also requires both the payment agent and the merchant serviced by them to maintain segregated bank accounts for the purpose of depositing funds received from the customers and from the payment agent, respectively. All funds received by a payment agent need to be deposited into such specialized accounts.

Although currently, in respect of monitoring the activities of the payment agents, the CBR authority is limited to collection, systematization and analysis of industry data, the CBR activities may have indirect impact on payment agents. For instance, in April 2015 the CBR issued recommendations to credit institutions to enhance their scrutiny over compliance by the payment agents with legislation that requires them to remit their proceeds to special accounts, which resulted in a decline in the number of kiosks in the market as well as our active kiosks. The CBR also actively urges to delegate to it the authorities over regulating the activities of the payment agents and the payment subagents. In the end of 2021 a draft of Federal Law was submitted to the State Duma which provides for mandatory self-regulation of payment agents, and also places payment agents under the supervision of the CBR.

In September 2021, the CBR introduced heightened scrutiny recommendations with respect to peer-to-peer transactions with a view to eradicate such transactions which de-facto represent payments for various illicit or improper services. These recommendations require financial institutions such as ourselves to track transactions that are deemed suspicious under the various criteria imposed by the recommendations, cancel such suspicious transactions under certain circumstances and terminate relationships with the relevant clients carrying out such transactions. Starting from 2022, CBR has also started collecting from credit institutions specialized reports focused specifically on their peer-to-peer transactions. See Item 3D Risk Factors – “*Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business*”).

Payment Systems Regulation

In 2015, we acquired the CONTACT money transfer system. CONTACT was established in 1999 and for legal purposes is set up and regulated as a payment system. It provides funds transfer services without opening a bank account to individuals and legal entities in Russia, CIS and European countries, the USA, Canada, Israel, Vietnam, Turkey, UAE, RSA, India, Thailand, New Zealand, Singapore, etc. In accordance with the decision of the CBR, the CONTACT money transfer system has the status of a nationally significant payment system.

Pursuant to the Payment System Law, a payment system is a group of organizations, including the payment system operator, payment infrastructure service providers (including operational, payment clearing and settlement centers) and payment system participants (which in most cases are credit institutions), which cooperate in order to transfer funds under the payment system regulations.

The payment system operator has a key role in a payment system. Since April 27, 2017, Qiwi Bank has been the operator of CONTACT money transfer system and its operational, payment clearing and settlement center.

The payment system operator determines the payment system regulations which the payment system participants adhere to. The CONTACT money transfer system regulations are in compliance with the current Russian legislation. The CBR is the agency that supervises and oversees payment systems.

TSUPIS Regulation

As a part of our business, we served merchants that provide betting services until October 2021. The regulatory framework with respect to betting in the Russian Federation was set by the Federal Law of the Russian Federation No. 244 "On State Regulation of Organization and Conducting Games of Chance and on Introducing Changes to Some Legislative Acts of the Russian Federation", dated December 29, 2006, as amended, or the "Betting Law".

Prior to October 2021, legislation then in force required bookmakers to become members of one of the self-regulated organizations of bookmakers and abide by its rules, and to accept interactive bets solely through an Interactive Bets Accounting Center (TSUPIS) set up by a credit organization in cooperation with a self-regulated association of bookmakers. The core functions of a TSUPIS were as follows: (i) to accept interactive bets in favor of the members of the self-regulated organization; (ii) to pay winnings to the bettors; (iii) to identify bettors in a manner allowing to ascertain their age; (iv) to record and provide to the members the information on the bettors and accepted interactive bets.

In order to enable our participation in betting industry, in 2016 QIWI Bank established a TSUPIS together with self-regulated association "Association of Bookmakers", and we thereby became one of the two interactive bets accounting centers that were able to accept electronic bets on behalf of sports betting companies in Russia.

In December 2020 in order to enhance efficiency and transparency of control over the betting industry and funding of sport in Russia, the Federal Law of the Russian Federation No. 493 "On the public non-commercial company "the Unified Gambling Regulator" and on amendments to certain legislative acts of the Russian Federation", dated December 30, 2020, was adopted. It mandates the creation of the Unified Gambling Regulator and the Unified Bets Accounting Center.

The Unified Gambling Regulator has the status of a public non-commercial company in accordance with the Federal Law of the Russian Federation No. 236 "On public non-commercial companies and on amendments to certain legislative acts of the Russian Federation", dated July 03, 2016, as amended. The Unified Gambling Regulator administers the contributions for the professional and youth and children sport that a bookmaker shall make from each bet, as well as monitors and detects illegal gambling activities in the Internet and report to the tax authorities in this regard.

Qiwi Bank made a proposal to serve as the Unified Bets Accounting Center, but our bid turned out unsuccessful. The Unified Bets Accounting Center was assigned to another market participant by the President of the Russian Federation upon proposal of the Government of the Russian Federation and thus replaced existing Interactive Bets Accounting Centers starting from October 2021. *See Item 3D Risk Factors – "Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up".*

The distinctive function of the Unified Bets Accounting Center is to withhold relevant contributions from the bookmakers. At the same time the Unified Bets Accounting Center started to perform the functions that were common for TSUPIS.

QIWI Wallet still remains a payment method for making bets and receiving winning payouts and we expect these types of betting revenues to be retained.

Banking Regulation

Qiwi Bank is a "credit institution" and is accordingly subject to the Federal Law of the Russian Federation No. 395-1 "On Banks and Banking Activity", dated December 2, 1990, as amended, hereinafter "Banking Law", which is the main law regulating the Russian banking sector. Among other things, it defines credit institutions, sets forth the list of banking operations and other transactions that credit institutions may engage in, and establishes the framework for the registration and licensing of credit institutions as well as the regulation of banking activity by the CBR.

The Banking Law provides for a list of so-called "banking operations" that cannot be conducted without an appropriate license from the CBR, including, among others, accepting deposits, opening and maintaining bank accounts, performing money transfers from and to bank accounts of clients, and performing money (including electronic money) transfers without opening a bank account (other than postal transfers), etc. Qiwi Bank mainly performs money transfers without opening a bank account, issues bank guarantees and loans and also is entitled to accept deposits from individuals and legal entities, invest the funds received in the form of deposits, maintain accounts for individuals and legal entities and perform settlements through their bank accounts, perform teller and cash collection services, sell and purchase currency.

In accordance with the Banking Law, Russian banks are divided into two categories: banks with a basic license and banks with a universal license. The key differences are the range of permitted banking operations, the requirements to net worth (capital), prudential ratios the banks should comply with, the information to be disclosed and the ability to have subsidiaries abroad. Pursuant to this classification, Qiwi Bank holds a universal license.

Capital and Reserve Requirements

The Banking Law and legislative acts promulgated thereunder establish minimum charter capital, capital base and various reserve requirements for credit institutions, which Qiwi Bank is in compliance with. The reserve requirements of the CBR negatively impact Qiwi Bank's ability to distribute its profit to the shareholders in the form of dividends.

Loss Provisions

Credit institutions are required to adopt procedures for calculating and posting provisions for loan losses and for possible losses other than loan losses, which may include losses from investments in securities, funds held in correspondent accounts at other banks, contingent liabilities and other transactions.

Qiwi Bank maintains certain provisions for losses from loans, default by counterparties, impairment of assets and liability increases, and is in compliance with applicable legislation.

Prudential Ratios

CBR establishes and periodically amends mandatory prudential ratios for banks. Key mandatory economic ratios that banks must observe on a daily basis and periodically report to the CBR include capital adequacy ratio, instant liquidity ratio, current liquidity ratio, long-term liquidity ratio, maximum exposure to a single borrower or a group of affiliated borrowers, maximum exposure to major credit risks, maximum amount of loans, bank guarantees and sureties extended by the bank to its participants (shareholders), aggregate amount of exposure to the bank's insiders, and ratio for the use of the bank's capital base to acquire shares (participation interests) in other legal entities. Failure to comply with the prudential ratios may lead to negative consequences for the bank, including revocation of its banking license.

As of December 31, 2021, prudential ratios of Qiwi Bank were in excess of the minimum thresholds imposed by the CBR.

Reporting Requirements

A substantial amount of routine reporting has to be performed by credit institutions on a regular and non-regular basis, including disclosure of financial statements, various operational indicators, affiliates and persons who exercise (directly or indirectly) influence over the decisions taken by the management bodies of the credit institution. The CBR may at any time conduct full or selective audits of any credit institution's filings and may inspect all of its books, records and primary documents.

Additionally, banking holdings such as ourselves (i.e., groups of legal entities in which one legal entity that is not a credit institution, directly or indirectly, controls decisions of the management bodies of a credit institution within such groups, such as Qiwi Bank) must regularly disclose their consolidated financial statements and provide to the CBR certain additional information regarding the business operations and financial condition of the group in order for the CBR to assess their risks.

Factoring Regulation

In June 2018, Factoring PLUS (previously known as Qiwi Processing) started providing factoring services in Russia. In October 2021, Factoring PLUS was rebranded as ROWI.

The regulatory framework with respect to factoring is mainly set by the Civil Code of the Russian Federation. Pursuant to the civil code of the Russian Federation factoring is a series of related financial transactions under which one party (a client) undertakes to assign monetary claims against a third party (a debtor) to another party (a financial agent/factor) and pay for the services of the latter, and the financial agent undertakes to perform at least two of the following functions in relation to the assigned claims: (i) to finance the client (including loans or advance payment) on account of receivables assigned to the factor; (ii) to maintain accounts relating to the client's receivables; (iii) to exercise rights relating to the receivables (in particular, collect payments from the debtors, settle the obligations etc.); (iv) to exercise rights under agreements securing performance of obligations by the debtors. ROWI as a financial agent/factor performs all the aforementioned functions as may be required from time to time.

ROWI as a financial agent/factor is deemed to be a financial service provider. Thus, it is subject to the Anti-Money Laundering Law (*see - "The Anti-Money Laundering Law").*

In 2021 ROWI started to offer online loans for performance of public procurement contracts and loans for marketplace sellers based on sales analytics. The regulatory framework for transactions with loans for performance of public procurement contracts is described further, while regulation of operations with loans for marketplace sellers is the same as for ordinary factoring.

Bank Guarantee Transactions Regulation

In 2018 Qiwi Bank started actively issuing guarantees for SMEs in accordance with the Federal Law of the Russian Federation No. 223 "On Purchasing Goods, Work, and Services by Certain Types of Legal Entities", dated July 18, 2011, as amended, the Federal Law of the Russian Federation No. 44 "On the Contract System for State and Municipal Procurement of Goods, Work, and Services", dated April 5, 2013, as amended, and some other laws and regulations.

Pursuant to the Civil Code of the Russian Federation a bank guarantee is an irrevocable commitment by a bank to pay a specified sum in the event that the party requesting the guarantee fails to perform the liability secured by the document. A guarantee is a commitment independent of the liability under the principal debt or the agreement between the creditor and the primary debtor. By issuing a guarantee, a bank commits to pay upon first demand, provided all the conditions stipulated in this guarantee are met. For issuing a guarantee the bank charges a commission from the party requesting it.

Qiwi Bank is included in the list of banks that meet established requirements for an acceptance of bank guarantees for tax purposes, maintained by the Ministry of Finance of the Russian Federation.

The Anti-Money Laundering Law

In Russia, the companies performing transactions with funds and other assets (so called financial services providers) shall comply with national anti-money laundering and counter-terrorist financing legislation, as well as requirements of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS). Usually, financial services providers in Russia also follow the best international practices in this sphere, such as recommendations of the Financial Action Task Force, or the FATF. The Federal Financial Monitoring Service, or Rosfinmonitoring, is the agency commissioned with supervision of compliance with the provisions of the Anti-Money Laundering Law.

Under the Anti-Money Laundering Law, the main obligations of a financial services provider are as follows:

1) to elaborate internal control rules and programs for anti-money laundering and counter-terrorism financing purposes and control their implementation, and to designate an officer responsible for compliance of these rules and programs with the Russian legislation;

2) to conduct internal and external trainings of the staff in the anti-money laundering and counter-terrorism financing sphere;

3) to detect, document and report to the Rosfinmonitoring on clients' transactions subject to mandatory control;

4) to detect, document and report to the Rosfinmonitoring on clients' suspicious (unusual) transactions;

5) to keep a close eye on certain transactions where one of the counterparties is a resident in a country included in the FATF "black lists" or uses a bank account maintained in such country, to take reasonable measures for identifying clients that are politically exposed persons (domestic or foreign) and clients that pose high money laundering or financing terrorism risks, and to apply enhanced due diligence measures to such clients;

6) to detect and to freeze (block) funds or other assets of natural or legal persons that are known to participate in extremist or terrorist activities or to spread weapons of mass destruction and report to the Rosfinmonitoring on such taken actions, and not less than once every three months to inspect whether there are clients whose funds or other assets were or shall be frozen/blocked and provide the Rosfinmonitoring with the results of such inspections;

7) to suspend or to restrict the performance of certain operations on the ground set forth by the anti-money laundering and counter-terrorism financing legislation;

8) to provide the Rosfinmonitoring and the CBR on request with information on clients, their representatives and beneficial owners, their operations;

9) to identify such clients, their representatives and/or beneficial owners, to take reasonable measures for detecting and identifying beneficial owners, to update the information on such clients on a regular basis, and to determine a procedure for cooperating with the persons assigned to perform identification.

Financial services providers are generally required to:

- identify their clients, whether legal entities and individuals;
- assign risk level to clients depending on the type of the client, beneficial owner, type of the activity and country-related risks.

Pursuant to the Anti-Money Laundering Law we distinguish three types of individual clients based on their level of identification, being anonymous, identified through a simplified procedure and fully identified. Consumers who have not undergone any identification procedure are qualified as anonymous. The simplified and full identification differ with respect to the data provided by the client and the procedure itself. Based on the level of identification, the transaction limits and the maximum balances of the clients as well as types of transactions available to them may vary.

In order to block potentially fraudulent transactions, credit institutions have to use anti-fraud criteria, elaborated both by the CBR and in-house. Credit institutions are also prescribed to follow certain protocol for combatting the unauthorised transactions and to report all such cases to the CBR which maintains a national fraud database.

Privacy and Personal Data Protection Regulation

We are subject to laws and regulations regarding privacy and protection of the user data, including the Federal Law of the Russian Federation No. 152-FZ "On Personal Data", dated July 27, 2006, as amended, or the Personal Data Law. The Personal Data Law, among other things, requires that an individual must consent to the processing (i.e. any action or combination of actions performed with or without the use of technology on personal data, including the collection, recording, systematization, accumulation, storage, alteration (updating or changing), retrieval, use, transfer (distributing, providing or authorizing access to), depersonalization, blocking, deleting and destroying) of his/her personal data and must provide this consent before such data is processed. Generally, the Personal Data Law requires the consent to be in any form that, from an evidential perspective, sufficiently attests to the fact that it has been obtained. However, the consent must be in writing in certain cases stipulated in the Personal Data Law.

Subject to certain limited exemptions, the recording, systematization, accumulation, storage, adjustment (update, alteration), retrieval of personal data of citizens of the Russian Federation is required to be performed through a database located in the territory of the Russian Federation. All our data centers used to store such personal data are located in the Russian Federation.

In June 2018 the Unified Biometric System, a digital platform that enables a remote identification of an individual through his biometric parameters, was launched in Russia. It makes financial services more widely accessible for the consumers. Qiwi Bank is authorized to collect biometric personal data (facial patterns and voice cadence) for the purposes of registration in the Unified Biometric System.

Regulation of Strategic Investments

The Strategic Enterprise Law provides that an acquisition by a foreign investor (or a group of persons including a foreign investor) of direct or indirect control over a company holding an encryption license requires prior approval of a specialized governmental commission. The approval process usually takes between three and six months. Qiwi Bank holds encryption licenses, which are necessary to conduct its operations, and by virtue of this may be deemed to be a "strategic enterprise".

Under the Strategic Enterprise Law, a person is deemed to have control over a strategic enterprise if, among other things, such person controls, directly or indirectly, more than 50% of the total number of votes attributable to the voting shares comprising the share capital of such strategic enterprise. Where the purchaser is a foreign state, foreign governmental organization, international organization or entity controlled by a foreign government, or international organization, the threshold for obtaining a preliminary approval is more than 25% of the voting power. In addition, investors that are controlled by a foreign state or a foreign government or international organization are prohibited from owning more than 50% of the voting power of a strategic enterprise. Failure to obtain the required governmental approval prior to an acquisition would render the acquisition null and void.

The Strategic Enterprise Law is not clear on how to interpret "indirect" control over a strategic enterprise and in what circumstances an acquisition of shares in the holding company of a strategic enterprise would represent an "indirect" acquisition of shares in the latter and, consequently, require approval of the specialized governmental commission. Although the view can be taken that an "indirect" acquisition takes place if a foreign investor acquires over 50% of the shares in the holding company of a strategic enterprise or otherwise obtains control over the holding company, there is no assurance that Russian state authorities would not interpret it differently and apply a lower threshold to the acquisition of such holding company.

C. Organizational Structure

QIWI plc is a holding company that operates through its subsidiaries. Our major operating subsidiaries, each of which is a wholly owned subsidiary, are QIWI Bank (JSC) (which is 99.9% owned by the Group), QIWI JSC.

See Exhibit 8.1 for a list of our subsidiaries.

D. Property, Plants and Equipment.

We currently lease a total of over 17,000 square meters in Moscow and other regions across Russia as well as in Kazakhstan, Cyprus and other jurisdictions where we operate, primarily for the purpose of office space, including approximately 3,000 square meters of office space dedicated to ROWI.

ITEM 4A. Unresolved Staff Comments

None.

ITEM 5. Operating and Financial Review and Prospects

You should read the following operating and financial review together with our consolidated financial statements and related notes included elsewhere in this annual report. Certain statements in this section are "forward-looking statements" and are subject to risks and uncertainties, which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Please see "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for more information.

A. Operating Results

Overview

We are a leading provider of cutting-edge payment and financial services in Russia and the CIS. For over. We offer a wide range of products under several directions: QIWI payment and financial services ecosystem for merchants and B2C clients across digital use-cases, ROWI digital structured financial products for SME, Flocktory services in marketing automation and advertising technologies, and several other startups.

We have an integrated proprietary network that enables payment services across online, mobile and physical channels and provides access to financial services for retail customer and B2B partners. Millions of consumers and partners may receive and transmit cash and electronic payments through our network. Our money remittance payment platform CONTACT connects businesses and people across the globe via thousands of service points.

Our customers and partners can use cash, stored value, prepaid cards and other electronic payment methods in order to pay for goods and services or transfer money across virtual or physical environments interchangeably, as well as employ QIWI's open API infrastructure and highly customizable, sophisticated payment solutions to serve their business or personal needs. Our ROWI brand serves businesses with digital factoring, bank guarantees and other financial solutions for SMEs.

Our primary focus areas include the self-employed market, digital entertainment and digital commerce niches, money remittances and bundle of payment and financial services for small and medium-sized enterprises. We operate in and target markets which are developing rapidly and have a strong potential towards digitalization, and lack convenient, easy to use technological solutions. Moreover, we see greater potential in developing and growing our secure peer-to-peer payment and our open API infrastructures, which we believe offer customers and partners a convenient, intuitive and reliable tool to transfer and collect money while serving as a valuable consumer acquisition channel for us. We believe our expertise, infrustracture and efficient business model make us well positioned to benefit from strong secular tailwinds, including growth of the gig economy, overall digitalization of payments, and e-commerce trends.

We continue working on further broadening the scope of services, products, and use cases that we offer our customers and partners and aim to develop new niches we have not penetrated yet. We believe the complementary combination of our physical and virtual payment and financial services as well as our open infrastructure provides differentiated convenience to our customers and creates a strong network effect that drives payment volume, scale across the business and sustain robust profitability.

Our primary source of revenue are fees we receive from processing payments made by consumers to merchants or other customers or by merchants or partners to users, which we refer to as payment processing fees, typically based on a percentage of the size of the transactions processed, which we refer to as payment volume. We refer to payment processing fees that are paid to us by merchants for collecting payments on their behalf or for processing payouts as "merchant fees" and to payment processing fees that are paid by our consumers directly to us or transmitted to us by our agents as "consumer fees". If transactions are made in cash through our kiosks and terminals, we typically pass on a portion of the merchant fees to our agents.

We also generated revenue from commissions we charge for servicing the clients of Tochka, who have accounts with QIWI Bank, prior to sale of our stake in Tochka to Qiwi.

In 2019 we launched ROWI project focused on providing factoring services and digital bank guarantees where we generate revenues based on the difference between the purchase price for receivables and their actual amount, and fees for guarantee issued, respectively. In 2021 ROWI added two new products to its portfolio – online loans to clients for executing public procurement contracts and loans for marketplaces sellers based on scoring of their sales via escrow accounts. On these products we earn revenues based on interest charged for loans issued.

We also provide digital marketing services through our subsidiary Flocktory where we charge subscription and other fees to our clients.

We operate in specialized high-growth markets and segments that lack convenient digital solutions, are underserved by traditional banks and in some cases remain primarily cash-based. We believe our expertise and ability to deliver transparency and fintech solutions into such markets uniquely position us to benefit from strong secular trends the new gig-economy provides. We aim to sustain a high-growth and return-driven profile, expanding our leadership in the key niches and developing products to enter new markets.

Our vision reflects this ambition. Our strategy is for QIWI to become the leading fintech platform for underbanked customers. We plan to use our extensive customer outreach and data to develop products and services focused on clients whose needs are not fully serviced by traditional banks, such as self-employed individuals, migrants, and similar customer groups. We anticipate that our expertise in the payment services and the variety of existing end-to-end products for the B2B channel will serve as a backbone for various digital players in betting, digital commerce and entertainment, self-employed space, and others.

Key Measures of Financial and Operational Performance

Our management monitors our financial and operational performance on the basis of the following measures.

Financial Measures

The following table presents our key financial measures for the year ended December 31, 2019, 2020 and 2021.

	Year ended December 31,		
	2019	2020	2021
	(in RUB millions)		
Total Net Revenue	23,176	25,978	23,113
Payment Services Segment Net Revenue	20,965	22,637	21,100
Adjusted EBITDA	9,099	13,837	13,167
Adjusted Net Profit	6,679	10,304	9,594

(1) See "Operating Results — Key Measures of Financial and Operational Performance — Financial Measures" for how we define and calculate Total Net Revenue, Adjusted EBITDA, and Adjusted Net Profit as non-IFRS financial measures and reconciliations of these measures to revenue, in the case of Total Net Revenue, and net profit, in the case of Adjusted EBITDA and Adjusted Net Profit.

We present Total Net Revenue, Adjusted EBITDA and Adjusted Net Profit, each of which are non-IFRS financial measures. You should not consider these non-IFRS financial measures as substitutes for or superior to revenue, in the case of Total Net Revenue, or net profit, in the case of Adjusted EBITDA and Adjusted Net Profit, each prepared in accordance with IFRS. Furthermore, because these non-IFRS financial measures are not determined in accordance with IFRS, they are susceptible to varying calculations and may not be comparable to other similarly titled measures presented by other companies. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Total Net Revenue

Total Net Revenue is calculated by subtracting cost of revenue from revenue. Total Net Revenue is a key measure used by management to observe our operational profitability since it reflects our portion of the revenue net of fees that we pass through, primarily to our agents and other reload channels providers. In addition, under IFRS, most types of fees are presented on a gross basis whereas certain types of fees are presented on a net basis. Therefore, in order to analyze our two sources of payment processing fees on a comparative basis, management reviews Total Net Revenue.

The following table reconciles Total Net Revenue to revenue.

	Year ended December 31,					
	2017	2018	2019	2020	2021	
	RUB	RUB	RUB	RUB	RUB	U.S.$
	(in millions)					
Revenue from continuing operations	20,757	29,593	35,941	40,622	41,135	553.7
Minus: Cost of revenue from continuing operations (1)	(7,604)	(10,332)	(14,075)	(16,494)	(18,022)	(242.6)
Revenue from discontinued operations	140	1,017	3,395	2,614	—	—
Minus: Cost of revenue from discontinued operations (1)	(100)	(621)	(2,085)	(764)	—	—
Total Net Revenue	13,193	19,657	23,176	25,978	23,113	311

(1) Historically, we viewed personnel expenses related to main personnel and compensation to employees related to administrative personnel as two separate items. Personnel expenses related to main personnel were disclosed within cost of revenue and personnel expenses related to administrative personnel were disclosed within selling, general, and administrative expenses. Starting full year 2019 reporting we present all personnel expenses as a single item in a Personnel expenses line. Personnel expenses for the years ended December 31, 2016 through 2018 were separated from cost of revenue and selling, general and administrative expenses and presented in a separate line for comparative purposes. See *Item 5 Operating and Financial Review and Prospects. Operating Costs and Expenses for details*.

Adjusted EBITDA

Adjusted EBITDA is defined as net profit before income tax expense, interest income and expenses and depreciation and amortization, as further adjusted for share of loss or gain of an associate and a joint venture, impairment of non-current assets, offering and related expenses, foreign exchange gain and loss, other income and expenses, loss on formation of associate, share-based payment expenses, gain on disposal of an associate, and loss from sale of Sovest loan portfolio. We present Adjusted EBITDA as a supplemental performance measure because we believe that it facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting interest expenses, net), changes in foreign exchange rates that impact financial asset and liabilities denominated in currencies other than our functional currency (affecting foreign exchange (loss)/gain, net), tax positions (such as the impact on periods or companies of changes in effective tax rates), the age and book depreciation of fixed assets (affecting relative depreciation expense), non-cash charges (affecting share-based payments expenses and impairment of non-current assets), and certain one-time income and expenses (affecting other income, offering and related expenses, loss from sale of Sovest loan portfolio, gain on disposal of an associate, etc.). Adjusted EBITDA also excludes other expenses, share in losses of associates and impairment of investment in associates because we believe it is helpful to view the performance of our business excluding the impact of entities that we do not control, and because our share of the net income (loss) of the associate and other expenses includes items that have been excluded from Adjusted EBITDA (such as finance expenses, net, tax on income and depreciation and amortization). Because Adjusted EBITDA facilitates internal comparisons of operating performance on a more consistent basis, we also use Adjusted EBITDA in measuring our performance relative to that of our competitors.

Some limitations of Adjusted EBITDA are:

- Adjusted EBITDA does not include offering and related expenses;
- Adjusted EBITDA does not include loss from sale of the Sovest loan portfolio;
- Adjusted EBITDA does not reflect income tax payments that may represent a reduction in cash available to us;
- Adjusted EBITDA does not include other income, other expense and foreign exchange gains and losses;
- Adjusted EBITDA excludes depreciation and amortization and although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future; and
- Adjusted EBITDA does not include share-based payments.

The following table reconciles Adjusted EBITDA to net profit.

	Year ended December 31,					
	2017	2018	2019	2020	2021	
	RUB	RUB	RUB	RUB	RUB	U.S.$
	(in millions)					
Net profit from continuing operations	**5,643**	**7,181**	**9,441**	**11,246**	**17,536**	**236.0**
Net loss from discontinued operations	**(2,501)**	**(3,555)**	**(4,554)**	**(2,308)**	—	—
adjusted for:						
Depreciation and amortization (1)	796	864	1,324	1,266	1,130	15.2
Other income and expenses, net (1)	41	181	91	95	(65)	(0.9)
Foreign exchange loss/(gain), net (1), (2)	116	(262)	172	224	29	0.4
Gain on disposal of an associate (3)	—	—	—	—	(8,177)	(110.1)
Share of loss / (gain) of an associate and a joint venture (1)	—	46	(258)	(663)	(306)	(4.1)
Impairment of non-current assets (1)	—	—	792	134	24	0.3
Interest income and expenses, net (1)	(6)	(17)	56	99	(92)	(1.2)
Income tax expenses (1)	698	875	1,492	2,918	3,080	41.5
Loss from sale of Sovest loan portfolio	—	—	—	712	—	—
Offering expenses	—	—	79	71	—	—
Share-based payment expenses	398	635	464	43	8	0.1
Adjusted EBITDA	5,185	5,948	9,099	13,837	13,167	177.2

(1) Numbers include continuing and discontinued operations results and therefore do not correspond to the Consolidated Statement of Comprehensive Income Data.
(2) Starting December 31, 2020, we present foreign exchange gain and foreign exchange loss on a netted basis. This change in presentation was implemented to make our financial statements comparable with industry peers.
(3) During third quarter 2021, the Group has completed the sale of its stake in its Tochka equity associate *(for details see Item 4. B Corporate and Other - JSC Tochka).*

Adjusted Net Profit

Adjusted Net Profit is defined as net profit excluding fair value adjustments recorded on business combinations and their amortization, share-based payments, foreign exchange loss/(gain) from revaluation of cash proceeds, impairment of non-current assets, loss from disposals of subsidiaries, offering and related expenses, loss from sale of Sovest loan portfolio, gain on disposal of an associate, and the effects of taxation on those excluded items. Adjusted Net Profit is a key measure used by management to observe the operational profitability of the company. We believe Adjusted Net Profit is useful to an investor in evaluating our operating performance because it measures a company's operating performance without the effect of non-recurring items or items that are not core to our operations. For example, loss from disposals of subsidiaries, gain on disposal of an associate and the effects of deferred taxation on excluded items do not represent the core operations of the business, and fair value adjustments recorded on business combinations and their amortization, impairment of non-current assets and share-based payments expenses do not have a substantial cash effect. Nevertheless, such gains and losses can affect our financial performance. For the periods presented in this Annual Report Adjusted Net Profit is equal to Total Segment Net Profit.

The following table reconciles Adjusted Net Profit to net profit.

	Year ended December 31,					
	2017	2018	2019	2020	2021	
	RUB	RUB	RUB	RUB	RUB	U.S.$
	(in millions)					
Net profit from continuing operations	**5,643**	**7,181**	**9,441**	**11,246**	**17,536**	**236.0**
Net loss from discontinued operations	**(2,501)**	**(3,555)**	**(4,554)**	**(2,308)**	—	—
adjusted for:						
Fair value adjustments recorded on business combinations and their amortization	344	369	479	337	241	3.2
Share-based payments	398	635	464	43	8	0.1
Foreign exchange loss/(gain) from revaluation of cash proceeds (1)	236	(433)	130	—	—	—
Impairment of non-current assets	—	—	792	134	24	0.3
Loss on disposals of subsidiaries	—	—	—	42	—	—
Gain on disposal of an associate (2)	—	—	—	—	(8,177)	(110.1)
Offering expenses	—	—	79	71	—	—
Loss from sale of Sovest loan portfolio	—	—	—	712	—	—
Effect of taxation of the above items	(66)	(60)	(152)	27	(38)	(0.5)
Adjusted Net Profit	4,054	4,137	6,679	10,304	9,594	129.1

(1) Foreign exchange gain on June 2014 offering proceeds, as presented in the reconciliation of net profit to adjusted net profit differs from the foreign exchange loss/(gain) in the reconciliation of net profit to Adjusted EBITDA as the latter includes all the foreign exchange losses/(gains) for the period, while the former relates solely to foreign currency changes resulting from the funds received in connection with our offering of ADSs in June 2014.
(2) During third quarter 2021, the Group has completed the sale of its stake in its Tochka equity associate *(for details see Item 4. B Corporate and Other - JSC Tochka).*

Operating Measures

The following table presents our key operating measures for the year ended December 31, 2019, 2020 and 2021.

	Year ended December 31,		
	2019	2020	2021
	(in RUB millions, unless otherwise indicated)		
Payment Services Segment Payment Volume	1,488,587	1,616,799	1,735,414
Active QIWI Wallet accounts (at period end, in millions) (1)	22.5	18.1	14.1
Active kiosks and terminals (units) (2)	134,280	113,713	93,244
Payment Services Segment Net Revenue Yield (3)	1.41 %	1.40 %	1.22 %

(1) Number of active QIWI Wallet accounts is defined as the number of wallets through which at least one payment has been made or that have been loaded or reloaded in the 12 months preceding the end of the relevant reporting period.

(2) We measure the numbers of our kiosks and terminals on a daily basis, with only those kiosks and terminals being taken into calculation through which at least one payment has been processed during the day, which we refer to as active kiosks and terminals. The period end numbers of our kiosks and terminals are calculated as an average of the number of active kiosks and terminals for the last 30 days of the respective reporting period.

(3) Payment Services segment net revenue yield is defined as Payment Services segment net revenue divided by Payment Services segment payment volume.

Payment volume. Payment Services segment payment volume provides a measure of the overall size and growth of the business, and increasing our payment volumes is essential to growing our profitability. Payment Services segment payment volumes have increased by 7.3% in 2021 as compared to 2020, reaching RUB 1,735 billion predominantly due to the growth in Money Remittance market vertical resulting largely from the development of payment solutions for merchants including betting merchants, new contracts and new projects targeting the self-employed market, amid growth of peer-to-peer operations. Payment Services segment payment volumes have increased by 8.6% in 2020 as compared to 2019, reaching RUB 1,617 billion for the year ended December 31, 2020 mainly as a result of the growth in E-commerce and Money Remittance market verticals where we are best suited to leverage our payment infrastructure by providing our customers with convenient solutions. The following factors may have a significant impact on the payment volumes and therefore our revenue and profits:

- *Russian economy*. We carry out our operations primarily in Russia. Macroeconomic conditions in Russia significantly impact the volume of payments made by our consumers. During periods of economic growth, overall consumer spending tends to increase along with rises in wealth, and during economic downturns, consumer spending tends to correspondingly decline, although some of the market we service tend to show counter cyclical trends.

- *Regulatory changes.* Our business is impacted by laws and regulations that affect our industry, the number of which has increased significantly in the recent years. We are subject to a variety of regulations aimed at preventing money laundering and financing criminal activity and terrorism, financial services regulations, payment services regulations, consumer protection laws, currency control regulations, advertising laws, betting laws and privacy and data protection laws, and experience periodic investigations by various regulatory authorities in connection with the same, which may sometimes result in monetary or other sanctions being imposed on us. Due to the CBR restrictions imposed in December 2020 (which expired in May 2021) our performance in the e-commerce market vertical was adversely affected and resulted in reduction of volumes and revenues generated from payments to foreign merchants and money transfers to pre-paid cards from corporate accounts (see – Item 3.D Risk Factors, - "Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations"). Our business servicing betting merchants was also adversely affected due to the regulatory developments in the Russian betting industry which forced us to stop operations of our Interactive Bets Accounting Center (TSUPIS) starting from October 2021. Payment volume and revenues lost due to the changes in the Russian betting industry will negatively affect the results of the E-commerce payment segment market vertical (where we accounted processing of payments for making the bets) and the Money Remittance payment segment market vertical (where we accounted betting winning payouts on various types of payment methods, including the QIWI Wallet). See Item 3.D Risk Factors, - "Throughout the recent years, we have been deriving a substantial portion of our revenues from merchants in the betting industry, but we have recently experienced a loss of a significant portion of such revenue stream due to changes in regulation and market conditions, the negative repercussions of which on our business and financial results may continue to build up". In September 2021, the Central Bank of Russia introduced heightened scrutiny recommendations with respect to peer-to-peer transactions which we expect will negatively affect the volume of the peer-to-peer transfers in Russia (and our respective volumes in particular) (see – Item 3.D Risk Factors, - "Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations").

- *Increase in the volume of online transactions and the use of alternative payment methods*. The volume of online transactions has grown considerably in the recent years and continues to grow. Similarly, we expect the use of both banking cards and alternative payment methods in Russia, such as smartphones to grow considerably. We believe that growth in online transactions and alternative payment methods will be an important driver in increasing the demand for technological payment solutions, the number of potential merchants and partners to which we can offer payment services and the potential number of our users. However, the rapid development of bank card transactions in online environment as well as development of online banking services could hinder the growth in alternative payment methods.

- *Consumer adoption*. We have actively sought new merchants to offer consumers more payment choices when using our products and developed certain solutions and technological capabilities to widen the scope of services that we offer for merchants, partners and customers. We believe that growth of our infrastructure and suite of services we offer as well as merchant and partner network will lead to more consumers using our payment and financial services more frequently. In addition, we actively encourage consumers to use multiple products, distribution channels and interfaces, for example, for users of our physical distribution network to create a QIWI Wallet or other online account and use it for wider range of purposes such as, for example, recurring and non-recurring payments, money transfers or as a payment collection tool. We also encourage our merchants and partners to use variety of our complimentary solutions and promote users of our payment services to adopt the financial services products that we offer, such as ROWI and Flocktory. We believe that the synergies offered within our ecosystem and between our payment and financial services will help enhance consumer adoption of our services in the future and create a more attractive and complete range of use cases and consumer journeys.

- *Use of cash as a means of payment*. Changes in the aggregate use of cash as a means of payment is an important variable affecting our revenues. Cash payments are one of the principal forms of payment in Russia, and, as a result, a significant share of our payment volumes continues to be cash-based. Over time, the prevalence of cash payments is declining as a greater percentage of the population in emerging markets is adopting credit and debit card payments and electronic banking, and our kiosks and terminals network is decreasing. We expect cash payments to continue to be an important means of payment in Russia and to sustain demand for use of our kiosks and terminals in the near future. If the use of cash as means of payment declines in Russia, it may negatively impact our financial results, hence we increasingly focus on offering our clients primarily digital solutions.

Number of active QIWI Wallet accounts. Number of active wallets represents the number of wallets through which at least one payment has been made or which has been loaded in the 12 months preceding the end of the relevant reporting period. Number of active wallets is one of the measures of our success in penetrating the market and expanding our customer base. The number of active QIWI Wallet accounts decreased to 14.1 million as of December 31, 2021 from 18.1 million as of December 31, 2020. Such decline is attributable primarily to the introduction of new limitations on anonymous wallets and consequent optimization of certain transaction processes and enhancement of certain KYC, identification and compliance procedures. This decline did not substantially impact our financial performance due to increasing diversification of our product proposition and operating models. We expect that the number of active QIWI Wallet could also be affected by the CBR restrictions imposed in December 2020 and resulting outflow of clients that customarily used our services specifically for payments to merchants that have become subject to the restrictions (*see – Item 3.D Risk Factors, - "Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations" and Item 3.D Risk Factors, - "Know-your-client requirements established by Russian anti-money laundering legislation may adversely impact our transaction volumes")*. We also note that there are 1.3 million QIWI Wallet accounts previously created solely for the purposes of making bets via QIWI TSUPIS which are not used in any other way. These QIWI Wallets are at risk as QIWI stopped providing TSUPIS services in October 2021. We are focused on diversification of our product proposition and increase of payment volumes per QIWI Wallet account. During 2021 we observed increase in volume per active QIWI Wallet account and in 4Q 2021 it was 62% higher compared to the same period of the last year.

Number of active kiosks and terminals. We measure the numbers of our kiosks and terminals on a daily basis, with only those kiosks and terminals being taken into calculation through which at least one payment has been processed during the day, which we refer to as active kiosks and terminals. The period end numbers of our kiosks and terminals are calculated as an average of the number of active kiosks and terminals for the last 30 days of the respective reporting period. From December 31, 2020 to December 31, 2021, our number of kiosks decreased from 94,000 to 75,000 and the number of terminals decreased from 19,000 to 18,000. Our kiosks and terminals can be found next to convenience stores, in train stations, post offices, retail stores and airport terminals in all major urban cities as well as many small and rural towns that lack large bank branches and other financial infrastructure. The number of kiosks and terminals is generally decreasing as market evolves towards higher share of digital payments, moreover our physical distribution network was, and to a certain extend continues to be, negatively affected by the spread of COVID-19 pandemic, corresponding lockdown measures and other restrictions that limited users' access to certain retail locations as well as the overall activity of the population. Nevertheless, we believe that our physical distribution network remains an important part of our infrastructure, and we maintain or even slightly increase our market share.

Payment Services segment net revenue yield. We calculate Payment Services segment net revenue yield by dividing Payment Services segment net revenue by Payment Services segment payment volume. Payment Services segment net revenue yield provides a measure of our ability to generate net revenue per unit of volume we process. Payment Services segment net revenue yield was 1.41%, 1.40% and 1.22% in 2019, 2020, and 2021, respectively. In 2021, Payment Services segment net revenue yield decreased by 18bps in comparison to 2020. The following factors have influenced Payment Services segment net revenue yield and may influence it going forward:

- We have experienced a decline in Payment Services segment net revenue yield mainly driven by a combination of (i) decreased e-commerce net revenue yield by 16bps to 2.16% and (2) negative mix effect with lower share of high marginal e-commerce vertical in total Payment Services volume by 8.7ppt to 20.8%, both resulting from the temporary restrictions imposed on cross-border payments which bear higher commissions compared to most other types of our operations. The December 2020 CBR order which expired in May 2021 (*see Item 3.D Risk Factors, - "Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations"*) has had a long-lasting negative pressure on our Payment Services segment payment volumes and net revenue yield primarily in the e-commerce market vertical. It was partially offset by an increase of the total Payment Services Payment volume by 7.3% compared to 2020.

- In the past, we have experienced a decline in average net revenue yields derived from large merchants such as, for example, MNOs since they have a substantial bargaining power over the payment channels they use including our infrastructure. We expect that the average net revenue yields will be declining in certain verticals such as E-Commerce and Money Remittances if merchants in these verticals continue to gain scale and accordingly bargaining power or if lower yielding products offered as part our infrastructure gain larger share.

- Our Payment Services segment net revenue yield depends on the level and mix of merchant commissions as well as the level of the reload costs we have. Such costs depend on the commissions charged to us by our partners and agents for the wallet reload as well as on the mix of such channels. If the consumer preferences shift between different reload methods or if any channel becomes more expensive to us (as we have experienced in 2015 in relation to our kiosk network) or less expensive to us, our Payment Services segment net revenue yield may decrease or increase respectively.

Impact of geopolitical developments in Russia and related sanctions

The Ukraine crisis, which started in late 2013 and escalated into a major military conflict between Russia and Ukraine in February 2022, has had a devastating effect on Russian relations with the West. In response to the Ukraine crisis, Ukraine, the European Union, the United Kingdom and the United States (as well as numerous other countries such as Switzerland, Japan, Norway, Canada and Australia) have passed a variety of economic sanctions against numerous Russian banks, other companies, private individuals, and whole sectors of Russian economy, as well as export restrictions and "sectoral" sanctions affecting specified types of transactions with named participants in certain industries, including named Russian financial institutions. February and March 2022, we saw the imposition of severe measures that have hitherto been unprecedented. See "– *The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition*".

While the current sanctions generally do not target QIWI directly (other than certain sanctions introduced by Ukraine, see *"– We are subject to extensive government regulation"*), there can be no assurance that additional sanctions affecting our company will not be imposed. These sanctions have had and will continue to have the effect of damaging the Russian economy. In addition, the introduction of further economic or trade sanctions remains highly likely as the conflict in Ukraine develops.

We cannot predict the full impact of these matters on our business and results of operations, due to the fact that the related developments are highly unpredictable and occur swiftly, often with little notice. The following are some of our current observations regarding such impacts. You are urged to read these observations in conjunction with the information provided elsewhere in this annual report (see Item 3D Risk Factors – "The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition" and Note 31 "Events after the reporting date" of the audited consolidated financial statements included in this annual report).

Regarding our B2C operations, the economic sanctions against certain Russian banks have resulted in an increase in the volume of consumers that rely on alternative payment and financial services providers similar to our business. We plan to launch additional products and services to support this trend and improve customer loyalty. Despite the limitations on cross-border transactions, payments and fund transfers as further described below, we do not expect any meaningful impact from such limitations, as 87% of our operations are denominated in Rubles (which are not affected by sanctions in any way). Moreover, certain payment services providers have ceased their operations in Russia, resulting in a decrease in competition in the Russian market.

As of the date of this annual report, only a few of our B2B operations have been negatively affected by sanctions, namely (i) digital commerce, due to limitations on cross-border transactions, (ii) CONTACT money remittances business, due to limitations introduced on international money transfers, and (iii) the Flocktory business, due to the exit of certain Western businesses. These changes have not had a material impact on our overall business, as the contribution of these operations to our net revenue is not significant.

On March 2, 2022, certain Russian financial institutions were banned from the SWIFT payment system by the European Union. Under these circumstances, we rely on our wide network of partners and banks that play a vital role in our operations to adopt alternative payment systems and adapt to a new reality. However, in the event that Russia is disconnected from the SWIFT payment system completely, cross-border trade with Russia would be disrupted, and as a result, we would not be able to service any cross-border transactions.

Russian authorities have introduced capital-control measures that prevent currency outflows. Such measures affect our ability to transfer funds from our Russian subsidiaries to our Cypriot parent company, QIWI plc. Although most of our assets are located in Russia, most of our contractual obligations are performed in Russia and QIWI plc has enough reserves in its accounts to fulfil its commitments, we are still taking such capital-control measures into account when considering distribution of dividends and other cash expenditures.

Certain businesses from the United States, the European Union and other countries, wound down or substantially scaled back, or announced plans to wind down or scale back, their operations in Russia or with Russian counterparts, and other businesses are exhibiting an overall trend of avoiding any associations with Russia or Russian persons. In light of this, we risk having limited access to and supply of technologies. We believe our current technological solutions will allow us to continue operations; however, a prolonged suspension of access or supply of hardware, software or other technologies may adversely affect our operations materially over time. A switch to locally produced software and hardware may also negatively affect the performance and safety features of our systems, and consequently, the quality of our services may be affected.

On March 5, 2022, Visa and Mastercard suspended membership of all their Russian members, rendering Qiwi Bank unable to issue Visa and Mastercard cards and conduct any cross-border payments with the use of such cards, which is expected to have a negative, albeit limited, effect on our payment volumes due the shutdown of cross-border transactions. All operations within Russia in Rubles with such cards are available in full and served by the National Payment Card System (NSPK) with lower acquiring costs for payment service providers including ourselves. As an alternative we are able to issue virtual MIR cards and expect to issue MIR plastic cards in the future. Consequently, with the majority of our operations conducted in Rubles and the availability of QIWI Wallet services as a payment method, we do not believe that the impact on our operations and financial results will be significant from the exit by international payment systems. Combined share of Visa and MasterCard operations affected by the suspension of their services for 2019, 2020 and 2021 consitued 0.5%, 1.1% and 1.3% of Payment Services payment volume, respectively.

As part of our treasury operations, we hold a portfolio of publicly traded debt securities. In February 2022, the value of such portfolio was affected by the wide sell-off of Russian securities. For the year ended December 31, 2021, the revaluation loss of our bond portfolio constituted RUB 206 million. See Item 3D – “Our bond portfolio could decline in value, which may result in financial losses and have a negative effect on our compliance with banking prudential ratios” for more detail.

See also “*– Trading in our ADSs has been halted by Nasdaq and there can be no assurance when or if it will resume, while trading in our ADSs on the Moscow Exchange is subject to certain limitations*”.

Impact of COVID-19

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities and factories across China. The virus then quickly spread out across Europe and the Americas, resulting in various "shelter-in-place" regulations, lockdowns, curfews, bans on international travel, cancellations of public events, and supply chain disruptions. These measures continue to be in place in various forms in most countries in the world, including (to a rather minor extent as of the date of this report) Russia. These developments have negatively impacted consumer and business spending and payments activity generally, and have significantly contributed to deteriorating macroeconomic conditions, business closures, higher unemployment and decrease in consumer confidence throughout the world, including Russia and other countries in which we operate. While governments around the world have taken steps to attempt to mitigate some of the more severe anticipated economic effects of COVID-19, such steps have not always been effective. The negative effects of the coronavirus on our business were primarily reflected in 2020 and have included a decline in revenues from our betting merchants due to the cancellation of numerous major sporting events, a drop in money remittance primarily due to a decline in payments to self-employed individuals due to an overall contraction of business activity, and a decline in the use of our kiosk network. On the other hand, in 2021 we observed accelerating favorable trends such as digitalization of payments, development of e-commerce, growing number of peer-to-peer transactions and increasing number of self-employed individuals. The coronavirus pandemic is still ongoing and some quarantine restrictions continue to sporadically emerge globally. The full impact of the COVID-19 pandemic on the global economy is difficult to predict due to the lack of clarity on how long it could be expected to last. These factors may remain prevalent for a significant period of time and may continue to affect our business, results of operations and financial condition, even after the COVID-19 outbreak has subsided.

The COVID-19 outbreak has required and is likely to continue to require significant management attention, substantial investments of time and resources across our enterprise, and increased costs to effectively manage our operations. The spread of COVID-19 has caused us to make significant modifications to our business practices, including enabling most of our workforce to work from home, establishing strict health and safety protocols for our offices, restricting physical participation in meetings, events, and conferences and imposing restrictions on employee travel. The significant number of our employees who are working remotely as a result of the outbreak, and an extended period of remote work arrangements and subsequent reintroduction into the workplace could introduce operational risk, increase cybersecurity risk, strain our business continuity plans, negatively impact productivity, give rise to claims by employees, and impair our ability to manage our business or otherwise adversely affect our business. Additionally, COVID-19 may have negative impact on our internal controls over financial reporting as a significant portion of our workforce is required to work from home and therefore new or modified processes, procedures, and controls could be required to respond to changes in our business environment. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 or will otherwise be satisfactory to government authorities.

The rapidly changing global market and economic conditions as a result of COVID-19 have impacted, and are expected to continue to impact, our operations and business. The broader implications of the COVID-19 pandemic on our business, financial condition, and results of operations remain uncertain. For additional information on how COVID-19 has impacted and could continue to negatively impact our business, see below for specific discussion in the respective areas, and also refer to “Part I, Item 3D, Risk Factors” in this report.

Sources of Revenue

Our primary source of revenue is payment processing fees. In addition, we receive interest revenue, fees for inactive accounts and unclaimed payments, cash and settlement service fees as well as fees for issuing bank guarantees and advertising.

Payment processing fees. Payment processing fees constitute the substantial majority of our revenue and comprise of fees charged for processing payments typically based on a percentage of the total volume of each payment. A majority of our payment processing fees are merchant fees and consumer fees. If the payment is made through our physical distribution network, we typically pass on a portion of the merchants fees to our agents. In certain situations, we may not receive any merchant fees, for example, when a merchant is a government body. We generally recognize merchant fees gross at the point when merchants accept or sends payments from or to the consumer. Consumer fees fall into two categories – those collected by us directly and those collected by our agents. We recognize revenue from consumer fees charged through QIWI Wallet as well as most revenue from consumer fees charged through our kiosks and terminals gross at the point when the consumer makes a payment. Additionally, we generate foreign currency conversion revenue when the transactions are made in currencies that different from the currency of the balance used, mainly Russian Rubles. We recognize related revenues at the time of the conversion in the amount of conversion commission representing the difference between the current Russian or relevant country Central Bank foreign currency exchange rate and the foreign currency exchange rate charged by our processing system.

Interest revenue calculated using the effective interest rate. In addition to payment processing fees, we generate revenue from various sources that classified as interest revenue calculated using the effective interest rate, including income from factoring financing to legal entities provided as part of the ROWI project, depositing cash on bank deposits and investments in securities.

Fees from inactive accounts and unclaimed payments. We also earn revenues from inactive accounts and unclaimed payments, writing down leftover balances or unclaimed payments when our customers do not use their wallets or do not claim their payments respectively for prolonged periods of time so that their wallets are deemed to be inactive.

Other sources of revenue. Additionally, we charge a fee for managing of current accounts that we provide to individuals and legal entities including our agents and SME clients (cash and settlement services fee), related revenue is recorded as services are rendered or as transactions are processed; and other revenue (such as fees from customers for services provided by Flocktory and fees from non-related parties for bank guarantees issued by ROWIproject).

Operating Costs and Expenses

Costs of revenue

Transaction costs. When payments are made through our physical distribution network, we incur transaction costs to our agents, which represent the amount of fees we pass through to agents for use of their kiosks and terminals. Additionally, we incur reload and transaction costs when QIWI Wallet consumers reload their wallets or make certain types of payments through their wallets for goods and services offered by our merchants including acquiring costs payable to international payment systems, agents, bank-participants, mobile operators and other parties.

Interest expense. Interest expense represents cost related to obtaining financing from banks or debt capital markets or accepting deposits from SMEs, individuals and agents.

Other expenses. We incur other expenses in addition to transaction costs, including customer support expenses, licensing operations, expenses on bank guarantees provided and other expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses consists primarily of advertising, client acquisition and related expenses, tax expenses (except of income and payroll relates taxes), advisory and audit services, rent of premises, expenses related to Tochka platform services, IT related services, offering expenses and other operating expenses.

Personnel expenses

Personnel expenses represents salaries and benefits paid to our IT, operating services employees, senior management, finance, legal and other administrative staff as well as related taxes and other personnel expenses. Historically, personnel expenses directly associated with revenue recognized were disclosed within cost of revenue and personnel expenses associated with all other activities were disclosed within selling, general, and administrative expenses.

Depreciation and amortization

Depreciation is calculated on property and equipment on a straight-line basis from the time the assets are available for use, over their estimated useful lives. Intangible assets are amortized on a straight-line basis over their useful economic lives, unless the useful life is indefinite. We do not amortize intangible assets with indefinite useful lives, but we test these assets for impairment annually, either individually or at the cash-generating unit level.

Credit loss expense/income

Credit loss expense represent impairment losses for financial assets accounted for using a forward-looking expected credit loss (ECL) approach in accordance with requirements of the IFRS 9. ECLs are calculated as a difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

Impairment of non-current assets

We assess at each reporting date whether there is an indication that an asset, other than goodwill, should be impaired. If any such indication exists, or when annual impairment testing of an asset is required, we estimate the asset’s recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized.

For the purpose of the impairment testing of other non-current assets we estimate the recoverable amounts as the higher of the value in use or the fair value less costs to sell of an individual asset or Cash Generating Unit (CGU) such asset relates to. For the year ended December 31, 2021 and December, 31 2020 impairment of intangible and fixed assets was RUB 24 million and RUB 32 million, respectively, For the years ended December 31, 2020 and 2019 impairment of intangible assets was RUB 32 million and RUB 201 million, respectively, mainly relating to the liquidation of QIWI Box project in 2019 and resulting impairment of its asset base comprising primarily of self-pick-up parcel lockers.

Other Income and Expense Items

Gain on disposal of an associate

Gain on disposal of an associate include the result of the transaction where we have completed the sale of our stake in our Tochka equity associate during 2021.

Share of gain/(loss) of an associate and a joint venture

We recognize our share of gain/loss of an associate/joint venture which is shown on the face of the statement of comprehensive income or in the notes. This is the profit/loss attributable to equity holders of the associate/joint venture and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate/joint venture.

Foreign exchange gain / loss net

Foreign exchange gain and loss arise as a result of re-measurement of monetary assets and liabilities denominated in foreign currencies at the functional currency rate of exchange at the reporting date. The amount of foreign exchange gain and loss for the reporting period is directly related to currency rates fluctuations.

Interest income and expenses net

Interest income represents primarily interest on non-banking loans issued. Interest expense primarily represents interest expense accrued on lease liabilities held by the Company.

Other income and expenses net

Other income and expenses primarily include non-recurring gains and losses that are immaterial by their nature and don’t relate to our operating activity.

Income tax expense

Income tax expense represents current and deferred income taxes with respect to our earnings in the countries in which we operate. Deferred tax also includes taxes on earnings of our foreign subsidiaries that have not been remitted to us to the extent applicable and will be taxed in Cyprus once remitted.

Results of Operations

Set out below are our consolidated statements of operations data for the years ended December 31, 2019, 2020, and 2021:

	Years ended December 31,		
	2019 (1)	2020 (1)	2021
	(in RUB millions)		
Continuing operations			
Revenue, including	**35,941**	**40,622**	**41,135**
Payment processing fees	30,736	34,326	33,397
Interest revenue calculated using the effective interest rate	1,961	2,390	3,453
Fees from inactive accounts and unclaimed payments	1,806	1,952	1,771
Other revenue	1,438	1,954	2,514
Operating costs and expenses, including	**(23,964)**	**(26,558)**	**(29,130)**
Cost of revenue (exclusive of items shown separately below)	(14,075)	(16,494)	(18,022)
Selling, general and administrative expenses	(3,442)	(2,733)	(3,228)
Personnel expenses (2)	(5,192)	(6,108)	(6,390)
Depreciation and amortization	(1,066)	(1,101)	(1,130)
Credit loss (expense)/income	12	(90)	(336)
Impairment of non-current assets	(201)	(32)	(24)
Profit from operations	**11,977**	**14,064**	**12,005**
Gain on disposal of an associate	—	—	8,177
Share of gain/(loss) of an associate and a joint venture	258	663	306
Foreign exchange gain/(loss), net (3)	(172)	(199)	(29)
Interest income and expenses, net	(18)	(68)	92
Other income and expenses, net	(91)	(95)	65
Profit before tax from continuing operations	**11,954**	**14,365**	**20,616**
Income tax expense	(2,513)	(3,119)	(3,080)
Net profit from continuing operations	**9,441**	**11,246**	**17,536**
Discontinued operations			
Loss after tax from discontinued operations	(4,554)	(2,308)	—
Net profit	**4,887**	**8,938**	**17,536**
Attributable to:			
Equity holders of the parent	4,832	8,842	17,399
Non-controlling interests	55	96	137

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.

(2) Historically, personnel expenses directly associated with revenue recognized were disclosed within cost of revenue and personnel expenses associated with all other activities were disclosed within selling, general, and administrative expenses. Starting December 31, 2019, we present all personnel expenses as a single item in a Personnel expenses line. Personnel expenses for the years ended December 31, 2016 through 2018 were separated from cost of revenue and selling, general and administrative expenses and presented in a separate line for comparative purposes. See *Item 5 Operating and Financial Review and Prospects. Operating Costs and Expenses* for details.

(3) Starting December 31, 2020, we present foreign exchange gain and foreign exchange loss on a netted basis. This change in presentation was implemented to make our financial statements comparable with industry peers.

Set out below are our consolidated statements of operations data for the years ended December 31, 2019, 2020 and 2021 as a percentage of total revenue:

	Years ended December 31,		
	2019 (1)	2020 (1)	2021
	(as a percentage of revenue)		
Continuing operations			
Revenue, including	**100.0**	**100.0**	**100.0**
Payment processing fees	85.5	84.4	81.2
Interest revenue calculated using the effective interest rate	5.5	5.9	8.4
Fees from inactive accounts and unclaimed payments	5.0	4.8	4.3
Other revenue	4.0	4.9	6.1
Operating costs and expenses, including	**(66.7)**	**(65.3)**	**(70.8)**
Cost of revenue (exclusive of items shown separately below)	(39.1)	(40.6)	(43.9)
Selling, general and administrative expenses	(9.6)	(6.7)	(7.8)
Personnel expenses	(14.4)	(15.0)	(15.5)
Depreciation and amortization	(3.0)	(2.7)	(2.7)
Credit loss (expense)/income	0.0	(0.2)	(0.8)
Impairment of non-current assets	(0.6)	(0.1)	(0.1)
Profit from operations	**33.3**	**34.7**	**29.2**
Gain on disposal of an associate	—	—	19.9
Share of gain/(loss) of an associate and a joint venture	0.8	1.7	0.7
Foreign exchange gain/(loss), net	(0.4)	(0.5)	(0.1)
Interest income and expenses, net	(0.1)	(0.2)	0.2
Other income and expenses, net	(0.3)	(0.2)	0.2
Profit before tax	**33.3**	**35.5**	**50.1**
Income tax expense	(7.0)	(7.7)	(7.5)
Net profit from continuing operations	**26.3**	**27.8**	**42.6**
Discontinued operations			
Loss after tax from discontinued operations	(12.7)	(5.6)	—
Net profit	**13.6**	**22.2**	**42.6**
Equity holders of the parent	13.4	22.0	42.3
Non-controlling interests	0.2	0.2	0.3

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.

Year ended December 31, 2021 compared to year ended December 31, 2020

Revenue

Set out below are our revenues, by source, for the year December 31, 2021 and 2020, and as a percentage of total revenue:

	Year ended December 31,			
	2020 (1)	2020 (1)	2021	2021
	(in RUB millions)	(% of revenue)	(in RUB millions)	(% of revenue)
Revenue	40,622	100.0	41,135	100.0
Payment processing fees	34,326	84.4	33,397	81.2
Interest revenue calculated using the effective interest rate	2,390	5.9	3,453	8.4
Fees from inactive accounts and unclaimed payments	1,952	4.8	1,771	4.3
Cash and settlement service fees	512	1.3	500	1.2
Platform and marketing services related fees (2)	794	2.0	958	2.3
Fees for guarantees issued (2)	440	1.1	723	1.8
Other revenue	208	0.5	333	0.8

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.
(2) Platform and marketing services related fees and fees for guarantees issued were presented as part of Other revenue prior to December 31, 2020, and are now presented separately to reflect the management view on material business activities.

Revenue for the year ended December 31, 2021 was RUB 41,135 million, an increase of 1%, or RUB 513 million, compared to the same period of 2020. Payment processing fees in 2021 reached RUB 33,397 million, a decrease of 3%, or RUB 929 million, compared to previous year mainly due to the decline in Payment Services segment net revenue yield by 18bps year-over-year partially compensated by growth of payment volume in 2021 by 7.3% year-over-year. The decline in Payment Services segment payment average net revenue yield was mainly driven by a combination of (i) decreased e-commerce net revenue yield by 16bps to 2.16% and (ii) negative mix effect with lower share of high marginal e-commerce vertical in total Payment Services volume by 8.7ppt to 20.8%, both resulting from the temporary restrictions imposed on cross-border payments which bear higher commissions compared to most other types of our operations. Payment Services segment payment volumes growth in 2021 as compared to 2020 was predominantly due to the growth in Money Remittance market vertical resulting largely from the development of payment solutions for merchants including betting merchants, new contracts and new projects targeting the self-employed market, and growth of peer-to-peer operations.

The number of active QIWI Wallet accounts decreased to 14.1 million as of December 31, 2021 from 18.1 million as of December 31, 2020. The decline primarily resulted from the introduction of limitations on the anonymous wallets and enhancement of certain KYC, identification and compliance procedures. The number of active QIWI Wallets was also affected by the CBR restrictions imposed in December 2020 resulting in outflow of clients that customarily used our services specifically for payments to merchants that have become subject to the restrictions. We also had 1.3 million of QIWI Wallet accounts previously created solely for the purposes of making bets via QIWI TSUPIS, which might not be used since October 2021 as we stopped providing TSUPIS services. Such decline did not substantially impact our financial performance as we are focused on diversification of our product proposition and increase of payment volumes per QIWI Wallet account.

The number of our kiosks and terminals decreased, with 93,244 active kiosks and terminals as of December 31, 2021 compared to 113,713 as of December 31, 2020, primarily as a result of the underlying market dynamics further described in *"Item 3.D. Risk Factors—Risks Related to Our Business and Our Assets — A decline in the use of cash as a means of payment or a decline in the use of kiosks and terminals may result in a reduced demand for our services ."*

Interest revenue calculated using the effective interest rate for the year ended December 31, 2021 was RUB 3,453 million, an increase of 44%, or RUB 1,063 million, compared to the same period in 2020. The growth was primarily related to the increase of income from factoring financing provided as part of the ROWI project due to growth of its portfolio and increase in debt securities portfolio as well as growth of interest rates on the debt market.

Fees for inactive accounts and unclaimed payments decreased by 9%, or RUB 181 million, from RUB 1,952 million in 2020 to RUB 1,771 million in 2021.

Cash and settlement services fees for the year ended December 31, 2021 were RUB 500 million, a decrease of 2%, or RUB 12 million, compared to the same period in 2020. Cash and settlement services fees decrease resulted primarily from a decline in number of active Tochka clients in QIWI Bank branch.

Platform and marketing services related fees for the year ended December 31, 2021 were RUB 958 million, an increase of 21%, or RUB 164 million, compared to the same period in 2020. The increase was mainly driven by growth of revenue from Flocktory services resulting primarily from organic growth of Flocktory's client base.

Fees for guarantees issued for the year ended December 31, 2021 were RUB 723 million, an increase of 64%, or RUB 283 million, compared to the same period in 2020. The increase was mainly driven by growth of ROWI digital guarantees portfolio.

Other revenue for the year ended December 31, 2021 was RUB 333 million, an increase of 60%, or RUB 125 million, compared to the same period in 2020. The increase was driven by growth of revenue from additional value-added services for our clients as well as from minor miscellaneous projects.

Operating expenses

Set out below are the primary components of our operating expenses for the year ended December 31, 2021 and 2020, and as a percentage of total revenue:

	Year ended December 31,			
	2020 (1)	2020 (1)	2021	2021
	(in RUB millions)	(% of revenue)	(in RUB millions)	(% of revenue)
Cost of revenue	(16,494)	(40.6)	(18,022)	(43.8)
Transaction costs	(14,777)	(36.3)	(15,892)	(38.6)
Interest expense	(288)	(0.7)	(505)	(1.2)
Other expenses	(1,429)	(3.5)	(1,625)	(4.0)
Selling, general and administrative expenses	(2,733)	(6.7)	(3,228)	(7.8)
Personnel expenses	(6,108)	(15.0)	(6,390)	(15.5)
Depreciation and amortization	(1,101)	(2.7)	(1,130)	(2.7)

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.

Cost of revenue

Cost of revenue for the year ended December 31, 2021, was RUB 18,022 million, an increase of 9%, or RUB 1,528 million, compared to the same period of 2020. Transaction costs, which primarily include different types of payment processing commissions that are charged by third party agents and providers, including banks and payment systems, increased by 8% or RUB 1,115 million from RUB 14,777 million to RUB 15,892 million for the year ended December 31, 2021, as compared to the same period in 2020 primarily due to Payment Services segment payment volumes increasing by 7.3% year-over-year due to factors described above in *Revenue*.

Interest expense

Interest expenses for the year ended December 31, 2021 were RUB 505 million, an increase of 75%, or RUB 217 million, compared to the same period in 2020, primarily, due to interest expenses on our debt that was issued in the second half of 2020.

Other expenses

Other expenses for the year ended December 31, 2021 stood at RUB 1,625 million, an increase of 14%, or RUB 196 million, compared to the same period of 2020 primarily due to further development of Flocktory and ROWI projects.

Segment Net Revenue

The following table presents net revenue by reportable segment (*see "Item 4.B. Business Overview" for more information about our reportable segments)* for the periods indicated:

	Year ended December 31,		
	2019	2020	2021
	(in RUB millions)	(in RUB millions)	(in RUB millions)
Payment Services	20,965	22,637	21,100
Consumer Financial Services	1,339	1,066	—
Rocketbank	(490)	548	—
Corporate and Other	1,362	1,727	2,013
Total Segment Net Revenue (1)	23,176	25,978	23,113

(1) For the periods indicated above Total Segment Net Revenue is equal to Total Net Revenue. See "Operating Results — Key Measures of Financial and Operational Performance — Financial Measures" for how we define and calculate Total Net Revenue, Adjusted EBITDA, and Adjusted Net Profit as non-IFRS financial measures and reconciliations of these measures to revenue, in the case of Total Net Revenue, and net profit, in the case of Adjusted EBITDA and Adjusted Net Profit.

Segment net revenue attributable to the Payment Services segment decreased by RUB 1,537 million, or 7%, in 2021 compared to the same period of 2020 mainly driven by the decline in average payment net revenue yield (for reasons described above in *Revenue*) partially offset by growth of payment volumes by 7.3% (described earlier in comments with respect to Revenue dynamics) and increase of Payment Services other net revenue. Interest revenue increased by 19% or by RUB 347 million compared to 2020. The growth was primarily related to the increase of the debt securities portfolio as well as growth of interest rates on the debt market. Fees from inactive accounts and unclaimed payments decreased by 9%, or RUB 181 million compared to 2020. Other revenue net increased by 95% or by RUB 166 million compared to 2020. Payment Services segment net revenue accounted for 91.3% of Total Segment Net Revenue in 2021.

Net revenues attributable to the Corporate and Other category increased by RUB 286 million, or 17%, in 2021 compared to the same period in 2020. The growth in the Corporate and Other category net revenue was primarily driven by the increase in interest revenue due to growth of ROWI project portfolio. Corporate and Other category net revenue accounted for 8.7% of Total Net Revenue in 2021.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2021 were RUB 3,228 million, an increase of 18%, or RUB 495 million, as compared to the same period in 2020. The increase was primarily a result of higher costs on information and consulting services, and representative and travelling expenses. Information and consulting expenses increased mainly due to (i) advisory services for market research while reviewing Company's strategy, (ii) more expensive insurance of liabilities of Directors and Officers and (iii) additional legal services related to potential M&A activities. Representative and travelling expenses increase year-over-year due to a weakening quarantine limits and increase of various business activities. Changes in other items of administrative expenses are individually insignificant.

Personnel expenses

Personnel expenses for the year ended December 31, 2021 were RUB 6,390 million, an increase of 5%, or RUB 282 million, as compared to the same period in 2020. Increase in personnel expenses year over year was driven by a combination of (i) hiring of new employees, and (ii) indexation of existing employees salaries.

Depreciation and amortization

Depreciation for the year ended December 31, 2021 amounted to RUB 1,130 million, an increase of 3% or RUB 29 million compared to the same period in 2020.

Credit loss (expenses)/income

Credit loss expense for the year ended December 31, 2021 was RUB 336 million, an increase of RUB 246 million, compared to credit loss expense of RUB 90 million for the same period in 2020. The increase was predominantly related to further development of ROWI project with growth of its credit portfolio.

Impairment of non-current assets

Impairment of non-current assets for the year ended December 31, 2021 was RUB 24 million, a decrease of 25%, or RUB 8 million, compared to the same period in 2020. This item represents the impairment of assets related to a number of Group's venture projects. The Group did not recognize any significant impairment neither in 2020 nor in 2021.

Gain on disposal of an associate

In the third quarter of 2021, the Group completed a sale of its 40% stake (45% economic interest) in the capital of its Tochka associate *(see – Item 10.C Material Contracts, - "Agreement for the transfer the ownership of the of shares related to the project "Tochka")*. Gain on disposal of Tochka associate for the year ended December 31, 2021 was RUB 8,177 million, including (i) base deal amount of RUB 4,947 million, (ii) accrued discounted performance adjustment gain contingent on Tochka's earnings for the year 2021 in the amount of RUB 4.647 million, (iii) dividends received in 3Q 2021 in the amount of RUB 532 million, and (iv) less carrying amount of disposed investment in the amount of RUB 1,949 million.

The consideration for the sale of the stake in Tochka was comprised of a fixed portion and a contingent portion. Dividends paid by Tochka to the Group prior to the sale and the fixed portion of consideration were received during the third quarter of 2021. The contingent portion is expected to be paid in second quarter of 2022. We note that there is a degree of uncertainty regarding the receipt of the contingent portion of the consideration as the buyer decided to approach the Government Commission for approval of such payment. A negative decision of the Commission may postpone or even block the payment and therefore could result in a loss in the amount of up to RUB 4,855 million. *See "Item 3.D. Risk Factors—Risks Related to Our Business and Industry—a decline in the use of cash as a means of payment or a decline in the use of kiosks and terminals may result in a reduced demand for our services*

Share of gain/(loss) of an associate and a joint venture

Share of gain of an associate and a joint venture for the year ended December 31, 2021 was RUB 306 million, a decrease of 54%, or RUB 357 million, compared to the same period in 2020. The gain was primarily related to the income from former equity associate JSC Tochka, and the decrease reflects its sale in the third quarter of 2021.

Foreign exchange gain/(loss), net

Foreign exchange loss for the year ended December 31, 2021 was RUB 29 million, a decrease of 85%, or RUB 170 million, compared to the same period in 2020. Foreign exchange loss primarily resulted from a revaluation of cash balances, loans issued and guarantee deposits denominated in US dollars that was driven by exchange rate volatility during the year. The main reason for the decrease in foreign exchange loss in 2021 was favorable fluctuation of USD exchange rate in 2021 compared to 2020.

Interest income and expenses, net

Interest income and expenses, net for the year ended December 31, 2021 was an income of RUB 92 million, an increase of 235%, or RUB 160 million, compared to the same period in 2020.

Other income and expenses, net

Other income, net for the year ended December 31, 2021 was RUB 65 million, compared to other expenses, net of RUB 95 million for the year ended December 31, 2020.

Income tax

Income tax for the year ended December 31, 2021 amounted to RUB 3,080 million, a decrease of 1%, or RUB 39 million as compared to the same period in 2020. Our effective tax rate in 2021 was 14.9%, a decrease of 6.8 ppts compared to the same period in 2020 resulting from a gain from sale of associate which is non-taxable.

Segment Net Profit

The following table presents our net profit by reportable segment for the periods indicated:

	Year ended December 31,		
	2019	**2020**	**2021**
	(in RUB millions)	(in RUB millions)	(in RUB millions)
Payment Services	12,105	12,608	10,971
Consumer Financial Services	(1,981)	(793)	—
Rocketbank	(2,317)	(781)	—
Corporate and Other	(1,128)	(730)	(1,377)
Total Segment Net Profit [(1)]	6,679	10,304	9,594

(1) For the periods indicated above Total Segment Net Profit is equal to Total Adjusted Net Profit. See "Operating Results — Key Measures of Financial and Operational Performance — Financial Measures" for how we define and calculate Total Net Revenue, Adjusted EBITDA, and Adjusted Net Profit as non-IFRS financial measures and reconciliations of these measures to revenue, in the case of Total Net Revenue, and net profit, in the case of Adjusted EBITDA and Adjusted Net Profit.

Segment net profit attributable to the Payment Services segment decreased by RUB 1,637 million, or 13%, in 2021 compared to the same period in 2020. The decrease was primarily driven by net revenue decline in the respective segment.

Net loss attributable to the Corporate and Other category increased by RUB 647 million, or 89%, in 2021 compared to the same period in 2020 mainly due to decreased contribution from JSC Tochka associate via equity pick up (followed by sale of our stake in the project in the third quarter 2021), additional advisory services costs for market research procured in connection with Company's strategy review, increased costs for insurance of Directors and Officers and higher income tax expenses.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

Set out below are our revenues, by source, for the year December 31, 2020 and 2019, and as a percentage of total revenue:

	Year ended December 31,			
	2019 (1) (in RUB millions)	2019 (1) (% of revenue)	2020 (in RUB millions)	2020 (% of revenue)
Revenue	35,941	100.0	40,622	100.0
Payment processing fees	30,736	85.5	34,326	84.4
Interest revenue calculated using the effective interest rate	1,961	5.6	2,390	5.9
Fees from inactive accounts and unclaimed payments	1,806	5.0	1,952	4.8
Cash and settlement service fees	932	2.6	512	1.3
Platform and marketing services related fees (2)	157	0.4	794	2.0
Fees for guarantees issued (2)	121	0.3	440	1.1
Other revenue	228	0.6	208	0.5

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.

(2) Platform and marketing services related fees and fees for guarantees issued were presented as part of Other revenue prior to December 31, 2020, and are now presented separately to reflect the management view on material business activities.

Revenue for the year ended December 31, 2020 was RUB 40,622 million, an increase of 13%, or RUB 4,681 million, compared to the same period in 2019. Payment processing fees for the year ended December 31, 2020 were RUB 34,326 million, an increase of 12%, or RUB 3,590 million, compared to the same period in 2019. The increase in payment processing fees resulted primarily from volume growth in such categories as E-commerce (mainly as a result of an increase in volumes of digital entertainment, primarily betting merchants) and Money Remittance (as a result of the implementation of the self-employed market focus strategy). The increase impactwas partially offset by the slight decline in average payment net revenue yield, particularly in E-commerce category due to the scaling of new products and corresponding shift of the product mix towards lower yielding volumes.

The number of active Qiwi Wallet accounts decreased to 18.1 million as of December 31, 2020 from 22.5 million as of December 31, 2019. The decline resulted mainly from the introduction of new limitations on the anonymous wallets and consequent optimization of certain transaction processes, change of inactivity term from 6 to 12 months and enhancement of certain KYC, identification and compliance procedures. Such decline did not substantially impact our financial performance. The number of our kiosks and terminals decreased, with 113,713 active kiosks and terminals as of December 31, 2020 compared to 134,280 as of December 31, 2019, primarily as a result of the underlying market dynamics further described in *"Item 3.D. Risk Factors—Risks Related to Our Business and Industry—a decline in the use of cash as a means of payment or a decline in the use of kiosks and terminals may result in a reduced demand for our services."*

Interest revenue calculated using the effective interest rate for the year ended December 31, 2020 was RUB 2,390 million, an increase of 22%, or RUB 429 million, compared to the same period in 2019. The growth was primarily related to the increase in income from factoring financing provided as part of the Factoring PLUS project.

Fees for inactive accounts and unclaimed payments increased by 8%, or RUB 146 million, from RUB 1,806 million in 2019 to RUB 1,952 million in 2020.

Cash and settlement services fees for the year ended December 31, 2020 were RUB 512 million, a decrease of 45%, or RUB 420 million, compared to the same period in 2019. Cash and settlement services fees decrease resulted primarily from a decline in number of active Tochka clients in QIWI Bank. The decrease was underpinned by the transfer of Tochka project to JSC Tochka starting from February 1, 2019, which is now recognized as an associate. As a result of this transition we no longer recognize a substantial portion of Tochka project revenues.

Platform and marketing services related fees for the year ended December 31, 2020 were RUB 794 million, an increase of 406%, or RUB 637 million, compared to the same period in 2019. The increase was mainly driven by growth of revenue from Flocktory services resulting primarily from Flocktory consolidation starting December 2, 2019.

Fees for guarantees issued for the year ended December 31, 2020 was RUB 440 million, an increase of 264%, or RUB 319 million, compared to the same period in 2019. The increase was mainly driven by growth of Factoring PLUS digital guarantees service launched in 2019.

Other revenue for the year ended December 31, 2020 was RUB 208 million, a decrease of 9%, or RUB 20 million, compared to the same period in 2019. The increase was driven by certain individually insignificant items.

Operating expenses

Set out below are the primary components of our operating expenses for the year ended December 31, 2020 and 2019, and as a percentage of total revenue:

	Year ended December 31,			
	2019 (1)	**2019 (1)**	**2020**	**2020**
	(in RUB millions)	(% of revenue)	(in RUB millions)	(% of revenue)
Cost of revenue	(14,075)	(39.2)	(16,494)	(40.6)
Transaction costs	(12,633)	(35.1)	(14,777)	(36.3)
Cost of cash and settlement service fees	(164)	(0.5)	(171)	(0.4)
Interest expense	(47)	(0.1)	(288)	(0.7)
Other expenses	(1,231)	(3.4)	(1,258)	(3.1)
Selling, general and administrative expenses	(3,442)	(9.6)	(2,733)	(6.7)
Personnel expenses	(5,192)	(14.5)	(6,108)	(15.0)
Depreciation and amortization	(1,066)	(3.0)	(1,101)	(2.7)

(1) Following the divestiture of SOVEST and the wind-down of Rocketbank, certain amounts have been reclassified to Discontinued operations in order to conform to the current period's presentation. For more information, please refer to Note 6 of the audited consolidated financial statements included in this Annual Report on Form 20-F.

Cost of revenue

Cost of revenue for the year ended December 31, 2020, was RUB 16,494 million, an increase of 17%, or RUB 2,419 million, compared to the same period in 2019. Transaction costs, which primarily include different types of payment processing commissions that are charged by third party agents and providers, including banks and payment systems, increased by 17% or RUB 2,144 million from RUB 12,633 million to RUB 14,777 million for the year ended December 31, 2020, as compared to the same period in 2019. This increase, in general, is in line with the revenue growth.

Cost of cash and settlement service fees

Cost of cash and settlement service fees for the year ended December 31, 2020 were RUB 171 million, an increase of 4%, or RUB 7 million, compared to the same period in 2019. Cost of cash and settlement service fees are primarily related to the Tochka business and increased due to increased payment rates under our Information Technology Services Agreements with our partner.

Interest expense

Interest expenses for the year ended December 31, 2020 were RUB 288 million, an increase of 513%, or RUB 241 million, compared to the same period in 2019, primarily, related to the funding of the Factoring PLUS project factoring portfolio growth and represented by interest expenses on external credit facilities as well as publicly traded bonds issued in the second half of 2020.

Other expenses

Other expenses for the year ended December 31, 2020 were RUB 1,258 million, an increase of 2%, or RUB 27 million, compared to the same period in 2019.

Segment Net Revenue

The following table presents net revenue by reportable segment (*see "Item 4.B. Business Overview" for more information about our reportable segments)* for the periods indicated:

	Year ended December 31,	
	2019 (1)	2020
	(in RUB millions)	(in RUB millions)
Payment Services	20,965	22,637
Consumer Financial Services	1,339	1,066
Rocketbank	(490)	548
Corporate and Other	1,362	1,727
Total Segment Net Revenue (2)	23,176	25,978

(1) Numbers do not correspond to the previously disclosed due to the change in the presentation. SME Segment results of operation are presented as part of the Corporate and Other category due to SME Segment financial results falling below reportable segment thresholds.

(2) For the periods indicated above Total Segment Net Revenue is equal to Total Net Revenue. See "Operating Results — Key Measures of Financial and Operational Performance — Financial Measures" for how we define and calculate Total Net Revenue, Adjusted EBITDA, and Adjusted Net Profit as non-IFRS financial measures and reconciliations of these measures to revenue, in the case of Total Net Revenue, and net profit, in the case of Adjusted EBITDA and Adjusted Net Profit.

Segment net revenue attributable to the Payment Services segment increased by RUB 1,672 million, or 8%, in 2020 compared to the same period in 2019. The growth in this segment's net revenue was mainly due to an increase in payment processing fees. Payment processing fees increased by 12% or by RUB 3,590 million compared to the same period of 2019 in line with volume growth, which was primarily driven by E-commerce and Money Remittances market verticals partially offset by the decrease in payment average adjusted net revenue yield. Transaction costs increased by 17% or by RUB 2,144 million, in line with the increase in payment processing fees. Interest revenue decreased by 4% or by RUB 66 million compared to 2019. The decrease in interest revenue resulted primarily from lower interest rate environment in 2020. Fees from inactive accounts and unclaimed payments increased by 8%, or RUB 146 million compared to 2019. Other revenue net increased by 46% or by RUB 55 million compared to 2019. Payment Services segment net revenue accounted for 87% of Total Net Revenue in 2020.

Segment net revenue attributable to the Consumer Financial Services segment decreased by RUB 273 million, or 20%, in 2020 compared to the same period in 2019. The decrease in Consumer Financial Services segment net revenue resulted from the divestment of SOVEST project in July 2020. Consumer Financial Services segment net revenues accounted for approximately 4% of Total Net Revenue in 2020.

Segment net revenue attributable to the Rocketbank segment increased by RUB 1,038 million in 2020 compared to the same period in 2019. Net revenue growth was driven primarily by revenue generated from the loyalty program termination due to the project wind-down. Rocketbank segment net revenues accounted for approximately 2% to Total Net Revenue in 2020.

Net revenues attributable to the Corporate and Other category increased by RUB 365 million, or 27%, in 2020 compared to the same period in 2019. The growth in net revenue was primarily driven by the growth in interest revenue due to scaling of Factoring PLUS project as well as the growth of marketing platform services due to consolidation of Flocktory project, which was partially offset by Tochka net revenue decline. Corporate and Other category net revenue accounted for approximately 7% of Total Net Revenue in 2020.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2020 were RUB 2,733 million, a decrease of 21%, or RUB 709 million, as compared to the same period in 2019. Lower SG&A expenses resulted primarily from: (i) the decrease in other expenses by 36% or by RUB 339 million, from RUB 932 million in 2019 to RUB 593 million in 2020, mainly related to the decrease in travelling and representation expenses caused by lockdowns and other restrictions imposed due to COVID-19 pandemic, which, among other things, led to reduction in corporate events; (ii) the decrease in advertising, client acquisition and related expenses by 46% or by RUB 261 million, from RUB 562 million in 2019 to RUB 301 million in 2020, mainly related to the partial transfer of Tochka's operations to an associate starting in February 2019, and the decrease in expenses of the Payment Services Segment due to the effect of COVID-19, which led to reduction of participation in forums and exhibitions as well as optimization of expenses for advertising and souvenir products; and (iii) the decrease in expenses related to Tochka platform services by 29% or by RUB 156

million, from RUB 538 million in 2019 to RUB 382 million in 2020, mainly resulted from a decline in number of active Tochka clients with QIWI Bank.

Personnel expenses

Personnel expenses for the year ended December 31, 2020 were RUB 6,108 million, an increase of 18%, or RUB 916 million, as compared to the same period in 2019. Increase in personnel expenses year over year was driven by mixed trends: (i) the hiring of highly paid employees, including IT specialists as well as other personnel engaged in current business activities; (ii) an increase in salaries and bonus payments for existing employees aimed at matching the market level as well as an increase in corresponding social insurance contributions; (iii) consolidation of Flocktory business starting from December 2019, and an increase in number of employees in certain other projects; (iv) redundancy provision charge due to the current economic situation as well as realized redundancy costs at QIWI Blockchain Technologies and QIWI Box; all of which were partially offset by: (v) the transfer of Tochka personnel from QIWI to Tochka JSC in February 2019; (vi) a decrease in ESOP and RSU programs charges in 2020; and (vii) a reduction of expenses for trainings due to the COVID-19 pandemic.

Depreciation and amortization

Depreciation for the year ended December 31, 2020 amounted to RUB 1,101 million, an increase of 3% or RUB 35 million compared to the same period in 2019.

Credit loss (expenses)/income

Credit loss expense for the year ended December 31, 2020 was RUB 90 million, an increase of RUB 102 million, compared to credit loss income of RUB 12 million for the same period in 2019. The increase predominantly resulted from the growth of the Factoring PLUS project factoring portfolio, which significantly increased in 2020.

Impairment of non-current assets

Impairment of non-current assets for the year ended December 31, 2020 was RUB 32 million, a decrease of 84%, or RUB 169 million, compared to the same period in 2019. The decrease was mostly related to a liquidation of QIWI Box's fixed and intangible assets recognized in 2019 due to discontinuation of its operations; there were no write offs in 2020.

Share of gain/(loss) of an associate and a joint venture

Share of gain of an associate and a joint venture for the year ended December 31, 2020 was RUB 663 million, an increase of 157%, or RUB 405 million, compared to the same period in 2019. The increase was mainly driven by the growth in net profit of an associate, JSC Tochka, which started operations on February 1, 2019.

Other income and expenses, net

Other expenses, net for the year ended December 31, 2020 were RUB 95 million, a decrease of 4%, or RUB 4 million, compared to RUB 91 million 2019.

Foreign exchange gain/(loss), net

Foreign exchange loss for the year ended December 31, 2020 was RUB 199 million, an increase of 16%, or RUB 27 million, compared to the same period in 2019. The increase of foreign exchange loss primarily resulted from a revaluation of cash balances, loans issued and guarantee deposits denominated in US dollars that was driven by significant exchange rate volatility during 2020.

Interest income and expenses, net

Interest income and expenses, net for the year ended December 31, 2020 was an expense of RUB 68 million, an increase of 278%, or RUB 50 million, compared to the same period in 2019. The increase in expenses primarily related to growth of interest on lease liabilities due to prolongation of the main office lease agreements underpinned by the decrease of interest income due to lower volume of loans granted to venture projects.

Income tax

Income tax for the year ended December 31, 2020 amounted to RUB 3,119 million, an increase of 24%, or RUB 606 million as compared to the same period in 2019, resulting from the increase in profit before tax as well as higher effective tax rate. Our effective tax rate in 2020 was 22%, an increase of 68 bps compared to the same period in 2019 resulting from an increase in share of profit before tax generated by our entities located in jurisdictions with higher tax rates.

Loss after tax from discontinued operations

Loss after tax from discontinued operations for the year ended December 31, 2020, was RUB 2,308 million, a decrease of 49%, or RUB 2,246 million, compared to the same period in 2019, resulting from the wind-down of Rocketbank and divestiture of Sovest and subsequent loss reduction.

Segment Net Profit

The following table presents our net profit by reportable segment for the periods indicated:

	Year ended December 31,	
	2019 (1)(2)	2020(2)
	(in RUB millions)	(in RUB millions)
Payment Services	12,105	12,608
Consumer Financial Services	(1,981)	(793)
Rocketbank	(2,317)	(781)
Corporate and Other	(1,128)	(730)
Total Segment Net Profit (3)	6,679	10,304

(1) Numbers do not correspond to the previously disclosed due to the change in the presentation. SME Segment results of operation are presented as part of the Corporate and Other category due to SME Segment financial results falling below reportable segment thresholds.
(2) Numbers include continuing and discontinued operations.
(3) For the periods indicated above Total Segment Net Profit is equal to Total Adjusted Net Profit. See “Operating Results — Key Measures of Financial and Operational Performance — Financial Measures” for how we define and calculate Total Net Revenue, Adjusted EBITDA, and Adjusted Net Profit as non-IFRS financial measures and reconciliations of these measures to revenue, in the case of Total Net Revenue, and net profit, in the case of Adjusted EBITDA and Adjusted Net Profit.

Segment net profit attributable to the Payment Services segment increased by RUB 503 million, or 4%, in 2020 compared to the same period in 2019. The increase was primarily driven by net revenue growth of the respective segment.

Segment net loss attributable to the Consumer Financial Services segment decreased by RUB 1,188 million, or 60%, in 2020 compared to the same period in 2019. The decrease in CFS segment net loss was mainly driven by the decline in personnel expenses and selling, general and administrative expenses due to the divestment of the SOVEST project.

Segment net loss attributable to the Rocketbank segment decreased by RUB 1,536 million, or 66%, in 2020 compared to the same period in 2019. The decrease in Rocketbank segment net loss was mainly driven by net revenue generated from a loyalty program termination underpinned by the decline in selling, general and administrative expenses and personnel expenses resulting from the wind-down of the Rocketbank project.

Net loss attributable to the Corporate and Other category decreased by RUB 398 million, or 35%, in 2020 compared to the same period in 2019. The decrease in Net Loss mostly related to net profit growth at Factoring PLUS and Tochka due to the development of the respective projects that was partially offset by the growth in corporate personnel expenses (excluding share-based payments).

B. Liquidity and capital resources

Our principal sources of liquidity are cash and cash equivalents (including QIWI Wallet balances), cash receivable from agents, deposits issued to merchants, proceeds from issuance of publicly traded bonds and revenues generated from our operations.

Our balance of cash and cash equivalents as of December 31, 2021 was RUB 33,033 million compared to RUB 47,382 million as of December 31, 2020 and RUB 42,101 million as of December 31, 2019. Cash and cash equivalents comprise predominantly of cash at banks and short-term deposits with an original maturity of three months or less. The decrease in cash and cash equivalents was caused by sale of the SOVEST project in 2020 and by the outflow of Rocketbank customer balances and deposits following the wind-down of Rocketbank project.

Our principal needs for liquidity have been, and will likely continue to be, customer accounts and amounts due to banks, payables to merchants, money remittances and e-wallets accounts payable, deposits received from agents and other working capital items, capital expenditures and acquisitions. We believe that our liquidity is sufficient to meet our current obligation as well as for financing our short- and midterm needs. Such needs may include, but are not limited to, funding the expansion of our ROWI project and corresponding factoring and loans portfolio, funding of lending-based products that are currently being tested and piloted as part of the effort to expand the product offering of our Payment Services Segment. We expect to fund the outstanding factoring portfolio primarily by our accumulated cash, through credit lines that we get from other banks and through debt markets. In 2020, we placed our debut RUB 5 billion bonds issue, which we utilized to fund ROWI activities as well as our other projects. Shall our view in respect of our sources of liquidity change or shall our ability to attract customers' or agents' funds deteriorate we may seek to raise additional liquidity (through the capital or debt markets or through bank financing) in order to fund the abovementioned projects as well as fund or finance other potential projects that we may seek to develop in the future.

As of December 31, 2021, customer accounts and amounts due to banks, payables to merchants, money remittances and e-wallets accounts payable, deposits received from agents, were RUB 28,114 million, compared to RUB 39,220 million as of December 31, 2020 and RUB 46,840 million as of December 31, 2019. The decrease as of December 31, 2021 compared to December 31, 2020 was a result of CBR restrictions imposed in December 2020 and Rocketbank closing process. The decrease as of December 31, 2020 compared to December 31, 2019 mostly related to decrease in value of customer accounts held and decrease of amounts due to banks that was primarily driven by the wind-down of Rocketbank. The total change in other items was insignificant.

An important part of our credit risk management and payment settlement strategy relies on cash we receive from agents in advance for payments made through the kiosks. When a payment is made through a kiosk, we offset these deposits against the payments we make to the merchant. For certain agents with whom we have long and reliable relationships, we provide limited credit support in the form of overdrafts for payment processing. Some of our counterparties (primarily the Big Three MNOs and certain payment systems) request that we make deposits with them in relation to payments processed through our system. Whenever a customer makes a payment to a merchant with whom we have made a deposit, that payment gets offset against the deposit held with the respective merchant.

As of December 31, 2021, cash receivable from agents and deposits issued to merchants were RUB 6,190 million, compared to RUB 6,830 million as of December 31, 2020 and RUB 5,426 million as of December 31, 2019. The decrease in cash receivable from agents and deposit issued as of December 31, 2021 as compared to year ended December 31, 2020 was mostly caused by replacement of certain deposits with guarantees. The increase in cash receivable from agents as of December 31, 2020 as compared to year ended December 31, 2019 is mostly related to additional deposits issued in favor of the main payment systems.

In the current geopolitical environment, Russian authorities have introduced capital-control measures that prevent currency outflows. Such measures affect our ability to transfer funds from our Russian subsidiaries to our Cypriot parent company, QIWI plc. Although most of our assets are located in Russia, most of our contractual obligations are performed in Russia and QIWI plc has enough reserves in its accounts to fulfil its commitments, we are still taking such capital-control measures into account when considering distribution of dividends and other cash expenditures. For further detail on the impact of geopolitical developments in Russia on our operations and financial condition, see Item 5A Operating Results – "Impact of geopolitical developments in Russia and related sanctions".

Capital Expenditures

Our capital expenditures primarily relate to acquisition of IT equipment for our processing systems and purchase of software that we use in operations.

Capital expenditures for the year ended December 31, 2021 were RUB 532 million and consisted of: (i) RUB 220 million related to the purchases of the hardware for processing and data centers; (ii) RUB 212 million related to the purchase of computer software; (iii) RUB 90 million related to workplace improvement and other office equipment purchase; (iv) RUB 10 million related to the leasehold improvements.

Capital expenditures for the year ended December 31, 2020 were RUB 436 million and consisted of: (i) RUB 185 million related to the purchases of the hardware for processing and data centers; (ii) RUB 148 million related to the purchase of computer software; (iii) RUB 61 million related to workplace improvement and other office equipment purchase; (iv) RUB 64 million related to the purchase of other hard- and software.

Capital expenditures for the year ended December 31, 2019 were RUB 1,298 million and consisted of: (i) RUB 457 million related to the acquisition of the hardware for processing and data centers which was primarily related to the construction of the reserve data center; (ii) RUB 399 million related to the purchase of computer software; (iii) RUB 161 million related to workplace improvement and other office equipment; (iv) RUB 233 million related to additions of leasehold improvements and (v) RUB 48 million related to the purchase of other hard- and software.

As of December 31, 2021, we had no material capital expenditure commitments.

Off-balance sheet arrangements

Guarantees issued

As part of our operations we issue performance and financial guarantees to non-related parties for a term of up to five years at market rate. The total amount of guarantees issued as of December 31, 2021 was RUB 46,631 million, up from RUB 22,036 million as of December 31, 2020.The growth of the amount of bank guarantees outstanding resulted from the development of the digital bank guarantees services of ROWI project focused on providing digital bank guarantees to different legal entities participating in public procurement procedures (primarily small and medium enterprises).

Tabular disclosure of contractual obligations

The following table sets forth our contractual obligations as of December 31, 2021:

	Total	less than one year	one to three years	three to five years	more than five years
			(in RUB millions)		
Operating lease obligations	12	12	—	—	—
Total contractual obligations	12	12	—	—	—

Cash Flow

The following table summarizes our cash flows for the years ended December 31, 2019, 2020 and 2021:

	December 31,		
	2019	2020	2021
		(in RUB millions)	
Net cash flow generated from/(used in) operating activities	9,239	6,102	(4,510)
Net cash used in investing activities	(4,883)	(1,479)	(2,236)
Net cash used in financing activities	(2,277)	(287)	(7,417)
Effect of exchange rate changes on cash and cash equivalents	(944)	945	(186)
Net increase/(decrease) in cash and cash equivalents	1,135	5,281	(14,349)
Cash and cash equivalents at the beginning of the period	40,966	42,101	47,382
Cash and cash equivalents at the end of the year	42,101	47,382	33,033

Cash flows from operating activities

Net cash used in operating activities for the year ended December 31, 2021 was 4,510 million, compared to cash inflows of RUB 6,102 million for the same period in 2020. The dynamic of net cash flow from operating activities resulted from significant increase of loans portfolio by 5,501 million driven by ROWI project growth. In 2020 positive cash inflow was due to proceeds received from the sale of the SOVEST project loan portfolio.

Net cash generated from operating activities for the year ended December 31, 2020 was 6,102 million, compared to RUB 9,239 million for the same period in 2019. The dynamic of net cash flow from operating activities resulted from significant changes in working capital, primarily a decrease in customer accounts and amounts due to banks, and redemption of loans issued from banking operations. The cash outflow from customer accounts was mainly driven by Rocketbank wind-down and corresponding decline in

customer accounts of RUB 12,129 million. This cash outflow was partially offset by cash inflow from the sale of the SOVEST project loan portfolio that amounted to RUB 6,395 million in 2020, compared to an outflow of RUB 3,326 million in 2019 due to the growth of the SOVEST loans portfolio.

Cash flows used in investing activities

Net cash used in investing activities for the year ended December 31, 2021 was RUB 2,236 million, compared to RUB 1,479 million for the same period in 2020. This increase in net cash outflow was driven by the treasury operations for purchases of publicly traded debt securities, and was partly offset by cash inflows received from the sale of an equity associate.

Net cash flow used in investing activities for the year ended December 31, 2020 was RUB 1,479 million, compared to RUB 4,883 million for the same period in 2019. This decline in net cash outflow was driven by (i) disposal of debt securities in the amount of RUB 2,184 million held by Rocketbank as a result of project wind-down, and (ii) decline in cash outflows related to certain one-off expenses that occurred in 2019. Such one-off expenses related primarily to the purchase of property and equipment for new data center and purchase of certain intangible assets. The decline in cash outflow was underpinned by cost control and optimization measures implemented in 2020. The total impact of the items mentioned above amounted to RUB 865 million.

Cash flows used in financing activities

Net cash used in financing activities for the year ended December 31, 2021 was RUB 7,417 million, compared to RUB 287 million for the same period in 2020. The increase in net cash outflow was primarily driven by the issuance of RUB 5 billion unsecured bonds in 2020 while in 2021 RUB 1,9 billion of debts was repaid.

Net cash used in financing activities for the year ended December 31, 2020 was RUB 287 million, compared to RUB 2,277 million for the same period in 2019. The decline in net cash outflow was primarily driven by the issuance of RUB 5 billion unsecured bonds in the second half of 2020 compared to RUB 1,5 billion proceeds from credit facilities in 2019. This decrease was partially offset by the growth in dividend payments by RUB 1,443 million due to an increase of distributable profit.

Borrowings

As of December 31, 2021, and December 31, 2020, our debt consisted of the following:

	Credit limit	Interest rate	Maturity	As of December 31, 2020	As of December 31, 2021
				(in RUB millions)	
Current interest-bearing debt					
Bank' revolving credit facility	460	Up to 10% (1)	June 30, 2023	—	—
Bank' revolving credit facility	500	Up to 15% (2)	April 20, 2026	—	—
Non-current interest-bearing debt					
Bank' revolving credit facility	1,000	8.5 %	October 7, 2021	604	—
Bank' revolving credit facility	1,000	8.5 %	December 22, 2021	945	—
Bonds issued	5,000	9.3 %	October 10, 2023	5,014	4,734
Total debt				**6,563**	**4,734**
Including short-term portion				***1,640***	***86***

(1) The agreement stipulates the right of a lender to increase the interest rate in case the covenants are violated. The credit facility was undrawn in 2021 and remains undrawn in 2022. Certain covenants under the agreement have been violated as of December 31, 2021.

(2) The agreement stipulates the right of a lender to increase the interest rate and demand early repayment in case the covenants are violated.

In October 2020 we issued unsecured bonds in the principal amount of RUB 5 billion with a fixed nominal interest rate of 8.4% (issuing costs amounted to RUB 83 million, so that effective interest rate comprised 9.3%). The bonds mature in 2023. Certain of our Group companies are subject to various covenants pursuant to the terms of these bonds. As of December 31, 2021, we were in compliance with all such covenants. Under the terms of the bonds, in the event of a breach of certain covenants the bondholders have the right to request that the Company, JSC QIWI and Sette FZ-LLC purchase their Bonds at their nominal value plus any interest

accrued but not yet paid and, in certain instances, a default interest. The proceeds from the bond placement are used to finance our Factoring PLUS project as well as for other projects.

Interest expense with respect to the entirety of our debt amounted to RUB 501 million in 2021 compared to RUB 218 million in 2020. As of December 31, 2020, the Group pledged its debt securities with the carrying amount of 1,765 as a collateral for the credit facilities received.

C. Research and development, patents and licenses, etc.

See Item 4.B, “Business Overview — Intellectual Property.”

D. Trend information

In 2021, we observed a decrease of net revenue year-over-year in our Payment Services segment mainly due to a a changing business mix towards lower yielding transactions driven by the CBR restrictions imposed on of most types of payments to foreign merchants and money transfers to pre-paid cards from corporate accounts (*see Item 3.D Risk Factors, - “Qiwi Bank operates in a highly regulated environment and increased regulatory scrutiny could have an adverse effect on our business, financial condition and results of operations” and “Item 5.A, - “Operating Measures”)*. It was partially offset by increased Payment Services segment payment volumes in other market niches. Payment Services segment payment volumes growth was concentrated in the Money Remittance market vertical resulting largely from the development of payment solutions for merchants including betting merchants, new contracts and new projects targeting the self-employed market and growth of peer-to-peer operations (*see “Item 5.A, - “Operating Measures”)*.

Our volumes and revenues in the Payment Services segment were also affected by other factors including the implementation of additional know-your-client and anti-money laundering measures, regulatory changes in the betting market and long-lasting implications of the COVID-19 outbreak resulting in various "shelter-in-place" regulations, lockdowns, bans on international travel, cancellations of public events, and supply chain disruptions. The coronavirus pandemic is still ongoing, and significant quarantine restrictions mostly continue to prevail globally, including, to a limited extent as of the date of this report, in Russia. The full impact of the COVID-19 pandemic on the global economy is difficult to predict due to the lack of clarity on how long it could be expected to last.

In December 2020, following the routine scheduled audit of Qiwi Bank, the CBR introduced certain restrictions on Qiwi Bank’s operations, including, effective from December 2020, the suspension or limitation of most types of payments to foreign merchants and money transfers to pre-paid cards from corporate accounts. The restrictions introduced by the CBR have substantially affected our business, financial condition, and results of operations, primarily through decreasing the volumes in our E-commerce and Money Remittance market verticals, and as a result, our revenues and profits. We worked closely with the CBR to remediate the identified deficiencies and violations and eliminate the restrictions that have been imposed. As a result of such cooperation, all restrictions with respect to QIWI expired in May, 2021, although this did not result in full restoration of the respective volumes. There can be no assurance that no new restrictions will be adopted.in the future.

Our results have also been affected by regulatory changes in the betting market landscape. In December 2020, a new law was adopted, creating the Unified Interactive Bets Accounting Center's role. We made public proposal to serve as the single Interactive Bets Accounting Center pursuant by the new regulatory regime but our bid was not successful. In October 2021, the newly-appointed Unified Interactive Bets Accounting Center replaced QIWI TSUPIS. As a result, we lost the ability to generate volume and income directly related to TSUPIS business in Russia. It will most likely also affect our acquiring services provided to sports betting companies in a bundle with TSUPIS operations. At the same time, part of the betting revenues generated from QIWI Wallet services, including commissions for betting accounts top-ups and winning payouts are expected to be retained. These changes may have an adverse impact on the overall usage of QIWI Wallet. The combined betting stream represented 26% (or RUB 351.6 billion) of Payment Services segment payment volumes and 38% (or RUB 5,225 million) of Payment Services segment payment net revenue for 9M 2021. QIWI’s TSUPIS business and related acquiring services for 9M 2021 accounted 23% (or RUB 3,246 million) of Payment Services segment payment net revenue.

In September 2021, the Central Bank of Russia introduced heightened scrutiny recommendations with respect to peer-to-peer transactions with a view to eradicate such transactions which de-facto represent payments for various illicit or improper services. These recommendations require financial institutions such as ourselves to track transactions that are deemed suspicious under the various criteria imposed by the recommendations, cancel such suspicious transactions under certain circumstances and terminate relationships with the relevant clients carrying out such transactions. Starting from 2022, CBR has also started collecting from credit institutions specialized reports focused specifically on their peer-to-peer transactions. Due to the broad scope of suspiciousness

criteria, in practice suspicious transactions may be difficult to distinguish from legitimate peer-to-peer transfers, and it is likely that certain bona fide operations that do not involve anything illegal or improper may also be affected as the market participants, including our company, seek to institute controls aimed at compliance with the new guidelines. It may be expected that the volume of the peer-to-peer transfers in Russia generally (and our respective volumes in particular) will deteriorate as a result of these measures (see – Item 3.D Risk Factors, - "Our services have been and may continue to be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business").

The Ukraine crisis, which started in late 2013 and escalated into a major military conflict between Russia and Ukraine in February 2022, has had a devastating effect on Russian relations with the West. In response to the Ukraine crisis, Ukraine, the European Union and the United States (as well as numerous other countries such as Switzerland, Japan, Norway, Canada and Australia) have passed a variety of economic sanctions against numerous Russian banks, other companies, private individuals, and whole sectors of Russian economy, as well as "sectoral" sanctions affecting specified types of transactions with named participants in certain industries, including named Russian financial institutions. February and March 2022, we saw the imposition of severe measures that have hitherto been unprecedented.

These sanctions have had and will continue to have the effect of damaging the Russian economy. In addition, the introduction of further economic or trade sanctions remains highly likely as the conflict in Ukraine develops. We cannot predict the full impact of these matters on our business and results of operations, due to the fact that the related developments are highly unpredictable and occur swiftly, often with little notice. While the current scope of sanctions does not target QIWI directly, there can be no assurance that additional sanctions affecting our company will not be imposed. You are urged to read these observations in conjunction with the information provided elsewhere in this annual report (see Item 3D Risk Factors – "The conflict between Russia and Ukraine, and particularly its 2022 escalation, the U.S., EU, UK and other countries' sanctions that have been imposed in connection therewith, the resulting economic crisis that is beginning to unravel in Russia, and the measures that are being adopted by Russia in response, could adversely impact our operations and financial condition", Item 5A – "Impact of geopolitical developments in Russia and related sanctions", and Note 31 "Events after the reporting date" of the audited consolidated financial statements included in this annual report).

As a result of these factors, our growth potential will be significantly affected during 2022. Please see also "3.D Risk Factors."

E. Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the reporting dates and the reported amounts of revenues and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The most significant judgments relate to the recognition of revenue, functional currency, recognition of control, joint control or significant influence over entities, acquisition of business in the form of separate assets. The most significant estimates and assumptions relate to determination of the fair values of assets acquired and liabilities assumed in business combinations, fair value of assets transferred in non-monetary transactions, impairment of intangible assets and goodwill, impairment of investments in associates and joint ventures, recoverability of deferred tax assets, fair value of loans issued, impairment of loans and receivables, measurement of costs associated with share based payments and uncertain position over risk assessment. We have based our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions.

Critical accounting estimates are those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations. We believe that the following critical accounting estimates are the most sensitive and require more significant estimates and assumptions used in the preparation of our consolidated financial statements. You should read the following descriptions of critical accounting estimates, judgments and policies in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Revenue recognition

We recognize revenue from contracts with customers when control of the 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 services. We have generally concluded that it is the principal in our revenue arrangements because we typically control the services before transferring them to the customer.

Revenues and related cost of revenue from services are recognized in the period when services are rendered, regardless of when payment is made.

All performance obligations are either satisfied at a point of time or over time. In the former case they represent a separate instantaneous service, in the latter – a series of distinct services that are substantially the same and that have the same pattern of transfer to the customers. Such performance obligations are invoiced at least monthly. Progress of performance obligations satisfied over time is measured by the output method. We recognize the majority of our revenue at a point of time.

Contract price is allocated separately to each performance obligation. There are generally no variable amounts affecting consideration at the moment such consideration is recognized as revenue. In the rare cases when the variability exists, we make estimates of the amount to be recognized based on the appropriate budgets and models. Consideration from customers does not have any non-cash component. Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, a reduction of revenue. Consideration from customers is normally received within a few months and never in more than a year. Consequently, we believe that it contains no significant financing component.

Within some components of our business, we pay remuneration to our employees and third parties for attracting customers. The costs which are incremental to acquisition of new customers are further analyzed for recoverability. If this expenditure is expected to be reimbursed by future income, it is capitalized as costs to obtain a contract and depreciated during the contract term.

Payment processing fee revenues and related transaction costs

Payment processing fee revenues include the following types:

- fees for processing of consumer payment (consumer fee and merchant fee);
- conversion fees.

We earn a fee for processing payments initiated by the individuals (“consumers”) to pay to merchants and service providers (“merchants”) or transfer money to other individuals. Payment processing fees are earned from consumers or merchants, or both. Consumers can make payments to various merchants through kiosks or a network of agents and bank-participants of payment system or through our website or applications using a unique user login and password (e-payments). When a consumer payment is processed, we may incur transaction costs to acquire payments payable to agents, bank-participants, mobile operators, international payment systems and other parties. The payment processing fee revenue and related receivable, as well as the transaction cost and the related payable, are recognized at the point when merchants or individuals accept payments from consumers in the gross amount, including fees payable for payment acquisition. Payment processing fees and transaction costs are reported gross. Any fees from agents and other service providers are recorded as reduction of transactions costs unless the fee relates to distinct service rendered by us.

We generate revenue from the foreign currency conversion when payments are made in currencies different from the country of the consumer, mainly Russia. We recognize the related revenues at the time of conversion in the amount of conversion commission representing the difference between the current Russian or relevant country Central Bank foreign currency exchange rate and the foreign currency exchange rate charged by the Group’s processing system.

Cash and settlement services

We charge a fee for managing current bank accounts and deposits of individuals and legal entities, including guarantee deposits from agents placed with the bank to cover consumer payments they accept. Related revenue is recorded as services are rendered or as transactions are processed.

Other revenues

Other revenues include revenues from commissions charged for platform and marketing services, commission for issuing guarantees, and some other minor activities.

Recognition of interest income and interest expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR method. The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR of the financial instrument.

We calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets restore and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income from bank loans and short-term and long-term investments performed as part of our treasury function is classified as part of revenues, interest income derived from loans issued to various third and related parties as part of other arrangements is classified as interest income. All interest received from loans and investments is shown as cash inflows from operating activity in the consolidated statement of cash flows.

Interest expense from bank borrowings intended to attract funds for reinvestment is classified as part of cost of revenue. Interest expense derived from borrowings attracted from various third parties as part of other arrangements is classified as interest expense not as part of cost of revenue All interest paid on borrowings is shown as cash outflows from operating activity in the consolidated statement of cash flows.

Recognition of revenue from inactive accounts and unclaimed payments

We stipulate in our public offers the term during which a customer who failed to identify correctly the recipient of his transfer can return to correct the identification details or claim money back. If the customer does not return, the whole amount of transfer is appropriated by us in the period of specified time in public offer. Similarly, we charge a daily commission on the balance of wallets that remained inactive during the period indicated in the public offer. We believe that including these rules into its public offers gives us appropriate legal rights to recognize the extinguishment of customer liabilities and, therefore, record the related gain as revenue.

Functional currency

Each entity in the Group determines its own functional currency, depending on the economic environment it operates in, and items included in the financial statements of each entity are measured using that functional currency.

Recognition of control, joint control, or significant influence over entities

In assessing business combination, we analyze all relevant terms and conditions of management of the acquired or newly established entities and exercise judgment in deciding whether we have control, joint control, or significant influence over them. As a result, certain acquisitions where our share is over 50% may not be recognized as consolidated subsidiaries and vice versa.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its contracts to lease assets for an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew the lease. We consider all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Fair values of assets and liabilities acquired in business combinations

We recognize separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in the business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques, which require considerable judgment in forecasting future cash flows and developing other assumptions.

Impairment of goodwill and intangible assets

We determine that during the period under review we had the following material CGUs: Payment services, Tochka, ROWI and Flocktory. The Goodwill is allocated to two of the CGUs: Payment Services and Flocktory and intangible assets with indefinite useful life relates to three CGUs: Payment Services, Tochka and ROWI. For the purpose of the goodwill impairment test, we estimate the recoverable amounts of our CGUs as higher of fair value less costs of disposal on the basis of quoted prices of the Company's ordinary shares and as value in use based on discounted cash flow models. For the purpose of intangible assets with definite useful life

impairment, when indicators of impairment are noted, we estimate the recoverable amounts as the higher of value in use or fair value less costs to sell of an individual asset or the CGU to which this asset relates.

Impairment of investments in associates and joint ventures

Our investments in significant associates and joint ventures are generally designated as separate CGUs. The recoverable amount of these CGUs is determined based on a value in use calculation using appropriate financial models.

Recoverability of deferred tax assets

The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income against which the deductible temporary differences can be utilized. Various factors are used to assess the probability of the future utilization of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, and tax planning strategies.

Certain portion of deferred tax assets were not recorded because we do not expect to realize certain of our tax loss carry forwards in the foreseeable future due to the history of losses.

ECL measurement

We record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

For other financial assets (i.e., cash in banks, loans and debt instruments) and financial liabilities (i.e., financial guarantees and credit related commitments) we have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

In all cases, we consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. We consider a financial asset in default when contractual payment are 90 days past due (except for particular sort of Trade and other receivables of 60 days). However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

For Trade and other receivables, we have applied the standard's simplified approach and have calculated ECLs based on lifetime expected credit losses. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For installment card loans and its undrawn credit commitments ELC calculation we use internal historical installment card loans loss rates statistics for assessment of probabilities of default. The loss given default is an estimate of the loss arising in the case where a default occurs at a given time and is based on internal statistics.

Uncertainty over risk assessment

We disclosed possible and accrued probable risks in respect on currency, customs, tax and other regulatory positions. Our management estimates the amount of risk based on its interpretation of the relevant legislation, in accordance with the current industry practice and in conformity with its estimation of probability, which require considerable judgment.

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Name	Age	Position
Sergey Solonin	48	Director, Chairman of the Board
Andrey Protopopov	40	Director, Chief Executive Officer
Marcus Rhodes	60	Independent Director
Alexey Marey	44	Independent Director
Alla Maslennikova	48	Director
Tatiana Zharkova	46	Director
Alexey Mashchenkov	42	Chief Financial Officer
Maria Shevchenko	45	Chief Operating Officer

Biographies

Sergey Solonin. Mr. Sergey Solonin has served as our director since December 2010 and as chairman of our Board of Directors since January 2020. He has also been our chief executive officer from October 2012 to January 2020. Mr. Solonin is an entrepreneur and has over 15 years of experience in the payment services and banking industries. Mr. Solonin is also a member of the Investment Committee of Venture Fund of Skolkovo — IT I since June 2017, and a member of the Expert Committee of Vnesheconombank since October 2017. Mr. Solonin graduated from All-Russian Distance-Learning Institute of Finance and Economics (now part of Financial University under the Government of the Russian Federation) in 1996 with a degree in economics.

Andrey Protopopov. Mr. Andrey Protopopov has served as our director and Chief Executive Officer since June 2021. He has also served as Chief Executive Officer of Payment Services since August 2019. Previously, he served as a Head of IT and Product from June 2015 to August 2019 and a Head of Product Management from September 2013 to June 2015. Mr. Protopopov has over 12 years of commercial and product managing experience. Before joining QIWI, Mr. Protopopov worked at Procter & Gamble for 12 years, holding numerous positions in market strategy and planning as well as business development. Mr. Protopopov graduated from Novosibisrsk State University in 2004 with a masters degree in mathematics.

Marcus Rhodes. Mr. Marcus Rhodes has served as our director since May 2013. He is also an independent director and chairman of the audit committee for PJSC “PhosAgro” (since May 2011), an independent director for Segezha Group JSC (since March 2021) and an independent director and chairman of the audit committee for PJSC “T Plus” (since June 2021). From May 2014 to May 2017 Mr. Rhodes was an independent director and chairman of the audit committee for Zoltav Resources, from February 2009 to May 2016 an independent director and chairman of the audit committee for Cherkizovo Group, from September 2009 to June 2015 for Tethys Petroleum, from July 2008 to June 2011 for Wimm-Bill-Dann Foods, from November 2009 to June 2011 for Rusagro Group and from September 2018 to June 2019 for Rustranscom PLC. Mr. Rhodes was an audit partner for Ernst & Young from 2002 until 2008. Prior to that, he was an audit partner for Arthur Andersen from 1998 until 2002. He qualified as a chartered accountant in 1986 and is a member of the Institute of Accountants in England & Wales (ICAEW). Mr. Rhodes graduated with a BA (Hons) from Loughborough University in 1982 with a degree in economics and social history.

Alexey Marey. Mr. Alexey Marey has served as our director since June 2019. Mr. Alexey Marey is currently a member of the Board of Directors of Rissa Investments Limited (IDS Borjomi International Group). From 1998 to 2004 Mr. Alexey Marey successively worked at DANONE, Gillette International (Moscow) and Duracell Batteries N.V. Further Mr. Alexey Marey joined

Alfa-Bank JSC where he headed Retail Business, and then held a position of Chief Executive Officer of Alfa-Bank JSC from May 2012 to November 2017. Mr. Alexey Marey graduated from Moscow Aviation Institute, Economics Department in 1999.

Alla Maslennikova. Ms. Alla Maslennikova has joined the Board of Directors of QIWI as a Non-Executive Director with effect from April 11, 2022. Ms. Maslennikova has an extensive business, financial and legal experience and currently serves as a Member of the Managing Board at "Non-profit partnership "Association of Corporate Lawyers" (since 2017) as well as a Member of the Managing Board and Deputy CEO, Legal, Corporate and Property Affairs at PJSC "Research and production corporation "United Wagon Company" (since 2019). In 2021, Ms. Maslennikova also joined the Supervisory Board at Union of manufacturers and users of railway rolling stock "Association of car builders". Prior to current appointments, Ms. Maslennikova served at PJSC Rosgosstrakh Bank as a Member of the Board of Directors from 2018 to 2019 and as a Chairman of the Managing Board from 2016 to 2019. Prior to that, she worked for over 10 years in the oil industry (including TNK-BP). Holding positions in governing bodies of a number of entities in financial, banking, industry and manufacture business spheres allowed Ms. Maslennikova to accumulate profound financial, investment and management expertise. Throughout her career, Ms. Maslennikova was focused on wide range of business issues including financial reporting, risk management, internal audit and control systems, and corporate governance. Ms. Maslennikova graduated from Volgograd State University with a degree in Law and from South Ural State University with a qualification in Economics and Enterprise Management.

Tatiana Zharkova. Ms. Tatiana Zharkova has served as our director since August 2020. During her career she has held top positions with, among others, Inteza bank, Volkswagen Bank Rus LLC, Globex Bank, and Ak Bars Bank. From October 2017 until February 2020 Ms. Zharkova was a managing director at the Association for Development of Financial Technologies, and in February 2020, she was elected as the Association's General Director. From May 2021 to December 2021 she was Chief Executive Officer of Distributed Ledger Technology LLC. Ms. Zharkova graduated from the Plekhanov Russian University of economics with a degree in finance and credit in 1995. She holds a Candidate of Sciences Degree in Economics (Council for the Study of Productive Resources (now part of Russian Foreign Trade Academy under the Ministry of Economic Development of the Russian Federation), 2015).

Alexey Mashchenkov. Mr. Alexey Mashchenkov has served as our chief financial officer since November 2021. Prior to joining QIWI, he most recently served as Deputy CEO of Russian Fishery and Group CFO of Russian Standard. Mr. Mashchenkov has over 20 years of experience in a variety of finance and investment management roles, with both private, and public companies and a track record of successful financing, M&A, and restructuring transactions. Mr. Mashchenkov graduated from St. Petersburg State University and holds an MBA from INSEAD. He is a member of the ACCA and holds an IMC Certificate of CFA institute.

Maria Shevchenko. Ms. Maria Shevchenko has served as our Chief Operating Officer since January 2020. She is also currently a member of the board of directors of Qiwi Bank. Ms. Shevchenko joined us as a Government Relations Counsel in January 2019. Prior to that, she worked at Alfa-Bank JSC holding top positions in business strategy and operations. Ms. Shevchenko graduated from All-Russian Distance-Learning Institute of Finance and Economics (now part of Financial University under the Government of the Russian Federation) in 1998 with a degree in banking and finance. In 2005, she received an MBA-Finance from Moscow International Higher Business School MIRBIS (Institute) – London Metropolitan University.

Nadiya Cherkasova and Elena Titova, who had been members of QIWI's Board of Directors since 2018 and 2019, respectively, resigned from the Board on March 21, 2022 and April 20, 2022, respectively.

B. Compensation

Compensation of Directors and Executive Officers

Under our articles of association, our shareholders determine the compensation of our directors from time to time at a general meeting of our shareholders, our board of directors determines the compensation of our chief executive officer. The compensation of our other executive officers is determined by our chief executive officer while our board of directors (which power may be delegated to the compensation committee) approves short-term cash incentive in the form of annual bonus based on financial results of the Company as well as equity-based long-term incentive granted to the executive officers. We also provide all of our directors with professional liability insurance.

For the year ended December 31, 2021:

- the aggregate remuneration paid (comprising salary, discretionary bonuses, share-based payments and other short-term benefits) to our directors and executive officers was RUB 307 million;

- no amounts in respect of pensions, retirement or similar benefits have been accrued in any of the periods presented in this annual report;

- none of our non-executive directors and independent director appointees had a service contract with us that provides for benefits upon termination of office.

Our executive officers participate in a bonus program of the Company that is subject to performance of corporate key performance indicators ("cKPIs") that are approved by the board of directors (which power may be delegated to the compensation committee). The cKPIs for 2021 vary depending on the Group level or the reporting segment and may include payment volume, net revenue, and net profit for the relevant reporting segment or at Group level. Each manager has at least two KPIs to follow with an equal split of weight between them. Bonus are allocated on an annual basis subject to performance of the cKPIs according to the formula approved by the Board of Directors. Bonus allocation takes place upon approval of the annual consolidated financial statements of the Company by the Board of Directors.

2012 Employee Stock Option Plan

General. In October 2012, our board of directors adopted and our shareholders approved an Employee Stock Option Plan, or the 2012 Plan, an equity-based incentive compensation plan intended to help align the interests of our management and others with those of our shareholders. Certain amendments were introduced to the 2012 Plan in 2013, 2015 and 2017. Under the 2012 Plan, we may grant options to purchase our class B shares to employees and service providers in connection with their provision of services to us or our subsidiaries. A maximum of 3,640,000 of our class B shares, or 7% of our entire issued and outstanding share capital as of the date immediately preceding our initial public offering, are reserved for issuance under the 2012 Plan, subject to equitable adjustment in the event of certain corporate transactions, such as a stock split or recapitalization. The 2012 Plan is scheduled to expire on the tenth anniversary of its adoption, although previously granted awards will remain outstanding after such date in accordance with their terms.

Administration. Our board of directors administers the 2012 Plan, including determining the vesting schedule, exercise price, term of the award, transfer restrictions applicable to shares acquired pursuant to an option exercise and other terms and conditions of option awards under the 2012 Plan. Our board of directors also has the authority to make all necessary or appropriate interpretations of 2012 Plan terms. The participants of the 2012 Plan are also selected by our Board.

Option Terms Generally. Options granted under the 2012 Plan permit the holder of the option to purchase our class B shares once such options are vested and exercisable, at a purchase price per share determined by our board of directors and specified in the option grant. Grants of options under the 2012 Plan following the initial public offering have a purchase price per share not less than the average closing price of our class B shares on the principal exchange, on which such shares are then traded for the ten business days immediately preceding the date of grant. Options granted under the 2012 Plan cannot be sold, pledged or disposed of in any manner without our prior written consent.

Other Information. Shares subject to options which are cancelled or forfeited without being exercised will be returned to the 2012 Plan and will be available for subsequent option grants under the 2012 Plan. Any material amendment to the 2012 Plan (such as the addition of more class B shares to the pool of shares available under the 2012 Plan) or the adoption of a new equity compensation plan is subject to approval in compliance with applicable Cypriot law.

Employee Restricted Stock Units Plan

General. In July 2015, our shareholders approved an Employee Restricted Stock Units Plan, or the 2015 Plan, an equity-based incentive compensation plan intended to help align the interests of our management and others with those of our shareholders. Under the 2015 Plan, we may grant the restricted stock units ("RSUs") to employees, officers and contractors with their provision of services to us or our subsidiaries. In June 2019, our shareholders approved a decrease in the total number of shares and classes of shares to be reserved for issuance under the 2015 Plan up to 2,100,000 class B shares, subject to equitable adjustment in the event of certain corporate transactions, such as a stock split or recapitalization. The 2015 Plan is scheduled to expire on December 31, 2022.

Administration. Our board of directors administers the 2015 Plan, including determining the vesting schedule, term of the award and making all necessary or appropriate interpretations of the terms of the 2015 Plan. The participants of the 2015 Plan are selected by our chief executive officer and the list of top-30 participants of each grant shall be approved by our board. Our chief executive officer and members of the board are eligible to receive the RSUs subject to the approval by the relevant corporate body of the Company.

Terms and Conditions Generally. The recipients of the RSUs have no dividend, voting, or any other rights as a stockholder of the Company. Upon vesting of the RSUs, the participants will receive class B shares free of all restrictions. RSUs that have not

become vested as of the date of termination of the participant's employment or service shall be forfeited upon such termination. Except for transfers resulting from the laws of descent and distribution, no RSUs granted under the 2015 Plan can be sold, pledged or disposed of in any manner without our prior written consent.

Other Information. The number of shares underlying expired, terminated or cancelled RSUs, shall continue to be available for the purpose of further awards under the 2015 Plan. Any material amendment to the 2015 Plan (such as the addition of more class B shares to the pool of shares available under the 2015 Plan) or the adoption of a new equity compensation plan is subject to approval in compliance with applicable Cypriot law.

2019 Employee Stock Option Plan

General. In June 2019, our shareholders approved an Employee Stock Option Plan, or the 2019 Plan, an equity-based incentive compensation plan intended to help align the interests of our management and others with those of our shareholders. Under the 2019 Plan, we may grant options to purchase our class B shares to executive managers and key services providers of the Group who are in a position to make a significant contribution to the success of the Group. Each executive director of the board is also eligible to receive grants of options under the 2019 Plan in connection with such individual's service as an employee of the Company. Non-employee directors of the board of directors of the Company is not eligible to participate in the 2019 Plan. A maximum of 3,100,000 of our class B shares are reserved for issuance under the 2019 Plan, subject to equitable adjustment in the event of certain corporate transactions, such as a stock split or recapitalization. The 2019 Plan is scheduled to expire on the tenth anniversary of its adoption (unless terminated earlier by the Administrator), although previously granted options will remain outstanding after such date in accordance with their terms.

Administration. Our compensation committee administers the 2019 Plan, including determining the terms of all options (including terms and conditions with respect to the achievement of established performance metrics), subject to the certain limitations. The Administrator also has the authority to adopt, amend and repeal such administrative rules, guidelines and practices relating to the 2019 Plan as it deems advisable. Our compensation committee interprets the terms of the 2019 Plan and any option granted thereunder. The participants of the 2019 Plan are also selected by our compensation committee.

Option Terms Generally. Options granted under the 2019 Plan permit the holder of the option to acquire our class B shares upon satisfaction of the vesting conditions and payment of the exercise price. 40% of the options is eligible to vest and become exercisable on the third anniversary of the grant date, with the remaining 60% of the options eligible to vest and become exercisable on the fourth anniversary of the grant date subject to the achievement of one or several corporate targets set forth in the award agreement. The exercise price shall not be less than the average closing price per share of the shares being traded in the form of American depositary shares on the NASDAQ Global Select Market for the 90 business days immediately preceding the grant date or the par value of the shares, whichever is higher. Options granted under the 2019 Plan cannot be sold, pledged or disposed of in any manner without our prior written consent.

Other Information. Shares subject to options which are cancelled or forfeited without being exercised will be returned to the 2019 Plan and will be available for subsequent option grants under the 2019 Plan. Any material amendment to the 2019 Plan (such as the addition of more class B shares to the pool of shares available under the 2019 Plan) or the adoption of a new equity compensation plan is subject to approval in compliance with applicable Cypriot law.

QIWI Employees Trust

In April 2018, QIWI plc established QIWI Employees Trust. Our class B shares reserved for the existing long-term incentive plans were issued and allotted to that trust. QIWI Employees Trust holds those shares in favor of the participants of the long-term incentive plans and is eligible to transfer them to such participants at their request subject to the vesting schedule.

Long-Term Cash Incentive Program

General. In August 2019, in order to align employee compensation practices and plans with the best market practices and applicable guidelines, our board of directors approved a Long-Term Cash Incentive Program, or the LTCIP. Certain amendments were introduced to the LTCIP in 2021. Under the LTCIP, we may grant rights to bonus to executive managers and key employees of the Group who are in a position to make a significant contribution to the success of the Group. Each executive director of the board is also eligible to receive grants to bonus under the LTCIP in connection with such individual's service as an employee of the Company. Non-employee directors of the board of directors of the Company is not eligible to participate in the LTCIP. In August 2021, our board approved a decrease in the maximum amount of cash reserved for grants of the rights to bonus under the LTCIP up to RUB 720,000,000. The LTCIP is scheduled to expire on the tenth anniversary of its effectiveness (unless terminated earlier by the

Administrator), although the rights to bonus granted prior to such expiration (if any) will remain outstanding after such date in accordance with their terms.

Administration. Our compensation committee administers the LTCIP, including determining the terms of all rights to bonus (including terms and conditions with respect to the achievement of established performance metrics), subject to the certain limitations. The Administrator also has the authority to adopt, amend and repeal such administrative rules, guidelines and practices relating to the LTCIP as it deems advisable. Our chief executive officer construes and interprets the terms of the LTCIP and any bonuses granted thereunder. The participants of the LTCIP are also selected by our chief executive officer.

Terms and Conditions Generally. The motivation bonuses payout is subject to the achievement of one or several corporate targets set forth in the award agreement. 100% of the motivation bonuses is eligible to payout on the third anniversary of the grant date. The retention bonuses payout is subject to the participant's continued employment or service with a member of the Group. 25% of the retention bonuses is eligible to payout annually beginning on the first anniversary of the grant date and continuing until the fourth anniversary of the grant date. Bonuses that have not become eligible to payout as of the date of termination of a participant's employment or service with a member of the Group is forfeited upon such termination. No right to bonus granted under the LTCIP may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (other than pursuant to the laws of descent and distribution), provided that the bonus payout is not considered to be any type of disposal.

Other Information. The LTCIP includes clawback provisions. The Administrator, in its sole and absolute discretion, may amend or alter the LTCIP and may at any time terminate or discontinue the LTCIP as to any future grants of bonuses. Any amendments to the LTCIP shall be conditioned upon stockholder approval only to the extent, if any such approval is required by applicable law, as determined by the Administrator.

Outstanding Equity Awards to Certain Executive Officers

The following table sets forth certain information with respect to outstanding equity awards held by the following executive officers at April 29, 2022:

	Option plan	Grant Date	Number of Class B Shares Underlying Vested Options (#) Exercisable	Number of Class B Shares Underlying Unvested Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Andrey Protopopov	2019 ESOP	July 17, 2019	—	350,000	16.75	December 31, 2026
Maria Shevchenko	2019 ESOP	June 30, 2020	—	350,000	13.70	December 31, 2026

C. Board Practices

Board of Directors

Our company has a single-tier board structure, with a board of directors comprised of up to seven directors nominated and elected by the shareholders (subject to certain exemptions), including not less than three directors who shall be independent directors (see also "Description of Share Capital—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. The term for the directors serving on our board of directors at the time of the annual report will expire at the annual general meeting of shareholders to be held in 2022. Our directors shall be elected at each subsequent annual general meeting of shareholders. Our articles of association provide that we may have up to seven directors, including not less than three independent directors. Non-independent directors shall not be more than four.

Under the Nasdaq Listing Rules, a director employed by us or that has, or had, certain relationships with us during the three years prior to this annual report, cannot be deemed to be an independent director, and each other director will qualify as independent only if our board of directors affirmatively determines that the director has no material relationship with us, either directly or as a partner, shareholder or officer of an organization that has a relationship with us. Ownership of a significant amount of our shares, by itself, does not constitute a material relationship. Our articles of association provide that any non-independent director may be qualified as an independent director if such director meets certain criteria under the Nasdaq Listing Rules. Accordingly, our board of directors has affirmatively determined that Mr. Marcus Rhodes and Mr. Alexey Marey are each an independent director in accordance with the Nasdaq Listing Rules. Ms. Elena Titova, who had been an independent director of QIWI's Board of Directors, resigned from

the Board on April 22, 2022. The Board has conducted a search for a qualified replacement for Ms. Titova and expects to appoint a third independent director to the Board.

Committees of our Board of Directors

We have established three committees under the board of directors: the audit committee, the compensation committee and the strategy and sustainable development committee. We have adopted a charter for each of these committees. Each committee's members and functions are as follows.

Audit Committee. Our audit committee consists of Messrs. Marey and Rhodes, Mr. Rhodes is the chairman of the audit committee and our board of directors has determined that Mr. Rhodes qualifies as an "audit committee financial expert," as defined under Nasdaq Listing Rules and the rules and regulations of the Exchange Act. Messrs. Marey and Rhodes are each an independent director in accordance with the Nasdaq Listing Rules. As a result of Ms. Titova's resignation from the Board, the Company is not compliant with Rule 5605(c)(2) of the Nasdaq Rules, which requires a company to have an audit committee comprised of at least three independent directors. The Company has received a Nasdaq Staff Notification letter dated April 28, 2022, in which Nasdaq has provided the Company with a cure period in order to regain compliance as follows: (i) until the earlier of the Company's next annual shareholders' meeting or April 20, 2023; or (ii) if the next annual shareholders' meeting is held before October 17, 2022, then the Company must evidence compliance no later than October 17, 2022. The Board has conducted a search for a qualified replacement for Ms. Titova and expects to appoint a third independent director to the Board and to the audit committee within the stated cure period.

The purpose of the audit committee is to assist our board of directors with its oversight responsibilities regarding: (a) the integrity of our financial statements, (b) our compliance with legal and regulatory requirements, (c) the independent auditor's qualifications, independence and performance and (d) the performance of our internal audit function and independent auditor.

Our audit committee's duties include, but are not limited to:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with our independent registered public accounting firm the external audit plan and monitoring progress of its execution;
- reviewing with our independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the financial statements and annual and quarterly reports with management and the independent registered public accounting firm;
- review the internal auditor's objectives, resources and effectiveness and their annual audit plan, as well as the adequacy and effectiveness of internal control policies and procedures on a regular basis;
- discuss with management legal matters that may have a material impact on the financial statements or Company's compliance procedures;
- reviewing major issues as to the adequacy of our internal control and any special audit steps adopted in light of material control deficiencies; and
- meeting separately and periodically with management and our independent registered public accounting firm.

Compensation Committee. Our compensation committee consists of Messrs. Rhodes and Zharkova, Ms. Titova, who had been an independent director of the Board and the chairman of our compensation committee, resigned from the Board on April 22, 2022. The Board expects to appoint a new chairman of the compensation committee. Mr. Rhodes is an independent directors in accordance with the Nasdaq Listing Rules, whereas Ms. Tatiana Zharkova is a non-independent director. We follow Cyprus law which does not require companies to have a compensation committee made up entirely of independent directors. None of the members of our compensation committee is an officer or employee of our company.

Our compensation committee's duties include, but are not limited to:

- approving the compensation package of the chief executive officer;
- administering our equity incentive plan;
- overseeing, and advising the board of directors on, overall compensation plans and benefit programs; and
- authorizing the repurchase of shares from terminated employees.

Strategy and Sustainable Development Committee. Our strategy and sustainable development committee (previously known as the strategy committee) consists of Messrs. Rhodes, Zharkova and Marey. Mr. Marey is the chairman of the strategy committee. Our strategy and sustainable development committee has a key role in defining our strategic goals and objectives, including but not limited to Environmental, Social and Governance area, advises our board of directors on the implementation of our strategic goals and objectives and oversees their implementation.

Code of Ethics and Business Conduct

We have adopted a Code of Ethics and Business Conduct that applies to all of our directors, officers and employees. The Code of Ethics and Business Conduct is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters. The first version of the Code was introduced in April 2013, and then amended in November 2019 and March 2021 in order to reflect the development of the business environment and our Company. A copy of the Code of Ethics and Business Conduct is available on our website: https://investor.qiwi.com/governance/documents/#accordion-governance-documents.

Directors' Duties

Under Cyprus law, our directors owe fiduciary duties both under common law and statute, including a statutory duty and common law duty to act honestly, in good faith and in what the director believes are the best interests of the company. When exercising powers or performing duties as a director, the director is required to exercise the care, diligence and skill that a responsible director would exercise in the same circumstances taking into account, without limitation, the nature of the company, the nature of the decision and the position of the director and the nature of the responsibilities undertaken by him. The directors are required to exercise their powers for a proper purpose and must not act or agree to the company acting in a manner that contravenes our articles of association or Cyprus law.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Each of these contains standard terms and conditions in compliance with Russian labor law. The terms of these employment agreements include, among other things, duration, remuneration, the treatment of confidential information, social insurance and employment benefits.

We may terminate the employment agreements with our executive officers in accordance with the general provisions envisaged by Russian labor law if, among other things, one of our executive officers commits serious breach of duties, is guilty of any gross misconduct in connection with the handling of money or valuables, or takes an erroneous decision that leads to the improper use of, or causes damage to, our property. In addition, Russian labor law and employment agreements of some of our executive officers contain certain additional provisions whereby we may terminate their employment agreements if such officers are dismissed from office in accordance with Russian bankruptcy legislation.

Each executive officer has agreed to hold in strict confidence any confidential information or trade secrets of our company. Each executive officer also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our company as well as all material corporate and business policies and procedures of our company.

Limitation on Liability and Indemnification of Directors and Officers

Our memorandum and articles of association provide that, subject to certain limitations, we will indemnify our directors and officers against any losses or liabilities which they may sustain or incur in or about the execution of their duties including liability incurred in defending any proceedings, whether civil or criminal, in which judgment is given in their favor or in which they are acquitted.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and may therefore be unenforceable.

Interests of our Directors and our Employees

Certain of our directors and our executive officers have beneficial ownership interests in our shares or hold options to purchase shares. The economic interests through these holdings may give rise to a conflict of interest between their duties owed to us and their private interests. For example, it could cause them to pursue short-term gains in respect of those private interests instead of acting in our best interest. Other than the potential conflicts of interest described in the footnotes to the table in "Principal and Selling Shareholders", we are not aware of any other potential conflicts of interest between any duties owed by members of our board of directors or our executive officers to us and their private interests and/or other duties.

Under our articles of association and Cyprus Law, a director who is in any way, directly or indirectly, interested in a contract or proposed contract with us must declare the nature of his or her interest at a meeting of our board of directors. In addition, a director has no right to vote in respect of any contract or arrangement in which he or she is interested, and if the director does vote, his or her vote will not be counted nor will he or she be counted for purposes of determining whether quorum at the meeting has been established.

Our directors are generally not prohibited from owning or acquiring interests in companies that could compete with us in the future for investments or business, and each of them has a range of business relationships outside the context of their relationship with us that could influence their decisions in the future.

D. Employees

See Item 4.B "Business overview—Employees."

E. Share Ownership

See Item 7.A "Major Shareholders" for information on the shareholdings of our directors and executive officers.

See Item 6.B "Compensation—Outstanding Equity Awards to Certain Executive Officers" for information on options granted to our executive officers.

See Item 6.B "Compensation—Employee Stock Option Plan" for a description of our employee stock option plan.

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of our ordinary shares, as of April 29, 2022, by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

The calculations in the table below are based on 10,413,522 class A shares and 52,299,453 class B shares outstanding as of April 29, 2022, which comprise our entire issued and outstanding share capital as of that date. Class A ordinary shares have ten votes per share, and Class B shares have one vote per share.

Currently, none of our ordinary shares are held by U.S. holders. To our knowledge, as of April 29, 2022,, a total of 51,979,248 Class B ordinary shares are held by one record holder in the United States, representing approximately 82.9% of our total outstanding shares and 33.2% of the total voting power of our outstanding shares. The holder is The Bank of New York Mellon, the depositary of the ADS program. None of our outstanding Class A ordinary shares are held by record holders in the United States. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

	Total Class A Shares	Total Class B Shares	Total % of Issued Class A Shares	Total % of Issued Class B Shares	Total % of Votes at a General Meeting
Directors and Executive Officers:					
Sergey Solonin (1)	10,413,510	—	99.9999	—	66.6
Marcus Rhodes	—	2,000	—	*	*
Elena Titova	—	3,500	—	*	*
Alexey Marey	—	—	—	—	—
Alla Maslennikova	—	—	—	—	—
Tatiana Zharkova	—	—	—	—	—
Andrey Protopopov	—	—	—	—	—
Maria Shevchenko	—	—	—	—	—
Alexey Mashchenkov	—	—	—	—	—
All directors and executive officers as a group					
Principal Shareholders:					
Sergey Solonin (1)	10,413,510	—	99.9999	—	66.6
Public Joint-Stock Company «Otkritie Bank Financial Corporation» (2)	—	21,426,733	—	41.0	13.7

* Represents less than 1%.

(1) Based solely on the Schedule 13-D filed by Sergey Solonin with the Securities and Exchange Commission on January 14, 2020.

(2) Based solely on the Schedule 13-D filed by Public Joint-Stock Company «Otkritie Bank Financial Corporation» with the Securities and Exchange Commission on June 7, 2018.

B. Related Party Transactions

Bank Accounts and Deposits

Qiwi Bank maintains accounts and deposits of various affiliates of our directors, executive officers and shareholders in the ordinary course of its business amounting to RUB 165 million as of December 31, 2021. We believe that all of the agreements pertaining to such accounts and deposits are entered into on arm's length terms and do not deviate in any material aspect from the terms that we would use in similar contracts with non-related parties.

Agreements with Otkritie Bank

On September 14, 2021, the Company terminated its participation in the "Tochka" project by selling its stake (the "Transaction") in JSC "Tochka" ("Tochka") to Otkritie Bank (the "Counterparty"). The Transaction was documented by a share sale and purchase agreement and a number of ancillary agreements aimed at discontinuing our operational participation in Tochka, terminating non-competition and non-solicitation arrangements previously entered into in connection with our ownership of Tochka, providing certain indemnities in connection with the Transaction, etc.

Shares Sale and Purchase Agreement dated July 21, 2021 ("SPA")

The subject of the SPA was selling of Company's 40% stake in Tochka. The initial price of the shares was set at RUB 4.95 billion plus performance adjustment gain contingent on Tochka's earnings for the year 2021. The payment of initial price and transfer of shares ownership were completed in September 2021. The consideration for the sale of the stake in Tochka was comprised of a fixed portion paid at the time of closing and a contingent portion which is expected to be paid in second quarter of 2022. Management currently believes that there is uncertainty regarding the receipt of the contingent portion of the consideration, which was expected to

amount to RUB 4.85 billion. See Item 3.D Risk Factors – "We may not be able to complete or integrate successfully any potential future acquisitions, partnerships or joint ventures."

Deed of amendment and termination dated September 01, 2021 with respect to the Deed of non-competition and non-solicitation dated June 21, 2019

Under the Deed of amendment and termination with respect to the Deed of non-competition and non-solicitation, QIWI shall no longer be a party to the Deed of non-competition and non-solicitation dated June 21, 2019 among Tochka's shareholders, and all references to the arrangements in relation to QIWI shall be removed once Company's ownership of Tochka shares terminates in accordance with the terms and conditions of the Transaction.

Deed of amendment and termination to the Deed of warranty dated September 01, 2021

Under the Deed of amendment and termination with respect to the Deed of warranty QIWI shall no longer be a party to the Deed of warranty dated June 21, 2019, under which Tochka founders gave certain warranties in respect of the software used by, and all references to the arrangements in relation to QIWI shall be removed once Company's ownership of Tochka shares terminates in accordance with the terms and conditions of the Transaction.

Indemnity agreement dated June 21, 2021 ("Indemnity agreement")

The Indemnity Agreement provides for reimbursement of certain tax losses of Otkritie, Tochka or Qiwi Bank during the period from the termination of Company's ownership of Tochka shares until March 1, 2025. The total limit on possible reimbursement by QIWI or Otkritie under the Indemnity Deed shall not exceed 2 RUB billion.

Payment Deed dated September 10, 2021

On September 10, 2021, the Counterparty, the Company, Qiwi Bank and Tochka entered into a Payment Deed providing for mutual obligations for payments upon the following circumstances:

- sending Clients or its representatives personalized offers by Qiwi Bank to switch Tochka's bank accounts to the Qiwi's payout services and actual client transition,
- sending Clients or its representatives personalized offers by Tochka to use Tochka's payout services and actual client transition.

These terms and conditions apply to the agreed list of Clients and for a limited period.

Information Technology Services Agreements dated February 1, 2019

On February 1, 2019 Qiwi Bank entered into a new information technology services agreement (as amended from time to time) with Tochka providing for information and technology services rendered by Tochka to Qiwi Bank in connection with cash and settlement services provided by Qiwi Bank to Tochka holding their accounts therein. The consideration to be received by Tochka for the services rendered to Qiwi Bank is calculated monthly based on operational performance of the Tochka branch of Qiwi Bank.

Employment Agreements and Share Options

See "Management – Employment Agreements" and "Management – Employee Stock Option Plan."

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. Financial Information

A. Consolidated Financial Statements and Other Financial Information

See Item 18 "Financial Statements."

Legal Proceedings

From time to time, we have been and will continue to be subject to legal proceedings and claims. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Please refer to Note 27—Commitments and Contingencies and Item 3.D Risk Factors - *"We have become subject to lawsuits in connection with the abrupt decrease in our share price caused by our disclosure of the restrictions introduced by the CBR with respect to Qiwi Bank's operations in December 2020"* for discussion around our legal proceedings.

Dividend Policy

In the medium to long term, we aim to distribute surplus cash to our shareholders in the form of dividends, buyback or combination of both.

Surplus cash is defined as adjusted net profit for a reported period less an amount management deems necessary for near term corporate action or other business needs including but not limited to merger and acquisition activities, capital expenditures and/or other forms of investments for development of the business. The board of directors reserves the right to distribute the dividend on a quarterly basis as it deems necessary.

This statement is a general declaration of intention and the actual declaration of dividends will require corporate action at the relevant time by the board of directors or by the general meeting of the Company's shareholders, as the case may be, and will depend on the precise circumstances prevailing at that time, including the present or future business needs of the Company. Shareholders and potential investors should not treat this statement as an obligation or similar undertaking by us that dividends will be declared as set out herein. Under Cyprus law, we are not allowed to make distributions if the distribution would reduce our shareholders' equity below the sum of the issued share capital, including any share premium, and the reserves.

As a holding company, the level of our income and our ability to pay dividends depends primarily upon the receipt of dividends and other distributions from our subsidiaries. The payment of dividends by our subsidiaries is contingent upon the sufficiency of their earnings, cash flows, regulatory capital requirements, and distributable profits.

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.

See Item 9.C "—Markets."

B. Plan of Distribution.

Not applicable.

C. Markets.

Our ADSs, each representing one class B share, have been listed on the Nasdaq since May 3, 2013 and have been admitted to trading on MOEX since May 20, 2013, under the symbol "QIWI."

On February 28, 2022, trading on the Moscow Exchange in all equity securities was suspended (including our ADSs), which suspension was later extended until the limited resumption of stock trading on the Moscow Exchange on March 24, 2022, and the full resumption of stock trading on the Moscow Exchange on March 28, 2022. Also, on February 28, 2022, the Nasdaq Global Select Market halted trading in our ADSs and stocks of certain other Russian companies. There can be no assurance when or if such trading halt will be lifted and the trading in our ADSs will resume. For as long as such trading halt is in place, our ADSs remain effectively illiquid. If such trading halt ultimately results in a delisting, there will no longer be a liquid market for our ADSs, and our investors will lose a substantial portion of their investment.

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.

Our memorandum and articles of association contain, among others, the following provisions:

Objects

Our objects are set forth in full in Regulation 3 of our memorandum of association. The objects for which we are established are to assist in carrying on the business of a variety of entities, both public and private, with no restriction as to type, industry, legal form, or services provided. We aim to engage and train professional, technical, and other staff, retain such staff internally for the benefit of our Company, or allocate the aforesaid personnel or their services to those requiring such services and assistance. We are empowered to purchase or otherwise acquire all or any part or interest in the business and liabilities of other entities that we determine will be of benefit to us and our shareholders. We are additionally authorized to borrow, raise money or secure obligations in on such terms as we see fit, to issue any type of securities, both secured or unsecured (and upon such terms as priority or otherwise), and to invest moneys not immediately required, other than towards our shares. We may enter into any arrangement for working jointly with any other company, partnership or person, provided the joint work is in furtherance of our business or our interests and generally do all such other things as may appear to be incidental or conductive to the attainment of our objects.

Shareholders' General Meetings

Share Capital

Our share capital is divided into two classes of shares: class A shares, each of which carries ten votes at shareholders' general meetings, and class B shares, each of which carries one vote at shareholders' general meetings.

Convening Shareholders' Meetings

An annual general meeting must be held not more than 15 months after the prior annual general meeting, and at least one annual general meeting must be held in each calendar year.

Our board of directors, at its discretion, may convene an extraordinary general meeting. Extraordinary general meetings must also be convened by the board of directors at the request of shareholders holding in aggregate at the date of the deposit of the requisition either (a) not less than 10% of our outstanding share capital or (b) not less than 10% of the voting rights attached to our issued shares, or, in case the board of directors fails to do so within 21 days from the date of the deposit of the requisition notice, such requisitioning shareholders, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting, but any meeting so convened may not be held after the expiration of 3 months from the date that is 21 days from the date of the deposit of the requisition notice.

The annual general meeting and a shareholders' general meeting called for the election of directors or for a matter for which Cypriot law requires a special resolution, which means a resolution passed by a majority of not less than 75% of the voting rights attached to our issued shares present and voting at a duly convened and quorate general meeting, must be called with no less than 45 days' written notice or such longer notice as is required by the Companies Law (not counting the day in which it was served or deemed to be served and the date for which it is given). Other shareholders' general meetings must be called with no less than 30 days' written notice.

A notice convening a shareholders' general meeting shall be served within 5 days after the record date for determining the shareholders entitled to receive notice of attend and vote at such General Meeting, which is fixed by the Board and is not more than 60 days and not less than 45 days prior to an Annual General Meeting, or a General Meeting called for the passing of a Special Resolution, or for the election of Directors, and not more than 45 days and not less than 30 days prior to any other General Meeting. A notice convening a shareholders' general meeting must be sent to each of the shareholders, provided that the accidental failure to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice will invalidate the proceedings at that meeting to which such notice refers in the event that a shareholder holding not less than 5% of our outstanding share capital is not in attendance as a result of the accidental failure to give notice or non-receipt thereof.

All shareholders are entitled to attend the shareholders' general meeting or be represented by a proxy authorized in writing. The quorum for a shareholders' general meeting will consist of shareholders representing 50.01% of the voting rights attached to our issued shares, whether present in person or by proxy.

The agenda of the shareholders' general meeting is determined by our board of directors or by whoever else is calling the meeting.

Voting

Matters determined at shareholders' general meetings require an ordinary resolution, which requires a simple majority of the votes cast at any particular general meeting duly convened and quorate, unless our articles of association and the Companies Law specify differently. It is within the powers of the shareholders to have a resolution executed in writing by all shareholders and in such event no meeting needs to take place or notice to be given.

Reserved Matters

Our articles of association provide for special majorities for resolutions concerning, among other things, the following matters (for so long as class A shares are in issue and outstanding): (i) any variance to the rights attached to any class of shares requires approval of the holders of 75% of the shares of the affected class, passed at a separate meeting of the holders of the shares of the relevant class, as well as a special resolution of the general meeting; and (ii) approval of the total number of shares and classes of shares to be reserved for issuance under any of our or our subsidiaries' employee stock option plan or any other equity-based incentive compensation program requires approval of a majority of not less than 75% of the voting rights attached to all issued shares present and voting at a duly convened and quorate general meeting.

Board of Directors

Appointment of Directors

Our articles of association provide that we shall have up to seven directors, including not less than three independent directors. As a foreign private issuer, we have elected to follow Cyprus corporate governance practices, which, unlike the applicable Nasdaq requirements for domestic issuers, do not require the majority of directors to be independent.

It is understood that, if at a proposed general meeting there shall be elections of both non-independent directors and independent directors, (i) there shall be two separate sets of voting procedures, one with respect to the non-independent directors and one with respect to the independent directors; (ii) at each such procedure the shareholders shall have the number of votes provided by the articles of association for the election of non-independent directors and independent directors respectively and (iii) the voting procedure in respect of the minimum number of independent directors, being three directors, shall take place first.

Each of the board and any shareholder or group of shareholders is entitled to nominate one or more individuals for election (or re-election) to our board of directors not less than 30 days prior to any general meeting at which the non-independent directors are scheduled to be appointed. The board shall screen all submitted nominations for compliance with the provisions of our articles of association following which it shall compile and circulate a final slate of nominees to be voted on at the general meeting to all the shareholders entitled to attend and vote at the relevant general meeting at least 15 days prior to the scheduled date thereof.

Except as set out below, the non-independent directors are appointed by shareholder weighted voting, under which each shareholder has the right to cast among one or more nominees as many votes as the voting rights attached to its shares multiplied by a number equal to the number of non-independent directors to be appointed. Non-independent directors are appointed as follows: (1) the term of office of the non-independent directors shall be for a period from the date of the annual general meeting at which they were elected until the following annual general meeting; (2) all the non-independent directors shall retire from office at each annual general meeting; (3) all retiring non-independent directors shall be eligible for re-election; and (4) the vacated position may be filled at the meeting at which the non-independent directors retire by electing another individual nominated to the office of non-independent director by any of the board, any shareholder or group of shareholders by serving a notice at least 30 days prior to such general meeting, and in default the retiring non-independent director shall, if offering himself for re-election and if he has been so nominated by the board, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated position or unless a resolution for the re-election of such non-independent director shall have been put to the meeting and not adopted.

The independent directors are nominated by the board, a shareholder or group of shareholders. All independent directors are appointed by shareholder weighted voting in the same manner as voting for non-independent directors. The independent directors will be appointed as follows: (1) the term of office of each independent director shall be for a period from the date of the annual meeting at which such independent director has been duly elected and qualified until the following annual general meeting; (2) all the independent directors shall retire from office at each annual general meeting; (3) all retiring independent directors shall be eligible for re-election; and (4) the vacated position may be filled at the meeting at which the independent directors retire by electing another individual nominated by any of the board, a shareholder or a group of shareholders by serving a notice at least 30 days prior to such general meeting, and in default the retiring independent director shall, if offering himself for re-election and if he has been so nominated by the board, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated position or unless a resolution for the re-election of such independent director shall have been put to the meeting and not adopted.

At any moment of time after the appointment of the non-independent directors any director may request the board to screen the non-independent directors for compliance with independence criteria within the meaning of the Nasdaq Listing Rules. In case the board determines that any non-independent director meets the criteria, such non-independent director shall be re-classified as the independent director.

In the event that the entire board of directors is terminated by a shareholder or a group of shareholders representing at least 10.01% of the voting rights attached to our issued shares in relation to exercise by the board of directors of its right to appoint a director to fill a vacancy on the board, the board will remain in office only to summon a general meeting for purposes of (1) terminating the entire board pursuant to a request of the requesting shareholders and (2) appointing new non-independent directors, and new independent directors. If, for any reason, the number of directors falls below the number fixed by the articles of association as the necessary quorum for board meetings and the vacant positions are not filled as per the above procedure within 21 days, the remaining directors may remain in office only to convene a general meeting, at which all directors must retire and new directors will be appointed as provided above.

Our board of directors can elect a chairman by an absolute majority of votes of all the directors, provided that an affirmative vote of at least one independent director is received (for so long as class A shares are in issue and are outstanding).

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. Such general shareholders' meeting must be convened with at least 30 days' notice. The office of any of the directors shall be vacated if, among other things, the director (a) becomes bankrupt or makes any arrangement or composition with his or her creditors generally; or (b) becomes permanently incapable of performing his or her duties due to mental or physical illness or due to his or her death. If our board of directors exercises its right to appoint a director to fill in a vacancy on the board created during the term of a director's appointment as provided in our articles of association, a shareholder or a group of shareholders holding at least 10.01% of the voting rights attached to our issued shares may terminate the appointment of the entire board of directors. *See also "— Appointment of Directors."*

Powers of the Board of Directors

Our board of directors has been granted authority to manage our business affairs and has the authority to decide, among other things, on the following:

(a) approval of strategy and annual budget and for the group;

(b) approval of certain transactions, including material transactions (as defined in our articles of association), borrowings as well as transactions involving sale or disposition of any interest in any group company (other than QIWI plc) or all or substantially all of the assets of any group company;

(c) any group company's exit from or closing of a business or business segment, or a down-sizing, reduction in force or streamlining of any operation over certain thresholds as set out in our articles of association;

(d) any merger, consolidation, amalgamation, conversion, reorganization, scheme of arrangement, dissolution or liquidation involving any group company (other than QIWI plc);

(e) entry into (whether by renewal or otherwise) any agreement or transaction with a related party except for: (1) transactions in the ordinary course of business (as defined in our articles of association) on an arm's length basis, (2) intra-group transactions, (3) transactions at a price less than U.S.$50,000 (if the price can be determined at the time the transaction is entered into);

(f) issuance and allotment of shares by us for consideration other than cash; and

(g) adoption of any employee stock option plan or any other equity-based incentive compensation program for our group (subject to a general meeting approving the total number of shares and classes of shares to be reserved for issuance under any such program).

Our board of directors may exercise all the powers of the Company to borrow or raise money.

Proceedings of the Board of Directors

Our board of directors meets at such times and in such manner as the directors determine to be necessary or desirable. For as long as any class A shares are issued and outstanding, the quorum necessary for a meeting of our board of directors to be validly convened is a simple majority of the total number of the non-independent directors and the then-existing independent directors.

A resolution at a duly constituted meeting of our board of directors is approved by an absolute majority of votes of all the directors unless a higher majority and/or affirmative vote of any independent directors 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, signed or approved by all directors will be as valid as if it had been passed at a meeting of our board of directors or a committee when signed by all the directors.

Where a director has, directly or indirectly, an interest in a contract or proposed contract, that director must disclose the nature of his or her interest at the meeting of the board of directors and shall not vote on such contract or arrangement, nor shall he be counted in the quorum present at the meeting.

Chief Executive Officer

Our board of directors may by an absolute majority of votes of all the directors appoint a director to be our chief executive officer to be in charge and responsible for all day-to-day affairs of our group. Our chief executive officer is to be appointed for such period and on such terms as our board of directors thinks fit, and, subject to the terms of any agreement entered into in any particular case, his appointment may be terminated by our board of directors at any time as provided in our articles of association. The term of appointment for our chief executive officer shall be for a period from the date of his appointment until the first meeting of the board on the second year after the date of his appointment.

Rights Attaching to Shares

Voting rights. For so long as class A shares are in issue and are outstanding, each class A share has the right to ten votes at a meeting of our shareholders; and each class B share has the right to one vote at a meeting of our shareholders.

Issue of shares and pre-emptive rights. Subject to the Cypriot law and our articles of association, already authorized but not yet issued shares are at the disposal of our board of directors, which may allot or otherwise dispose of any unissued shares as it may decide. All new shares and/or other securities giving right to the purchase of our shares or which are convertible into our shares must be offered before their issue to our shareholders on a pro rata basis. If the new securities are of the same class as existing shares, the offer must first be made on a pro rata basis to the shareholders of the relevant class and, if any such new securities are not taken up by those shareholders, an offer to purchase the excess will be made to all other shareholders on a pro rata basis (provided that such pre-emption rights have not been removed). On May 8, 2018 the disapplication of pre-emptive rights in connection with the issues of up to an additional 52,000,000 class B shares, including in the form of ADSs, previously authorized by our shareholders, has expired and since then any issuance and allotment of class B shares by the Company for cash consideration is subject to pre-emptive rights.

Conversion. At the irrevocable request of any class A shareholder, all or part of the class A shares held by such shareholder will convert into class B shares, on the basis that each class A share shall convert into one class B share, and the class B shares resulting from such conversion shall rank pari passu in all respects with the existing class B shares in issue.

In addition, class A shares will be automatically converted into class B shares, on a one-to-one basis, in the following circumstances: (1) all class A shares which are transferred by a holder, except in circumstances permitted under our articles of association, shall, immediately upon such transfer, be automatically converted into class B shares; (2) all class A shares held by a shareholder will be automatically converted into class B shares on the occurrence of a change of control (as defined in our articles of association) of that class A shareholder; and (3) all class A shares will be automatically converted into class B shares in the event that the aggregate number of class A shares constitute less than 10% of the aggregate number of class A and class B shares outstanding.

For so long as class A shares are in issue and are outstanding, class A shares will not convert into class B shares where: (1) the transfer is to one or more of the transferor's directly or indirectly controlled affiliates (as defined in our articles of association); (2) 10% or more of the total number of class A shares in issue are transferred as a single transaction or a series of related transactions by a shareholder or a group of shareholders; (3) the transfer is to one or more of the existing class A shareholders; and (4) the transfer is to the person(s) that was (were) the ultimate beneficial owner(s) of class A shareholder at the time of Listing. In the case of (2) above the transfer of A shares is permitted if: (a) it is approved in writing by the shareholders holding in aggregate at least 75% of the total number of class A shares in issue; or (b) the shareholder (or a group of shareholders) transferring class A shares has (or have) offered such shares to the other then existing shareholders holding class A shares in accordance with the procedure set out in the articles of association.

Dividend. For so long as class A shares are in issue and are outstanding, our board may declare dividend, including final dividend, but no dividend will be paid except out of our profits. Our board of directors may set aside out of our profits such sums as it thinks proper as a reserve. The board of directors may also, without establishing a reserve, carry forward to the next year any profits it may think prudent not to distribute as a dividend. The class A shares and the class B shares have the right to an equal share in any dividend or other distribution we pay. Please see "Dividend Policy" for more details.

Winding Up. If our company is wound up, the liquidator may, upon a special resolution and any other procedure prescribed by the Cypriot law, (i) divide in specie or kind all or part of our assets among the shareholders; and (ii) vest the whole or any part of such assets in trustees for the benefit of the contributories as the liquidator shall think fit, but so that no shareholder is compelled to accept any shares or other securities with any attached liability.

Form and transfer of shares. The instrument of transfer of any share must be executed by or on behalf of the transferor and the transferee, and the transferor will be deemed to be the holder of the share until the name of the transferee is entered into the register of shareholders. Except as set out above and in our articles of association, shareholders are entitled to transfer all or any of their shares by instrument of transfer in writing in any usual or common form or in any other form, including electronic form, which the directors may approve.

There is no limitation under Cypriot law or our articles of association on the right of non-Cypriot residents or nationals to own or vote our shares.

Relevant Provisions of Cypriot law

The liability of our shareholders is limited. Under the Cypriot 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 this annual report, Cypriot 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.

Cypriot 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% in value 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 Cypriot courts not to permit the acquisition. If the offeror company already holds more than 10%, in 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 the bidder holds more than 90%, it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of receiving such notice, require the offeror company to acquire their shares and the offeror company shall be bound to do so upon the same terms on which the shares were acquired or on such other terms as may be agreed between them or upon such terms as the court may order.

C. Material Contracts.

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are or have been a party, for the two years immediately preceding the date of this Annual Report:

Agreement for the transfer of assets related to the project "Sovest"

Pursuant to the Agreement for the transfer of assets related to the project SOVEST dated June 8, 2020, entered into by and among the Company and QIWI Bank jointly as the sellers and Public Joint Company "Sovcombank" as the purchaser, we have agreed to transfer and assign the assets composing the project SOVEST, including, but not limited to, receivables from SOVEST customers (installment card loans portfolio), all intellectual property rights with respect to the Sovest brand, databases, relevant contracts, etc., to Sovcombank for a consideration of approximately RUB 5.8 billion, including a partial reimbursement of related redundancy costs.

The Agreement for the acquisition of assets related to the project SOVEST contains certain warranties and covenants customary for an acquisition of this kind. The transfer of the assets was substantially completed by July 13, 2020.

See Exhibit 4.2 for the agreement for the transfer of assets related to the project "Sovest".

Agreement for the transfer the ownership of the of shares related to the project "Tochka"

See "*Related Party Transactions – Agreements with Otkritie*".

See Exhibit 4.3 for the agreement for the transfer of the ownership of the shares related to the project "Tochka".

D. Exchange Controls.

Cyprus currently has no exchange control restrictions.

E. Taxation.

The following summary of the Cypriot tax, Russian tax and United States federal income tax consequences of ownership of the ADSs is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this annual report. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the ADSs. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the ADSs. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership and disposition of the ADSs, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this annual report, and of any actual changes in applicable tax laws after such date.

Material Cypriot Tax Considerations

Cyprus Tax residency of a company

In accordance with the Cyprus Income Tax Law, a company is tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cyprus Income Tax Law as to what constitutes management and control however it is understood that the concept of "central management and control" followed by the Cyprus tax authorities is in line with such concepts applied in other common law countries and as it has developed through case law. The concept refers to the highest level at which the business of the company is controlled and the policy decisions of the directors are taken. This place is usually where the shareholders and/or the board of directors meet and take key management and commercial decisions.

In accordance with Circular 2015/19 issued by the Cyprus tax authorities a questionnaire should be duly completed and submitted for issuance of a tax residency certificate indicating information that needs to be provided by a company when obtaining a Cyprus tax residency certificate, including the following questions: (i) whether the company is incorporated in Cyprus and is a tax resident only in Cyprus; (ii) whether the majority of the Board of Directors meetings take place in Cyprus; (iii) whether the Board of Directors exercise control and make key management and commercial decisions necessary for a company's operations and general policies; (iv) whether Board of Directors' minutes are prepared and kept in Cyprus; (v) whether the majority of the Board of Directors are Cyprus tax residents; (vi) whether shareholders' meetings take place in Cyprus; (vii) whether the company issued any General Power of Attorney; etc. Depending on the answers to the above questionnaire the Cyprus tax authorities may or may not issue a tax residency certificate to a company.

We consider the company to be a resident of Cyprus for tax purposes. However, taking into consideration that the majority of our board of directors is comprised of non-Cyprus tax residents and a number of other factors which may be treated as not fully in line with the abovementioned requirements, our tax residency in Cyprus may be challenged.

On 27 October 2020 the Cyprus Tax Department issued an implementing Guideline 4/2020, which clarifies that the tax residency of a Cyprus company will not be affected by the inability of the directors to travel to Cyprus to attend a Board of Directors due to Covid-19 related restrictions.

According to the Articles of Association of the Cyprus company, a meeting may be held by telephone or other means. In such case, the meeting shall be deemed to be held where the secretary of the meeting is located, i.e. in Cyprus, that was the case for the Cyprus company in 2020. This is in line with the section 191A of Cap. 113 as the meeting is deemed to have taken place where the person keeping the minutes of the relevant meeting of directors is located.

In December 2021, the Cyprus Parliament voted to pass into law two bills for amending the Cyprus tax legislation in order to address aggressive tax planning, one of which being the introduction of a corporate tax residency test based on incorporation in addition to the existing "management and control" test. This additional test aims to capture Cyprus incorporated / registered companies that are not tax resident in any other jurisdiction. The bill is stated to enter into force on 31 December 2022. However, it is not expected that the Company shall be impacted by this additional test on the basis that the Company intends to continue meeting the existing "management and control" test.

Moreover, we may be deemed to be a tax resident outside of Cyprus, for further details see risk factor *"Risk Factors – Risks Related to Taxation – We may be deemed to be a tax resident outside of Cyprus."*

Cyprus Tax residency of an individual

Cyprus tax resident individuals are taxed on all chargeable income accrued or derived from all sources in Cyprus and abroad. Individuals who are not tax residents of Cyprus are taxed on certain income accrued or derived from sources in Cyprus.

With respect to the individual holders of our ADSs, an individual is considered to be a tax resident in Cyprus in any one calendar year (which corresponds to a period from January 1 to December 31) if such individual is physically present in Cyprus for a period or periods exceeding in aggregate more than 183 days in that one calendar year.

Furthermore, on January 1, 2017 an amendment to the Income Tax Law entered into force introducing a second tax residency test – the "60 day rule" – for the purposes of determining Cyprus tax residency for individuals. An individual is considered to be a tax resident in Cyprus, if he/she satisfies either the "183 day rule" as above or the "60 day rule" for the relevant tax year (coinciding with calendar year). The "60 day rule" applies to an individual who in the relevant tax year:

- does not reside in any other single state for a period exceeding 183 days in aggregate, and
- resides in Cyprus for at least 60 days within the tax year, and
- carries on any business in Cyprus and/or is employed in Cyprus and/or holds an office in Cyprus at any time during the tax year, provided that such is not terminated during the tax year, and
- maintains a permanent residence in Cyprus either owned or rented by the individual.

On 27 October 2020 the Cyprus Tax Department issued an implementing Guideline 4/2020, which clarifies that the period of 21 March 2020 to 9 June 2020 should not be taken into consideration for determining the tax residency. In case an individual was physically present in Cyprus due to Covid-19 restrictions but would otherwise be present in another country will not be taken into account for the purpose of calculating the number of days in Cyprus. In addition, the Guideline provides that the pandemic should not have an impact on the determination of a permanent establishment in Cyprus. Furthermore, it is noted that in cases of people who have remained abroad in view of the pandemic who in any other situation would have been present in Cyprus for undertaking their responsibilities and providing their services, the days spent outside Cyprus should not be taken into consideration for permanent establishment purposes but in essence should be considered that such persons have been undertaking their responsibilities in Cyprus. The provisions of the guidance should be carefully implemented by the group as the facts of each case are assessed on a case by case basis by the tax authorities. In January 2021 the Cyprus Tax Department issued Implementing Guideline 7/2021 which clarifies that the provisions of the Implementing Guideline 4/2020 will continue to apply in 2021 as long as restrictions related to COVID-19 are still in place globally.

An individual is considered to be domiciled in Cyprus for the purposes of Special Contribution for the Defence if he/she has a domicile of origin in Cyprus per the Wills and Succession Law (with certain exceptions) or if he/she has been a tax resident in Cyprus for at least 17 out of the 20 tax years immediately prior to the tax year of assessment.

Holders of ADSs must consult their own tax advisors on their tax residency status and their tax liabilities arising from holding and/or disposal of the ADSs in their tax residency jurisdictions.

Taxation of a Cyprus Tax Resident Company

A company which is considered as a resident of Cyprus for tax purposes is subject to corporate income tax in Cyprus on its income accrued and derived from all chargeable sources in Cyprus and abroad, worldwide income, taking into account certain exemptions. The current rate of corporate income tax in Cyprus is 12.5%.

Non-tax resident Cyprus companies (i.e. not managed and controlled from Cyprus) are liable to income tax in Cyprus only in respect of the following types of income arising from sources in Cyprus: trading profits of a permanent establishment situated in Cyprus (i.e. fixed base from which a business is carried on), profit from the sale of trade goodwill in Cyprus, and rental income from property situated in Cyprus.

Tax resident Cyprus companies are subject to Special Contribution for the Defence which may be imposed on its dividend income, "passive" interest income and rental income according to the provisions of the Special Contribution for the Defence of the Republic Law N.117(I)/2002, as amended (See provisions of sections "Material Cypriot Tax Considerations – "Taxation of Dividend Income", "Deemed Dividends Distribution" and "Taxation of Interest Income").

Taxation of Dividend Income

Dividend income (whether received from Cyprus tax resident or non-tax resident Cyprus companies) is exempt from Corporate Income Tax in Cyprus, provided that dividends are not treated as tax deductible at the level of the paying company.

Dividend income received from Cyprus tax resident companies is exempt from the Cypriot Special Contribution for the Defence in Cyprus. The rate of Special Contribution for the Defence in Cyprus is 17% as from January 1, 2014 onwards.

Dividend income received from non-Cyprus tax resident companies is exempt from the Cypriot Special Contribution for the Defence in Cyprus provided that either (i) not more than 50% of the foreign paying company and/or permanent establishment's activities result directly or indirectly in investment ("passive") income, or (ii) the foreign tax burden suffered on income of the foreign company and/or permanent establishment paying the dividends is not significantly lower than the tax burden payable in Cyprus (currently interpreted to mean an effective tax burden of at least 6.25%).

If the participation exemption for the Cypriot Special Contribution for the Defence does not apply, dividends receivable from non-Cyprus tax resident companies are taxed at a rate of 17%. 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.

Dividends declared by a Cyprus tax resident company to another Cyprus tax resident company after the lapse of four years from the end of the year in which the profits were generated are subject to Special Contribution for the Defence at the applicable rate. Dividend income which emanates directly or indirectly out of such dividends on which Special Contribution for the Defence was previously suffered is exempt.

In 2020 the Company has obtained a tax ruling from the Cyprus tax authorities where the Cyprus tax authorities confirms that the Company does not have an obligation to withhold any Special Defence Contribution amount upon the distribution of dividends to its shareholders owning shares that are listed on NASDAQ and MOEX stock exchanges. Any shareholders which are Cyprus tax resident and domiciled individuals, have the sole responsibility/obligation to pay the relevant Special Defence Contribution on such dividends received via a self-assessment.

New provisions were incorporated effectively from January 1, 2016 in the Cyprus tax legislation in order to be harmonized with the European Directive 2011/96/EU and related amending directives. These provisions involve the introduction of anti-hybrid and general anti-avoidance measures in relation to the distribution of profits from a subsidiary to a parent company within the European Union. These new provisions apply only between EU companies.

The anti-hybrid provision introduced provides that to the extent where the profits which are distributed from a subsidiary company to its Cyprus parent company are deductible from the taxable income of the subsidiary company, Cyprus is required to tax such profits. The respective profits are subject to taxation at the currently applicable rate of 12.5% in accordance with the provisions of the Income Tax Law and are not considered as dividends for Special Contribution for Defence purposes.

The general anti-avoidance measures introduced provide that where a dividend is received from a company which is a tax resident of another EU member state (level of holding is not relevant) and where it is considered that there is abuse (i.e. arrangement or series of arrangements that do not reflect economic reality), a credit will not be granted against the Cypriot tax liability for the foreign tax withheld on the profits of the company paying the dividend and of each sub-subsidiary from which the dividend originates.

Under Cyprus legislation no withholding tax on dividends shall be paid to non-residents of Cyprus unless the dividends are paid by anon-quoted Cyprus tax resident company to companies in EU blacklisted jurisdictions where the direct recipient holds directly more than 50% of the capital, votes or entitlement to profit (an "over 50% holding") in the Cyprus company paying the dividends. The "over 50% holding" is also met when the recipient participates directly in the Cyprus paying company jointly with associated companies, which are also in EU blacklisted jurisdictions, and the combined holding of the associated companies is over 50%. In such a case WHT at the rate of 17% for Special Defence purposes applies as per the provisions of the recently bills votes by the Parliament. This provision will be effective as from 31 December 2022.

The dividend will be paid free of any tax to the shareholder who will be taxed according to the laws of his country of residence or domicile. Holders of ADSs must consult their own tax advisors on the consequences of their residence or domicile in relation to the taxes applied to the payment of dividends.

Deemed Dividend Distribution

Cyprus tax resident companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special Contribution for the Defence at 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes are Cyprus tax residents and domiciled in Cyprus. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This Special Contribution for the Defence is paid by the Company for the account of the shareholders.

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

Further to the above and in view of the provisions of Tax Technical Circular 2016/8, any profits of a Cyprus tax resident company imputed directly or indirectly to shareholders who are Cyprus tax resident but not domiciled in Cyprus should be exempt from Special Contribution for the Defence.

In 2020 the Company has obtained a written confirmation from the Cyprus tax authorities in the form of a tax ruling in which the Cyprus tax authorities accept in writing not to impose any deemed dividend distribution liability since the Company is a public entity and it is impossible to identify the final minor shareholders. Therefore, no adverse Deemed Dividend Distribution implications are expected to arise for the company.

National Health System (NHS)

A national health system was introduced in Cyprus aiming to provide to the population equal access to a holistic health care system. Contributions relating to the implementation of the NHS started on 1 March 2019 and increased on March 1, 2020.

NHS contributions apply to various types of income received by an individual in Cyprus irrespective of whether they are domiciled in Cyprus or not. Indicatively, we note that NHS contribution rates for dividend and interest income sourced in Cyprus received by Cyprus tax resident individuals should be 2.65% as from March 1, 2020.

Taxation of Capital Gains

Cyprus Capital Gains Tax is imposed (when the disposal is not subject to income tax) at the rate of 20% on gains from the disposal of immovable property situated in Cyprus including gains from the disposal of shares in companies which own immovable property in Cyprus (either directly or indirectly), and such shares are not listed in any recognized stock exchange.

It is unclear whether this exception also applies to disposal of the ADSs.

Inheritance Tax

There is no Cyprus inheritance tax.

Tax Position of Holders of ADSs with Respect to Distributions

There is no express provision in the Special Contribution for the Defence law on the treatment of holders of ADSs with respect to Special Contribution for the Defence on dividends nor is there any specific guidance issued by the Cypriot tax authorities on the point. We are of the view that holders of ADSs will be subject to the same treatment as holders of shares with respect to the liability of Special Contribution for the Defence and income tax on dividends and, therefore, the provision of sections “Taxation of Dividend Income”, “Deemed Dividend Distributions” and “National Health System (NHS)” above would apply equally to the holders of ADSs.

Non-Cyprus tax resident holders of ADSs must also consult with their own tax advisors on the tax liabilities arising from ADSs distributions.

Taxation of income and gains

Gains from the disposal of ADSs

In accordance with Article 2 of the Income Tax Law L118(I)/2002 (as amended) the term “titles” is explicitly defined to include shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, incorporated under a law in the Republic of Cyprus or abroad and rights. Therefore, the Company’s securities (ADSs) may constitute “titles” based on the understanding that they represent the Company’s shares.

Any gain from disposal by a Cyprus tax resident company/individual of securities shall be exempt from corporate income tax irrespective of the trading nature of the gain, the number of shares held or the holding period and shall not be subject to the Cypriot Special Contribution for the Defence. Such gains are also outside of the scope of capital gains tax provided that the company whose shares are disposed of does not own any immovable property situated in Cyprus or such shares are listed in any recognized stock exchange.

If the ADSs are considered by the Cyprus tax authorities not qualifying as “titles”, any gain on disposal of ADSs by a Cyprus tax resident company will be subject to corporate income tax at the rate of 12,5% and personal income tax at the progressive rates of 0 - 35% in cases of a gain on disposal by a Cyprus tax resident individual.

Gains from Intellectual Property (“IP”)

Under Cyprus IP box regime (which came into force in 2012) an 80% deduction is allowed from the net profit received from the use or disposal of IP rights. In case a loss is resulting from the said activities, only 20% of the resulting loss can be offset against income from other sources or carried forward to be offset against income of subsequent tax years. That provision has a retroactive effect in respect to IP acquired or developed before January 2012 (i.e. IPs acquired or developed before January 2012 qualify for the IP Box regime).

Since July 1, 2016 a new IP Box regime is available in Cyprus, fully aligned with the OECD/G20 Base Erosion and Profit Shifting (“BEPS”) Action 5 report. Under the new Cyprus IP Box, Cyprus IP companies can achieve an effective tax rate of 2.5% (or less) on qualifying profits earned from exploiting qualifying IP. Non-qualifying incomes are taxable at an effective tax rate of 12.5% (or less). Under the transitional rules introduced with the new IP Box regime, IP already benefiting from the old Cyprus IP tax regime by 30 June 2016 continue to receive the benefits for a further 5 years, i.e. until 30 June 2021.

Tax treatment of the Foreign exchange differences

As of January 1, 2015, Cyprus tax laws provide for all foreign exchange differences to be tax neutral from a Cyprus income tax perspective (i.e. gains are not taxable/losses are not tax deductible) with the exception of foreign exchange gains/losses arising from trading in foreign exchange which remain taxable/deductible. Regarding trading in foreign exchange, which remains subject to tax, the tax payers may irrevocably elect whether to be taxed only upon realization of foreign exchange rather than on an accruals/accounting basis.

Taxation of Interest income

The tax treatment of interest income of any company which is a tax resident of Cyprus will depend on whether such interest income is treated as “active” (subject to corporate income tax) or “passive” (subject to Special Contribution for the Defence Fund). Interest income which consists of interest which has been derived by a company which is a tax resident of Cyprus in the ordinary course of its business and/or interest income closely connected with the ordinary course of its business may be treated as active and hence will be subject to corporate income tax at the rate of 12.5%, after the deduction of any allowable business expenses. The Special Contribution for the Defence shall not apply to such income. Any other interest income (i.e. of “passive” nature), to the contrary, will be subject to the Special Contribution for the Defence at the rate of 30% on the gross amount of interest, corporate income tax shall not apply.

Specifically, interest income arising from provision of loans to related or associated parties should be generally considered as income arising from activities closely connected with the ordinary course of business and should, as such, be exempt from Special Contribution for the Defence and only be subject to corporate income tax, see provisions of section “Arm’s length principle”.

Withholding taxes on interest

No withholding taxes shall apply in Cyprus on interest paid by the company, which is a tax resident in Cyprus, to non-Cyprus tax resident lenders (both corporations and individuals).

On 9 December 2021, the Cyprus Parliament voted to pass into law two bills for amending the Cyprus tax legislation in order to address aggressive tax planning, one of which being the introduction of withholding tax (WHT) on dividend, interest, and royalty payments to countries in Annex I of the EU list of non-cooperative jurisdictions on tax matters (commonly referred to as the EU "blacklist"). Specifically, in terms of withholding tax on interest the new legislation provides that WHT at 30% for passive interest paid from Cyprus sources (excluding payments by individuals) to companies in EU blacklisted jurisdictions. Interest payments on instruments quoted on a recognised stock exchange are excluded from the scope of the above.

The above bill is stated to enter into force on 31 December 2022.

Moreover, no withholding tax shall apply in Cyprus on interest paid by the company, which is a tax resident in Cyprus.

In addition, Cyprus tax resident lenders earning interest accruing from their ordinary course of business or interest income closely connected with the ordinary course of their business should not be subject to Special Defence Contribution.

Any payment of interest which is not considered as interest accruing from the ordinary course of business or interest income closely connected with the ordinary course of business by the company, which is a tax resident in Cyprus, to Cyprus tax resident lenders (both corporations and individuals) shall be subject to Special Contribution for the Defence at the rate of 30%, whereby the company may be required to withhold such tax from the interest. Depending on the facts and circumstances of the case, the company may not need to act as the withholding agent.

Tax deductibility of expenses, including interest expense

The general principle of the Cyprus income tax law is that an expense may be deducted in case it is incurred wholly and exclusively for the production of taxable income.

The Tax Circular 2008/14 issued by the Cypriot tax authorities provides guidance as to the tax deductibility of expenses incurred in relation to the production of income which is exempt from corporate income tax such as dividend income and profits/ gains on sale of securities. According to that tax circular (i) any expenditure that can be directly or indirectly attributed to income, that is exempt from tax, is not deductible for corporate income tax purposes and cannot be set-off against other (taxable) sources of income; and (ii) any expenditure that is attributable to both taxable and exempt income (i.e. general overheads) should be apportioned based on a gross revenue ratio or based on an asset ratio. The taxpayer should select the most appropriate method and should use this method on a consistent basis.

Interest incurred in connection with acquisition (directly or indirectly) of shares in a 100% owned subsidiary company as of January 1, 2012 (irrespective of the tax residency status of the subsidiary) shall be deductible for Cypriot tax purposes. This would apply provided that the assets of the subsidiary do not include assets not used in the business. However, in case the subsidiary possesses such assets, the deductibility of interest at the level of the holding company is limited only to the amount relevant to assets, used in the business.

Furthermore, notional interest deduction is available starting from January 1, 2015 (See provisions of section "Material Cypriot Tax Considerations – Notional Interest Deduction").

The provisions of EU Anti-Tax Avoidance Directive ("ATAD") which was approved by the EU Commission in 2016, has been transposed into Cyprus domestic legislation. In accordance with the new provisions introduced in the Article 11(16) of the Income Tax Law L.118(1)/2002 as amended, Interest Limitations Rules have been introduced in Cyprus with effect as from January 1, 2019 in compliance with the ATAD Directive (See provisions of section "*Material Cypriot Tax Considerations – EU Anti-Tax Avoidance Directive ("ATAD")*").

Notional Interest Deduction

Effectively from January 1, 2015, Cyprus tax legislation provides for Notional Interest Deduction (NID) under which the Cyprus companies that have issued additional share capital starting from January 1, 2015 and afterwards will have the benefit of a notional interest that will be deducted from their taxable income for each tax year. As per the legislation, the NID is calculated on "new equity" introduced in the company as from January 1, 2015. The NID is calculated as follows: New Equity x NID rate.

"New equity" is considered to consist of paid-up share capital of any class (ordinary, preference, redeemable, convertible shares), paid in cash or in kind, and share premium which have been issued and settled as from January 1, 2015 and that is available for the period during which the new equity is in issue.

As per the Cyprus legislation the NID interest rate is the yield on 10-year government bonds (as at December 31 of the prior tax year) of the country where the funds are employed plus a 5.0% premium, with no minimum rate. The NID deduction cannot exceed 80% of the taxable profit as calculated before NID. A scheduling approach is expected to be followed – it is applied by reference to the taxable profits that are generated from assets/activities that are financed by the "new equity" on which the NID is calculated as per the Tax Technical Circular issued by the Cyprus tax authorities.

Thin Capitalisation rules

No thin capitalisation rules apply in Cyprus.

Arm's length principle

The arm's length principle in the Cyprus income tax law requires that all transactions between related parties should be carried out on an arm's length basis, being at fair values and on normal commercial terms.

More specifically, under the arm's length principle, where conditions are made or imposed upon the commercial or financial relations of two related parties which differ from those which would have been made between independent parties, any profits which would have accrued to one of the parties had the two parties been independent, but have not so accrued, may be included in the profits of that party and taxed accordingly. The amendment to the income tax law, effective as of January 1, 2015, extends the arm's length principle by introducing the possibility of, in cases where two related Cyprus tax residents transact and the Cyprus tax authorities make an upward arm's length adjustment to one of them, effecting a corresponding downwards adjustment to the other one.

On June 30, 2017 the Cyprus tax authorities issued a tax technical circular (Circular) providing guidance for the tax treatment of intra-group financing transactions (IGFTs). The Circular effective as from July 1, 2017 closely follows the application of the arm's length principle of the OECD Transfer Pricing Guidelines and it applies for all relevant existing and future IGFTs. In this respect, the remuneration on all IGFTs should be supported by a transfer pricing study in order to be accepted by the Cyprus tax authorities.

IGFTs for the purposes of the Circular are defined as (i) any activity relating to granting of loans or cash advances to related companies that is or should be remunerated by interest; and (ii) such activity is financed by financial means and instruments, such as debentures, private loans, cash advances and bank loans.

The Circular requires that the transfer pricing study should be prepared by independent experts and will have to be based on the relevant OECD standards for the purposes of (i) describing (delineating) the IGFT by performing a comparability analysis based on the functional and risk profile of the company; and (ii) determining the applicable arm's length remuneration by performing an economic analysis.

Under certain conditions and assuming minimum substance requirements, taxpayers carrying out a purely intermediary intra-group financing activity may opt for the application of a Simplification Measure (resulting in a minimum 2% after-tax return on assets, meaning circa minimum 2.285% pre-tax return on assets).

There are no specific transfer pricing rules or any transfer pricing documentation requirements in the Cyprus tax laws in respect to any other related party transactions. However, Cyprus is in the late stages of adopting transfer pricing rules, covering all types of transactions, that is applicable to Cyprus tax resident companies or Cyprus permanent establishments that meet the standards set in the OECD BEPS Action 13: Transfer Pricing Documentation and Country-by-Country Reporting. The Cyprus transfer pricing legislation is expected to be enacted within the coming months.

We cannot exclude that the Cyprus Tax Authorities may challenge the arm's length principle applied to transactions with our related parties and therefore additional tax liabilities may accrue. If additional taxes are assessed with this respect, they could have a material adverse effect on our business, financial conditions and results of operations.

Stamp duty

Cyprus levies a stamp duty on contracts that relate to any property situated in Cyprus or any matter or thing which is performed or done in Cyprus.

Documents are subject to stamp duty in Cyprus at a fixed fee or based on the value of such document with a maximum amount of stamp duty of EUR 20,000 per instrument. In case the document has a nominal value, there is a risk for stamp duty to apply on the fair market value of the underlying asset.

A liability to stamp duty may arise on acquisition of Cyprus shares and such stamp duty would be payable where the shares acquisition documents are executed in Cyprus or later brought into Cyprus as the company's shares may be considered as Cypriot property.

Minimum Flat Registration Fee

Capital duty has been abolished by the Council of Ministers with effective date as from December 18, 2018. As a result, no capital duty is payable to the Registrar of Companies in respect of the registered authorized share capital of a Cypriot company upon its incorporation and upon its subsequent increases thereon, other than minimal flat registration fees payable to the Registrar of Companies.

Base Erosion and Profit Shifting ("BEPS") Action Plan

The recommendations of the BEPS Action Plan led by the Organization for Economic Cooperation and Development ("OECD") contains action points aimed to tackle concerns over base erosion and profit shifting by addressing perceived flaws in international tax rules such as tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment.

Cyprus is not a member of the OECD but follows the OECD and EU relevant initiatives. As an EU member state Cyprus adopts and applies the relevant EU Directives.

In short, the EU Anti-Tax Avoidance Directive (the provisions of which are outlined below) will be adopted and tackles measures of Actions 2, 3 and 4 of the BEPS Project.

EU Anti-Tax Avoidance Directive ("ATAD")

On April 25, 2019, further to the publication of Law 63(I)/2019, the provisions of the EU Anti-Tax Avoidance Directive (ATAD EU 2016/1164) of July 2016 were transposed into the Cyprus domestic law. The Law transposes three ATAD measures in the Cypriot law; interest limitation, a general anti-abuse rule (GAAR) and rules concerning controlled foreign companies (CFC). An overview of these three provisions, which will apply retroactively as from January 1, 2019, is set out below.

The remaining measures of the EU Anti-Tax Avoidance Directive (ATAD1 and ATAD2) include the rules on exit taxation have been implemented and regarding the hybrid mismatches, have an effective date of January 1, 2020, except for the rules on reverse hybrid mismatches, which are to apply from January 1, 2022.

Interest limitation rule

The interest limitation rule requires that the Exceeding Borrowing Cost (EBC) (which refers to the amount by which deductible interest expense exceeds the taxable interest income) shall be deductible only up to 30% of the taxpayer's adjusted taxable profit before interest, tax, depreciation and amortisation (i.e. taxable EBITDA).

There are certain exemptions to the rule including a de minimis threshold of three million euro (EUR 3,000,000) per fiscal year. In addition, standalone entities are excluded from the limitation rule. Moreover, grandfathering has been provided for loans concluded before June 17, 2016. Finally, a group equity 'escape' clause is provided, allowing a Cyprus resident company that is part of a consolidated group for financial reporting purposes, to opt to fully deduct its EBCs, provided that the ratio of its equity over its total assets is equal to (or even up to 2% lower) or higher than the equivalent ratio of the group.

In addition, should a Cyprus company belong to a Cyprus group as defined in the Cyprus tax legislation, the main rule and the de minimis rule apply to the Cyprus group as one taxpayer.

Controlled Foreign Company (CFC) rule:

A foreign entity is considered a CFC when the following conditions are satisfied:

(i) in the case of a non-Cyprus tax resident company, the Cyprus tax resident company, either by itself or together with its associated enterprises, holds a direct or indirect participation of more than 50% of the voting rights, or owns directly or indirectly more than 50% of the capital or is entitled to receive more than 50% of the profits of that company; and

(ii) the actual corporate tax paid by the company (or exempt PE) on its profits is lower than 50% of the corporate tax that would have been charged on the company (or exempt PE) under the applicable corporate tax system in Cyprus, had it been Cyprus tax resident.

In cases where a non-Cyprus tax resident company (or exempt PE) is considered a CFC of a Cyprus company, the Cyprus CFC rules provide the following exemptions:

(a) Realising accounting profits of no more than €750,000 and non-trading income of no more than €75,000; or (b) the accounting profits amount to no more than 10% of its operating costs for the tax period

There is no definition of what constitutes non-trading income for CFC purposes in the Cyprus tax legislation. The Cyprus CFC rules apply to the undistributed income of a CFC which should be included in the tax base of the Cyprus tax resident parent company to the extent that such income arises from non-genuine arrangements which have been put in place for the essential purpose of obtaining a tax advantage.

An arrangement or series of arrangements shall be regarded as non-genuine to the extent that the CFC would not own the assets or would not have undertaken the risks which generate all or part of its income, if it were not controlled by the Cyprus tax resident parent, where the significant people functions which are relevant to those assets and risks are carried out and are instrumental in generating the CFC's income.

General Anti-Abuse Rule (GAAR):

The GAAR allows the Cyprus tax authorities to ignore non-genuine arrangements where (one of) the main purpose(s) is to obtain a tax advantage that defeats the object or purpose of the relevant provision. Arrangements are regarded as non-genuine to the extent they are not put in place for valid commercial reasons which reflect economic reality.

EU Directive on Administrative Cooperation 6 ("DAC 6")

On May 25, 2018, the Economic and Financial Affairs Council (ECOFIN) formally adopted the Council Directive amending Directive 2011/16/EU on administrative cooperation in the field of taxation as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements in order to disclose potentially aggressive tax planning arrangements.

The Directive applies to cross-border arrangements concerning either more than one Member State or a Member State and a third country and sets a two-step disclosure obligation for such arrangements. First by disclosure of the arrangement to the national authorities by those obliged to report and second by automatic exchange of reported information between the national tax authorities of the Member States.

In March 2021, the Cyprus Parliament approved the draft bill amending the Law on Administrative Cooperation in the Field of Taxation (Law 205(I)/2012) ("AC19 Law"), implementing DAC6. The DAC6 bill is effective from 1 January 2021 and has a retroactive effect, capturing reportable cross-border arrangements made on or after 25 June 2018.

In October 2021 the Minister of Finance issued a Decree (Decree N. 438/2021) providing guidance to intermediaries and relevant taxpayers on the interpretation and implementation of the key provisions of the AC19 Law in relation to DAC6.

In November 2021 the Cyprus Tax Authorities issued an announcement extending the deadline for submission of information on reportable cross-border arrangements under DAC6 until 31 January 2022. The extension is applicable to all reportable cross-border arrangements between 25 June 2018 and 31 December 2021. Reportable cross-border arrangements as from 1 January 2022 must be reported within 30 days from the day after: (a) the arrangement is made available for implementation to the relevant taxpayer; or (b) the arrangement is ready for implementation by the relevant taxpayer; or (c) the day that the first step of the arrangement has been implemented; or (d) the day that aid has been provided with respect to a reportable arrangement.

The cross-border arrangements are reportable if:

(1) one of the “hallmarks” of the Directive is met, and

(2) avoiding tax is one of the main benefits of the scheme (“main benefit” test).

Some of the “hallmarks” can make a transaction reportable without meeting the main benefit test.

The reporting obligation of the arrangements falls on the service providers and other intermediaries, however, in certain cases the obligation to report applies to the taxpayers taking part in the cross-border arrangements themselves. The penalties for non-compliance with the provisions on DAC6 set by Cyprus in the bill depend on the nature of the violation and are up to EUR 20,000 per transaction/arrangement. In November 2021, the Cyprus Tax Authorities issued the interpretative Circular 55 providing clarifications in relation to the imposition of DAC6 penalties, including an annual cap on penalties of EUR 120,000 per intermediary or taxpayer and a 50% reduction of administrative penalties in certain cases. The Company fully complies with all above DAC6 reporting requirements.

Country by Country reporting

On May 26, 2017 a Decree was issued by the Cyprus Ministry of Finance, which outlines the Country by Country (CbC) reporting requirements for multinational enterprise groups generating consolidated annual turnover exceeding 750 million euros (MNE Group).

As per the Decree, a CbC report filing obligation arises in Cyprus for a Cyprus tax resident entity that is the ultimate parent entity (UPE) of an MNE Group or has been designated by the MNE Group as the sole substitute of the UPE (under the “surrogate parent” mechanism).

MNE Groups need to disclose on their CbC report the following data for each tax jurisdiction in which they operate: (i) the amount of revenue, profit before tax, and corporate taxes paid and accrued; (ii) capital, retained earnings and tangible assets, together with the number of employees; (iii) identification of each entity within the group doing business in a particular tax jurisdiction, with a broad indication of its economic activity.

The format of the CbC report is consistent with the template published by the OECD.

Furthermore, each Cyprus tax resident constituent entity of an MNE Group should notify, on an annual basis, the Cyprus tax authorities if it is the reporting entity of the MNE Group (i.e. the UPE or surrogate parent). In the case where the entity is not the reporting entity, then it should also notify the Cyprus tax authorities of the details and tax residency of the reporting entity of the Group.

We do not consider the company to be subject to CbC reporting requirements. However, taking into the consideration the possibility of further developments in Cyprus as well as international legislation, we may become subject to the above requirements.

Proposed tax reform

On 9 December 2021 the Minister of Finance presented to parliament the proposed Cyprus budgetary plan for 2022 and envisaged fiscal policy plan for the next three-year period, including an outline of the government’s vision with respect to a possible reform of the Cyprus tax system.

The exact reform measures will be finalised in 2022 but the following proposals are under discussion:

- Increase of the corporate tax rate from 12.5% to 15% in line with the OECD Inclusive Framework’s Pillar Two agreement in relation to the setting of a 15% minimum effective global tax rate for ‘large’ corporate groups.
- The abolition or reduction of Special Defence Contribution on actual and/or deemed distributions of dividends.
- The reduction of Special Defence Contribution on interest income
- The abolition or reduction of the annual €350 company levy payable to the Registrar of Companies.
- Introduction of a carbon tax through the gradual increase of taxes on fossil fuels, as well as the imposition of environmental levies to achieve the government's environmental objectives.
- Adjustment of VAT rates based on the recent EU decision, in particular for products or services related to public health and the green and digital transition.

With reference to the above section "Material Cypriot Tax Considerations" we cannot exclude the possibility that we might be subject to additional tax liabilities in case the respective Cyprus tax authorities apply different rulings to the transactions carried out by us or in our respect, which could have a material adverse effect on our business, financial condition and results of operations.

United States Federal Income Tax Considerations

The following discussion is a summary of the U.S. federal income tax considerations to U.S. Holders (as defined below) of the ownership and disposition of our ADSs or ordinary shares. The discussion is not a complete analysis or listing of all of the possible tax considerations and does not address all tax considerations that may be relevant to investors in light of their particular circumstances. Special rules that are not discussed in the general descriptions below may also apply. The description of U.S. federal income tax considerations deals only with U.S. Holders that own our ADSs or ordinary shares as capital assets. In addition, the description of U.S. federal income tax considerations does not address the tax treatment of special classes of U.S. Holders, such as banks and other financial institutions, insurance companies, persons holding our ADSs or shares as part of a "straddle," "hedge," "appreciated financial position," "conversion transaction" or other risk reduction strategy, U.S. expatriates, persons liable for alternative minimum tax, brokers or dealers in securities or currencies, holders whose "functional currency" is not the U.S. dollar, regulated investment companies, real estate investment trusts, partnerships (or any entity treated as a partnership for U.S. federal income tax purposes) and other pass-through entities, traders in securities who have elected the mark-to-market method of accounting for their securities, individual retirement accounts or other tax-deferred accounts, holders who acquired shares pursuant to the exercise of an employee stock option or right or otherwise as compensation, tax-exempt entities, and investors who own directly, indirectly through certain non-U.S. entities, or constructively 10% or more of the voting power or value of our aggregate shares outstanding. The following discussion does not address any tax considerations arising under the laws of any U.S. state or local or foreign jurisdiction, the estate tax, the Medicare tax on certain net investment income, or under any U.S. federal laws other than those pertaining to income tax.

The discussion is based on the laws of the United States, including the Internal Revenue Code of 1986, as amended, or the Code, its legislative history, Treasury regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, all as in effect at the date of this annual report, and any of which may change, possibly with retroactive effect. Further, there can be no assurance that the IRS will not disagree with or will not challenge any of the conclusions reached and described herein. The discussion is also based, in part, on representations by the depositary and assumes that each obligation under the depositary agreement and any related agreement will be performed in accordance with its terms.

In General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation that is created in or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if either (1) a United States court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect to be treated as a U.S. person under applicable Treasury regulations.

If an entity treated as a partnership for U.S. federal income tax purposes holds our ADSs or ordinary shares, the U.S. federal income tax treatment of such partnership and each partner will generally depend on the status and the activities of the partnership and the partner. Partnerships that hold our ADSs or ordinary shares, and partners in such partnerships, should consult their tax advisors regarding the U.S. federal, state and local and non-U.S. tax considerations applicable to them of the ownership and disposition of our ADSs or ordinary shares.

For U.S. federal income tax purposes, U.S. Holders of ADSs generally will be treated as the owners of the ordinary shares represented by the ADSs. Accordingly, except as otherwise noted, the U.S. federal income tax consideration discussed below apply equally to U.S. Holders of ADSs or the underlying ordinary shares.

Holders should consult their tax advisors regarding the particular tax *considerations* to them of the ownership and disposition of our ADSs or ordinary shares under the laws of the United States (federal, state and local) or any other relevant taxation jurisdiction.

Taxation of Distributions

Subject to the discussion under "— Passive Foreign Investment Companies" below, the gross amount of a distribution made by us with respect to the ordinary shares underlying our ADSs, including the full amount of any Cypriot withholding tax thereon, will be a dividend for U.S. federal income tax purposes includible in the gross income of a U.S. Holder to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such dividends will generally not be eligible for the dividends received deduction allowed to U.S. corporations. Because we do not intend to maintain calculations of our earnings and profits on the basis of U.S. federal income tax principles, U.S. Holders should expect that any distribution paid will generally be reported to them as a "dividend" for U.S. federal income tax purposes. Dividends received by individuals and other non-corporate U.S. Holders of our ADSs that are traded on Nasdaq will be eligible for beneficial rates of taxation provided we are not a PFIC (as defined below) during the year in which the dividend is paid or the prior taxable year and certain other requirements, including stock holding period requirements, are satisfied by the recipient. U.S. Holders should consult their tax advisors regarding the application of the relevant rules to their particular circumstances.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's (or in the case of ADSs, the Depository's) receipt of the dividend. The amount of any dividend income paid in a foreign currency will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, U.S. holders should not be required to recognize foreign currency gain or loss in respect of dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the discussion under "— Passive Foreign Investment Companies" below, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon a sale or other disposition of its ADSs or ordinary shares in an amount equal to the difference between the amount realized from such sale or disposition and the U.S. Holder's adjusted tax basis in such ADSs or ordinary shares, in each case, as determined in U.S. dollars. Such capital gain or loss will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders, such as individuals) or loss if, on the date of sale or disposition, such ADSs or ordinary shares were held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations.

If a Russian tax is imposed on the sale or other disposition of our ADSs or ordinary shares, a U.S. Holder's amount realized will include the gross amount of the proceeds before deduction of the Russian tax. See "—Russian Tax Considerations Relevant to the Purchase, Ownership and Disposition of the ADSs" for a description of when a disposition may be subject to taxation by Russia. Because a U.S. Holder's gain from the sale or other disposition of ADSs or ordinary shares will generally be U.S. source gain, a U.S. Holder may be unable to claim a credit against its U.S. federal tax liability for any Russian tax on gains. In lieu of claiming a foreign tax credit, a U.S. Holder may elect to deduct foreign taxes, including the Russian tax, in computing taxable income, subject to generally applicable limitations under U.S. law. U.S. Holders should consult their tax advisors as to whether any Russian tax on gains may be creditable against U.S. federal income tax on foreign source income from other sources.

The surrender of ADSs in exchange for ordinary shares (or vice versa) will not result in the realization of gain or loss for U.S. federal income tax purposes, and U.S. Holders will not recognize any gain or loss upon such a surrender. A U.S. Holder's tax basis in withdrawn shares will be the same as such holder's tax basis in the ADSs surrendered, and the holding period of the shares will include the holder's holding period for the ADSs.

Passive Foreign Investment Companies

In general, a publicly traded non-U.S. corporation will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, if either (i) 75% or more of its gross income consists of certain types of "passive" income or (ii) 50% or more of the fair market value of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For this purpose, cash is generally categorized as a passive asset and our unbooked intangibles will be taken into account and generally treated as non-passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the shares.

As a publicly traded foreign corporation, for this purpose, we generally treat the aggregate fair market value of our gross assets as being equal to the aggregate value of our outstanding stock ("market capitalization") plus the total amount of our liabilities and to treat the excess of the fair market value of our assets over their book value as a nonpassive asset to the extent attributable to our nonpassive income. In prior years, we have relied on the presence of goodwill to avoid being classified as a PFIC; however, a decline in the price of our ADSs during 2021 has resulted in such goodwill declining significantly. We currently hold a substantial amount of cash and cash equivalents and other passive assets used in our business and the value of our gross assets is likely to be determined in large part by reference to our market capitalization securities. We maintain such substantial amounts of cash and cash equivalents in order to comply with certain Russian banking regulations. Our cash and cash equivalents are not maintained in such a manner that they can be treated as active assets for purposes of the PFIC tests. As such, it is likely that we were classified as a PFIC for the taxable year ended December 31, 2021. Nevertheless, we believe that we are an active business and do not intend to take the position that we were a PFIC in 2021, though there is no certainty in this regard.

Our status as a PFIC in any year depends on our assets and activities in that year. Because PFIC status is factual in nature, is determined annually and generally cannot be determined until the close of the taxable year, there can be no assurance that we will not be considered a PFIC for any taxable year. Due to recent fluctuations in the market price of our ADSs we may be a PFIC for our current taxable year. The market price of our ADSs may continue to fluctuate considerably; consequently, we cannot assure you of our PFIC status for any taxable year. We could also be a PFIC, for example, based on changes to our business and assets and the potential application of technical regulations in the PFIC rules regarding certain banking activities. Furthermore, it is possible that the IRS may disagree with the classification of our assets as passive or active, or challenge our valuation of our goodwill and other unbooked intangibles, which may result in our company being classified as a PFIC.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs, the U.S. Holder will generally be subject to an increased amount of taxes and an interest charge, characterization of any gain from the sale or exchange of our ADSs as ordinary income, and other disadvantageous tax treatment with respect to our ADSs unless the U.S. Holder may make a mark-to-market election (as described below). Further, if we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs and any of our non-U.S. subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC (each such subsidiary, a lower tier PFIC) for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. holder of "marketable stock" in a PFIC may make a mark-to-market election. A mark-to-market election may be made with respect to our ADSs, provided they are actively traded on a "qualified exchange," other than in de minimis quantities, on at least 15 days during each calendar quarter, but may not be made with respect to our ordinary shares as they are not marketable stock. We anticipate that our ADSs should qualify as being actively traded, but no assurances may be given in this regard. If a U.S. Holder of our ADSs makes this election, the U.S. Holder will generally (i) include as income for each taxable year the excess, if any, of the fair market value of our ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as a loss the excess, if any, of the adjusted tax basis of our ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in our ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. In addition, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. In the case of a U.S. Holder who has held our ADSs during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs (or any portion thereof) and has not previously made a mark-to-market election, and who is considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs. Because a mark-to-market election technically cannot be made for any lower tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide the information necessary for U.S. Holders of our ADSs to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs during any taxable year that we are a PFIC, such U.S. Holder may be subject to certain reporting obligations with respect to our ADSs, including reporting on IRS Form 8621. Each U.S. Holder should consult its tax advisor concerning the U.S. federal income tax consequences of holding and disposing of our ADSs if we are or become classified as a PFIC, including the possibility of making a mark-to-market election.

Russian Tax Considerations Relevant to the Purchase, Ownership and Disposal of the ADSs

The following is a summary of material Russian tax consequences relevant to the purchase, ownership and disposal of the ADSs. The summary is based on the laws of the Russian Federation in effect on the date of this annual report. All of the foregoing is subject to change (possibly on a retroactive basis) and varying interpretations which may be inconsistent or contradictory.

The summary does not seek to address the applicability of, and procedures in relation to, Russian regional and local taxes. Nor does the summary seek to address the availability of double tax treaty relief, and it should be noted that there may be practical difficulties involved in claiming relief under an applicable double tax treaty. Prospective holders should consult their own tax advisors regarding the tax consequences of investing in the ADSs and no representations with respect to the Russian tax consequences of purchasing, owning or disposal of the ADSs to any particular holder is made hereby.

General

For the purposes of this section, a "resident holder" means a holder of ADSs who is:

An ADSs holder that is a legal entity or an organization which is:

- a Russian legal entity, or organization (including international companies registered in accordance with the Federal Law "On International Companies" No 290-FZ);
- a foreign legal entity or organization, in each case organised under a foreign law, that is recognized as a Russian tax resident based on Russian domestic law (see "Russian anti-offshore measures may have adverse impact on our business, financial condition and results of operations");
- a foreign legal entity or organization in each case organised under a foreign law, 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);
- a foreign legal entity or organization which purchases, holds and/ or disposes ADSs through its permanent establishment in Russia;
- a legal entity or an organization, in each case organized under a foreign law, which has voluntarily recognized itself as a Russian tax resident;
- an individual actually present in Russia for an aggregate period of 183 calendar days (including days of arrival to the Russian Federation and including days of departure from the Russian Federation) or more in any period comprised of 12 consecutive months (days of medical treatment and education outside the Russian Federation are also counted as days spent in the Russian Federation if the individual departed from the Russian Federation for these purposes for less than six months). The interpretation of this definition by the Russian Ministry of Finance states that, for tax withholding purposes, an individual's tax residence status should be determined on the date of the actual income payment (based on the number of days in Russia in the 12-month period preceding the date of the payment). Given that the tax residency status of an individual may change, an individual's final tax liability in the Russian Federation for any reporting calendar year should be determined based on the number of days spent in Russia in such calendar year, and may require a reassessment.

For the purposes of this section, a "non-resident holder" is a holder of ADSs who does not fall under the definition of a resident holder.

ADSs holders should consult their own tax advisors on their tax status in Russia.

Non-resident holders

Taxation of Dividends and Other Distributions

Generally, a non-resident holder of ADSs should not be subject to any Russian taxes in respect of distributions made by us with respect to class B shares underlying the ADSs.

However, in case we are recognized by the Russian tax authorities as a Russian tax resident (see "*Risk Factors— Our companies established outside of Russia may be exposed to taxation in Russia*") Russian tax implications could arise as described below. Whilst 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.

Payments of dividends on shares of foreign legal entity recognised as Russian tax resident to foreign legal entities or organisations are generally subject to Russian withholding tax at a rate of 15% and are likely to be treated as Russian source taxed at 15% if made to non-resident individuals. Such Russian withholding tax may be subject to reduction pursuant to the terms of any applicable double taxation treaty between the Russia and the country of tax residence of the income recipient to the extent such income recipient is entitled to benefit from a double taxation treaty and the corresponding taxation treaty reliefs provided by such treaty.

Due to the specifics of ADS structure, it may be unclear from the standpoint of Russian tax legislation who should act as a tax agent with respect to dividend income payable on the ADSs in case of recognition of the issuer of the underlying shares as Russian tax resident. As a conservative position, once becoming a Russian tax resident we would be required to act as a tax agent. In this case holders of the ADSs would be required to provide a tax agent with the relevant information in order to apply the reduced tax rates pursuant to double taxation treaties, however, we may reserve the right to withhold the tax at the general rate of 15% and pay the dividends net of this amount pursuant to the provisions of the Russian Tax Code.

A recipient of dividend income who is entitled to reduced tax rates on dividends from the ADSs according an applicable double taxation treaty may apply for a refund in accordance with the general tax refund procedure envisaged by the Russian Tax Code. However, there can be no assurance that double taxation treaty relief (or refund of any taxes withheld) will be available for such Non-Resident Holders.

Taxation of capital gains

Legal entities or organizations

A non-resident holder that is a legal entity or organization generally should not be subject to any Russian taxes in respect of any gain or other income realized on the sale, exchange or other disposal of the ADSs unless more than 50% of our assets directly or indirectly consist of immovable property situated in Russia. Otherwise, it is possible that any proceeds from sale, exchange or other disposal of ADSs may be regarded as Russian source income received by non-resident holders that are legal entities or organizations, subject to Russian income tax at a rate of 20%. The above tax may be reduced or eliminated under an applicable double tax treaty, provided that the recipient of the income is its beneficial owner, such income is not attributable to a permanent establishment in Russia, the necessary requirements to qualify for the treaty relief and the appropriate administrative requirements under the Russian tax legislation have been met.

Capital gains that are received by a non-resident legal entity or an organisation from sale or other disposal of shares that are recognised as quoted securities under the requirements of the Russian Tax Code generally should not be subject to profits tax in Russia. However, there is an uncertainty whether the above exemption may be applied to depository receipts which are representing shares of a company which assets more than for 50% consist of immovable property situated in Russia.

Non-resident holders that are legal entities or organizations should consult their own tax advisors with respect to the tax consequences of the sale, exchange or other disposal of the ADSs.

Individuals

A non-resident holder who is an individual should not generally be subject to Russian taxes in respect of any gains realized on the sale, exchange or other disposal of ADSs, provided that the proceeds of such sale, exchange or disposal are not received from a source within Russia.

However, in the event that the proceeds from a sale, exchange or other disposal of ADSs are deemed to be received from a source within Russia, a non-resident holder that is an individual may be subject to Russian tax in respect of such proceeds at a rate of 30% of the gain (such gain being computed as the sales price less any available documented cost deduction, including the acquisition price of the ADSs and other documented expenses, such as depositary expenses and brokers' fees), subject to any available double tax treaty relief, provided that the necessary requirements to qualify for the treaty relief and the appropriate administrative requirements under the Russian tax legislation have been met. For example, holders of ADSs that are eligible for the benefits of the United States-Russia double tax treaty should generally not be subject to tax in Russia on any gain arising from the disposal of ADSs, provided that the gain is not attributable to disposal of shares in a Russian "property-rich companies" (company with not less than 50% of its assets consisting of immovable property situated in Russia, as defined in the treaty).

According to Russian tax legislation, income received from a sale, exchange or other disposal of the ADSs should be treated as having been received from a Russian source if such sale, exchange or other disposal occurs in Russia. Russian tax law gives no clear indication as to how to identify the source of income received from a sale, exchange or other disposal of securities except that income received from the sale of securities "in Russia" will be treated as having been received from a Russian source. In the absence of any guidance as to what should be considered as sale, exchange or other disposal of securities "in Russia", the Russian tax authorities may apply various criteria in order to determine the source of the sale or other disposal, including looking at the place of conclusion of the transaction, the location of the issuer, tax residency of the issuer, location of custodian or other similar criteria. There is no assurance, therefore, that the proceeds received by non-resident holders – individuals from a sale, exchange or other disposal of the ADSs will not become subject to tax in Russia.

The tax may be withheld at the source of payment if the individual acts via a professional intermediary that is registered for the tax purposes in Russia (such as asset manager, licensed broker or other intermediary that carries out operations under a brokerage service agreement, agency agreement, asset management agreement, commission agreement or commercial mandate agreement), otherwise the non-resident holder – individual shall be liable to file a tax return and pay the tax due to the Russian budget. In absence of the licensed broker or an asset manager mentioned above, Russian tax agent responsibilities should also be fulfilled by Russian legal entities or organisations acquiring the ADSs from the non-resident holders – individuals under sale or barter agreement.

Additionally, acquisition of the ADSs by a non-resident holder who is an individual may constitute a taxable event pursuant to provisions of the Russian Tax Code relating to the material benefit (deemed income) received by individuals as a result of acquisition of securities if this income is viewed as income from sources within Russia. If the acquisition price of the ADSs is below the lower margin of fair market value calculated under a specific procedure for the determination of market prices of securities for tax purposes, the difference may be subject to the Russian personal income tax at a rate of 30% (arguably, this would be subject to reduction or elimination under the applicable double tax treaty).

As noted above with respect to the disposal of the ADSs under Russian tax legislation, taxation of the income of non-resident holders who are individuals will depend on whether this income would be assessed as received from Russian or non-Russian sources. Although Russian tax legislation does not contain any provisions on how the related material benefit should be sourced, the tax authorities may infer that such income should be considered as Russian source income if the ADSs are purchased "in Russia". In the absence of any additional guidance as to what should be considered as a purchase of securities "in Russia", the Russian tax authorities may apply various criteria in order to determine the source of the related material benefit, including looking at the place of conclusion of the acquisition transaction, the location of the issuer or other similar criteria. There is no assurance, therefore, that proceeds received by non-resident holders – individuals from a sale, exchange, redemption or other disposal of the ADSs will not become subject to tax in Russia.

Non-resident holders who are individuals should consult their own tax advisors with respect to the tax consequences arising from acquisition, sale, exchange or other disposal of the ADSs and the receipt of the proceeds from source within Russia in their respect.

Double Tax Treaty Procedures

Where a non-resident holder of ADSs receives income from a Russian source, the Russian tax (if applicable under Russian domestic tax law) may be reduced or eliminated in accordance with the provisions of a double tax treaty. Advance treaty relief should be available for those eligible, subject to the requirements of the laws of Russia. In order for a non-resident holder to benefit from the applicable double tax treaty, documentary evidence is required to confirm the applicability of the double tax treaty for which benefits are claimed.

Currently, a non-resident holder which is a legal entity or an organization is required to provide a tax residence confirmation issued by the competent tax authority of the relevant treaty country (duly apostilled or legalized, translated into Russian and notarized). The tax residency confirmation needs to be renewed on an annual basis, and provided before the first payment of income in each calendar year. For a non-resident holder that is a legal entity or organization this should be a tax residency certificate for the relevant year.

In order to benefit from the applicable double tax treaty, the person claiming such benefits must be the beneficial owner of the relevant income. In addition to a certificate of tax residency, the tax agent is obliged to obtain a confirmation from the non-resident holder which is a legal entity or organization that it is the beneficial owner of the relevant income. As of the date of this annual report, the form of such confirmation as well as the list of documents confirming beneficial ownership is not set by the Russian Tax Code. Current clarifications of the Russian Ministry of Finance and Federal Tax Service guidance generally describe the information that is necessary to confirm the beneficial ownership of income, yet they do not set the precise form for the above confirmation.

A non-resident holder who is an individual willing to obtain the advance double tax treaty relief at source should confirm to a tax agent that he or she is tax resident in a relevant foreign jurisdiction having a double tax treaty with Russia by providing the tax agent with (i) a passport of a foreign resident, or (ii) another document envisaged by an applicable federal law or 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.

Non-resident holders should consult their own tax advisors regarding possible tax treaty relief and procedures for obtaining such relief with respect to any Russian taxes imposed on any payments received with respect to the ADSs.

Refund of Tax Withheld

If Russian withholding tax on income derived from Russian sources by a non-resident holder has been withheld at the source of payment and such non-resident holder is entitled to benefits of an applicable double tax treaty allowing such non-resident holder not to pay the tax in Russia or pay the tax at a reduced rate in relation to such income, an application for the refund of the tax withheld may be made within three years from the end of the tax period in which the tax was withheld.

In order to obtain a refund, the non-resident holder that is a legal entity or an individual is required to file with the Russian tax authorities along with the tax refund claim certain pack of documents. The list of such documents is stipulated by the Russian Tax Code in respect of legal entities.

The Russian tax authorities may, in practice, require a wide variety of documentation confirming the right to benefits under a double tax treaty. Such documentation, in practice, may not be explicitly required by the Russian Tax Code. Obtaining a refund of Russian tax withheld may be a time-consuming process and can involve considerable practicable difficulties, depending to a large extent on the position of the local tax inspectorates. No assurance can be given that a refund of Russian tax withheld will be granted in practice.

Non-resident holders should consult their own tax advisors should they need to obtain a refund of Russian taxes withheld on any payments received with respect to the ADSs.

Resident holders

A resident holder will generally be subject to all applicable Russian taxes in respect of the purchase of the ADSs and income received on the ADSs, including any distributions on ADSs, gains from their sale, exchange or other disposal.

Resident holders should consult their own tax advisors with respect to their tax position regarding the ADSs.

F. Dividend and Paying Agents.

Not applicable.

G. Statements 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.

ITEM 11. Quantitative and Qualitative Disclosures About Market Risk

The main risks that could adversely affect our financial assets, liabilities or future cash flows are foreign exchange risk, liquidity and credit risk. Our management reviews and approves policies for managing each of the risks which are summarized below.

Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect items in the Group's statement of comprehensive income, statement of financial position and/or cash flows. Foreign currency denominated assets and liabilities give rise to foreign exchange exposure.

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in U.S. dollar exchange rates against Russian ruble, with all other variables held constant. The impact on profit before tax is due to changes in the carrying amount of monetary assets and liabilities denominated in U.S. dollar when these currencies are not functional currencies of the respective Group subsidiary. Our exposure to foreign currency changes for all other currencies is not material.

	change in US Dollar		Effect on profit before tax Gain/(loss)
			(in RUB millions)
2021	+10	%	122
	-10	%	(122)
2020	+10	%	192
	-10	%	(192)

Liquidity risk and capital management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We seek to maintain a stable funding base primarily consisting of agent's deposits, current accounts and due to banks, retail deposits from customers and debt. The deposits received from our consumers and agents are also primarily due on demand, but are usually offset against future payments processed through agents. We expect that agent's deposits will continue to be offset against future payments and not be called by the agents. Customer accounts and amounts due to banks, trade and other payables are due on demand. We have sufficient cash balances and keep them in diversified portfolios of liquid instruments such as government bonds, correspondent account with CBR and overnight placements in high-rated commercial banks, in order to be able to respond timely and steady to unforeseen liquidity requirements.

Since 2014, the Russian economy has been going through a period of macroeconomic slowdown and liquidity shortage in a number of markets (including those in which we operate), caused among other things by falling oil prices, ruble devaluation and the economic sanctions regime. Banks and other entities in Russia decreased credit limits in their everyday operations and we have noted that our merchants and partners also started and in certain cases continued to request from us larger collaterals to hedge their risks. In 2020, the ruble depreciated substantially and abruptly against the U.S. dollar and the euro due to a steep decline in oil prices. In 2021 the ruble partially regained its positions driven by increased prices on commodities but remained volatile due to geopolitical risks. Another major decline occurred in early 2022 in the wake of the military conflict in Ukraine and resuting sanctions. By March 4, 2022, the official Central Bank-issued ruble exchange rate dropped to 111.76 per dollar, compared to 75.76 per dollar on February 21, immediately prior to the escalation, representing a 48% drop over the course of less than two weeks, although the ruble regained much of the ground it lost by late March due to extreme protective measures adopted by the Russian government and the Central Bank, including a mandatory exchange of the majority of currency proceeds by exporters, prohibitively high commissions on foreign currency exchange by individuals, and other protective measures. The full scope of the negative impact that COVID-19, geopolitics and exchange rate volatility have on the Russian economy and available liquidity remains unclear but has the potential to be very significant. We were able to manage these conditions and requirements to date, though the liquidity shortage in the market, if exacerbated may have negative effects on our operations, which cannot be now reliably estimated.

According to CBR requirements, bank's capital calculated based on CBR instructions should be not less than certain portion of its risk-adjusted assets. As of December 31, 2021, Qiwi Bank JSC's capital ratio N1.0 is above the minimal level required of 8%. We monitor the fulfillment of requirements on a daily basis and send the reports to CBR on a monthly basis. During the years ended December 31, 2021 and 2020 Qiwi Bank JSC met the capital adequacy requirements.

We manage our capital structure and adjust it, in light of changes in economic conditions. Our capital includes share capital, share premium, additional paid-in capital, other reserves and translation reserve. To maintain or adjust the capital structure, we may make dividend payments to shareholders or issue new shares. Currently, we require capital to finance our growth. Notwithstanding that we generate significant cash from our operations, in 2020 we issued RUB 5 billion bonds primarily to fund the growth of the factoring portfolio of the ROWI project. The table below summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments.

	Total	Due: On demand	Within a year	More than a year
		(in RUB millions)		
Debt	4,772	—	86	4,686
Lease liabilities	710	—	324	386
Trade and other payables	23,365	23,365	—	—
Customer accounts and amounts due to banks	7,635	6,801	834	—
Total as of December 31, 2021	**36,482**	**30,166**	**1,244**	**5,072**

	Total	Due: On demand	Within a year	More than a year
		(in RUB millions)		
Debt	6,640	1,549	91	5,000
Lease liabilities	1,116	—	354	762
Trade and other payables	29,528	29,528	—	—
Customer accounts and amounts due to banks	12,337	11,181	1,120	36
Total as of December 31, 2020	**49,621**	**42,258**	**1,565**	**5,798**

Credit risk

Our financial assets, which potentially subject us and our subsidiaries, joint ventures and associates to credit risk, consist principally of trade receivables, loans issued, cash and short-term investments. We sell services on a prepayment basis or ensure that our receivables are from customers with an appropriate credit history – large merchants and agents with sufficient and appropriate credit history. Our receivables from merchants and others, except for agents, are generally non-interest-bearing and do not require collateral. Receivables from agents are interest-bearing and unsecured. We hold cash primarily with reputable Russian and international banks, including the Central Bank of Russia, which management considers having minimal risk of default, although credit ratings of Russian and Kazakh banks are generally lower than those banks in more developed markets. Short-term investments include fixed-rate debt instruments issued by the Russian Government.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The carrying amount of accounts receivable, net of allowance for impairment of receivables, represents the maximum amount exposed to the credit risk for this type of receivables.

Set out below is the information about the credit risk exposure on our trade and other receivables (except for advances issued) using a provision matrix:

December 31, 2021	**Days past due**				
	Current and <30 days	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	0.06 %	19 %	94 %	95 %	
Exposure at default	11,241	79	34	477	**11,831**
Expected credit loss	(7)	(15)	(32)	(455)	**(509)**

December 31, 2020	**Days past due**				
	Current and <30 days	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	0.13 %	1 %	69 %	92 %	
Exposure at default	6,092	1,035	230	118	**7,475**
Expected credit loss	(8)	(7)	(159)	(109)	**(283)**

We evaluate the concentration of risk with respect to trade and other receivables as low, as our customers are located in several jurisdictions and industries and operate in largely independent markets. Our Top 5 counterparties are large and reputable companies. The table below demonstrates the largest counterparties' balances as a percentage of respective totals:

	Trade and other receivables		
Concentration of credit risks by main counterparties, % from total amount	**As of December 31, 2019**	**As of December 31, 2020**	**As of December 31, 2021**
Top 5 counterparties	43 %	54 %	64 %
Others	57 %	46 %	36 %

The amount of loans issued to legal entities which primarily related to ROWI project as of December 31, 2021 was RUB 11,537 million compared to RUB 6,013 million as of December 31, 2020 the corresponding amount of provisions for loan impairment was RUB 92 million as compared with RUB 37 million to the same period in the prior year (*see "– Item 5. A. Operating results" for more details on the dynamics*). A loan is considered overdue when the borrower fails to make any payment due under the loan at the reporting date and an overdue amount is recognized as the aggregate amount of all amounts due from the borrower under the respective loan agreement including accrued interest and commissions if any. For the purposes of our internal credit risk assessment, we consider all loans with a principal and/or interest payment that is more than 90 days overdue as "non-performing".

As of December 31, 2021, we had credit exposure in connection with financial and performance guarantees we provide mostly to non-related parties as part of our ROWI business and certain of our merchants (predominantly in betting space) in the amount of RUB 46,631 million up from RUB 22,036 as of December 31, 2020.

As part of the credit risk assessment of the factoring transactions, we evaluate the credit risk of an individual client as well as of the debtor. We believe that debtor risk assessment is an important source of additional security and credit quality guarantee. Procedures and responsibilities for assessing and managing credits risks of clients and debtors are clearly stipulated in the internal risk policy. To assess clients' accounts receivables as a form of collateral, we analyze each debtor individually and collectively at the portfolio level (risk concentration, turnover ratios and other parameters). We also make allowances for the dual structure of collateral for the assets placed under factoring operations. According to such structure, the debtor whose receivables are assigned to us must fulfill its obligations and in case the debtor fails to fulfill its contractual liabilities, the liabilities are transferred to the client under recourse. Compared with traditional lending, therefore, the assets are better collateralized and the credit risk is lower.

The management established a credit committee that develops and approves general principles for lending and takes special measures to mitigate credit risk such as reduction of the credit limits for unreliable clients, diversification of methods of work with overdue borrowers and more advanced scoring models for the new borrowers.

Market risk

We are exposed to market risk through our holding of a trading portfolio of bonds. Our market risk management is aimed at keeping the level of market risk assumed by the Group in line with the Group's strategy. The Group manages its market risk on both portfolio and individual basis. The most commonly used tools are VAR (value at risk) and stop-loss limits, which are set in accordance with the Group's risk appetite and pursuant to the Group's portfolio investment guidelines.

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.

Fees and Expenses

Persons depositing or withdrawing class B shares or ADS holders must pay:	**For:**
U.S.$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of class B shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
U.S.$0.05 (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 class B shares and the class B shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
U.S.$0.05 (or less) per ADSs per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of class B shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw class B shares
Expenses of the depositary	• Cable, telex 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 have to pay on any ADS or share underlying an ADS, for example, 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 class B 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 generally refuse to provide fee-based services until its fees for these services are paid.

From time to time, the depositary may make payments to us to reimburse and/or class B share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions. The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time.

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 such 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.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

None.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

ITEM 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The company's management, with the participation of the company's chief executive officer and chief financial officer, evaluated the effectiveness of the company's disclosure controls and procedures as of December 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the company's disclosure controls and procedures as of December 31, 2021, the company's chief executive officer and chief financial officer concluded that, as of such date, the company's disclosure controls and procedures were effective to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This rule defines internal control over financial reporting as a process designed by, or under the supervision of, a company's chief executive officer and chief financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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.

Management assessed the design and operating effectiveness of our internal control over financial reporting as of December 31, 2021. This assessment was performed under the direction and supervision of our chief executive officer and chief financial officer, and used the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that as of December 31, 2021, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by TSATR – Audit Services LLC (previously known as Ernst & Young LLC), our independent registered public accounting firm. Their report may be found below:

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of QIWI plc

Opinion on Internal Control Over Financial Reporting

We have audited QIWI plc's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, QIWI plc (the Group) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Group as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated April 29, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group'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 Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our 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 included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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/ TSATR – Audit Services LLC

Moscow, Russia

April 29, 2022

ITEM 16. [RESERVED]

ITEM 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Marcus Rhodes is 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 Mr. Rhodes satisfies the "independence" requirements set forth in Rule 10A-3 under the Exchange Act.

ITEM 16B. Code of Ethics

We have adopted a Code of Ethics and Business Conduct that applies to all of our directors, officers and employees. The Code of Ethics and Business Conduct is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters. A copy of the Code of Ethics and Business Conduct is available on our website: https://investor.qiwi.com/governance/documents/.

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 Ernst & Young, our principal external auditors, for the periods indicated.

	For the year ended December 31,	
	2020	2021
	(in RUB millions)	
Audit Fees	50	47
Audit-Related Fees	23	1
Tax Fees	4	5
All Other Fees	2	1
Total	**79**	**54**

Audit Fees

Audit fees for 2020 and 2021 are the aggregate fees billed for the audit of our consolidated financial statements and other audit or interim review services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees for 2020 comprise securities transaction expenses including related to the filing of the Form F-3 and the prospectus supplement. Audit-related fees for 2021 are related to financials translation and GAAP subscription.

Tax Fees

Tax fees in 2020 and 2021 were related to tax compliance and tax planning services.

All Other Fees

All other fees in 2020 and 2021 relate to services in connection with corporate compliance matters, staff training and development costs.

Pre-Approval Policies and Procedures

All audit and non-audit services provided by our independent auditors must be pre-approved by our audit committee.

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

In 2021, management and the audit committee of the board of directors (the "Audit Committee") of QIWI PLC ("QIWI" or the "Company") have completed a competitive process to review the appointment of the Company's independent registered public accounting firm for the year ending December 31, 2022. After careful consideration and evaluation process, on November 19, 2021, our Board of Directors and Audit Committee announced a recommendation to approve the dismissal of TSATR – Audit Services LLC (previously known as Ernst & Young LLC) as independent registered public accounting firm of the Company and appoint JSC "KPMG" ("KPMG") as external auditor for the financial year ending December 31, 2022. The appointment of KPMG as our new certifying accountant and successor auditor will become effective subject to approval by the Company's annual general meeting of shareholders. TSATR – Audit Services LLC continued to serve as our independent registered public accounting firm until the filing of this annual report on Form 20-F.

During the two most recent fiscal years of the Company and any subsequent interim period preceding the dismissal of TSATR – Audit Services LLC: (i) TSATR – Audit Services LLC has not issued any reports on the financial statements of the Company or on the effectiveness of internal control over financial reporting that contained an adverse opinion or a disclaimer of opinion, nor were the reports of TSATR – Audit Services LLC qualified or modified as to uncertainty, audit scope, or accounting principles; (ii) there has not been any disagreement over any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to TSATR – Audit Services LLC's satisfaction, would have caused it to make reference to the subject matter of the disagreements in their report, or any "reportable event" as described in Item 16F(a)(1)(v) of Form 20-F.

During the two most recent fiscal years of the Company and any subsequent interim periods, neither we nor anyone on our behalf consulted with KPMG, the successor accountant, regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements, or (ii) any matter that was either the subject of a disagreement with TSATR – Audit Services LLC or a reportable event pursuant to Item 304(a).

The Company has provided TSATR – Audit Services LLC with a copy of the foregoing disclosure and has requested that they furnish the Company with a letter addressed to the SEC stating whether they agree with such disclosure. A copy of TSATR – Audit Services LLC's letter, dated April 29, 2022, is filed herewith as Exhibit 15.2.

ITEM 16G. Corporate Governance

Our corporate affairs are governed by our memorandum and articles of association and the provisions of applicable Cyprus law, including the Companies Law and common law. The Companies Law differs from laws applicable to U.S. corporations and their shareholders.

Exemptions From Nasdaq Corporate Governance Requirements

The Nasdaq Marketplace Rules, or the Nasdaq Rules, provide that foreign private issuers may follow home country practice in lieu of the corporate governance requirements of the Nasdaq Stock Market LLC, subject to certain exceptions and requirements and except to the extent that such exemptions would be contrary to U.S. federal securities laws and regulations. The significant differences between our corporate governance practices and those followed by U.S. companies under the Nasdaq Listing Rules are summarized as follows:

- We follow home country practice that permits our board of directors to consist of less than a majority of independent directors, in lieu of complying with Rule 5605(b)(1) of the Nasdaq Rules that requires that the board of directors consist of a majority of independent directors. Currently, two members of our board of directors out of the total six members are independent with the meaning of the Nasdaq Listing Rules.

- We follow home country practice that permits our board of directors not to implement a nominations committee or for directors to be nominated by a majority of our independent directors, in lieu of complying with Rule 5605(e) of the Nasdaq Rules that requires the implementation of a nominations committee or the nomination of directors by a majority of the independent directors. Subject to the rights of shareholders under Cyprus law to nominate directors to our board, the methodology by which directors are nominated to our board is as set forth in “Board of Directors Appointment of Directors.”

- We follow home country practice that permits us not to hold regular executive sessions where only independent directors are present, in lieu of complying with Rule 5605(b)(2) of the Nasdaq Rules that requires that regular executive sessions are held where only independent directors are present. We do not hold regular executive sessions.

- We follow home country practice that permits our compensation committee to not consist entirely of independent directors, in lieu of complying with Rule 5605(d) (2) of the Nasdaq Rules that requires that the board of directors have a compensation committee consisting of entirely independent directors. In addition, although our compensation committee charter provides that the compensation committee may, in its sole discretion, retain a compensation consultant, our compensation committee charter does not include all enumerated matters concerning retention of compensation consultants as set forth in Rule 5605(d)(3) of the Nasdaq Rules.

- We follow home country practice that permits the board of directors, without shareholder approval, to establish or materially amend any equity compensation arrangements, in lieu of complying with Rule 5635(b) 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 permit us, with approval of our board of directors and without shareholder approval, 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, Cypriot law would not permit us to enter into any reorganization, merger or consolidation without shareholder approval.

    - 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).

Please see also "—Rights Attaching to Shares—Issue of Shares and Pre-emptive Rights" for restrictions on the issuance of shares.

As discussed under Item 6C of this annual report on Form 20-F, the Company is temporarily non-compliant with Rule 5605(c)(2) of the Nasdaq Rules, which requires a company to have an audit committee comprised of at least three independent directors, and expects to regain compliance within the cure period provided by Nasdaq.

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 responded to Item 18 in lieu of responding to this item.

ITEM 18. Financial Statements

Please refer to the financial statements beginning on page F-1.

ITEM 19. Exhibits

Index to Exhibits

Exhibit Number	Description of Document
1.1	Articles of Association of QIWI plc
2.1	Form of Registrant's American Depositary Receipt (included in Exhibit 2.3)
2.2	Specimen Certificate for Class B Shares of the Registrant (incorporated by reference to Exhibit 4.2 to QIWI plc's Registration Statement on Form F-1/A, File No. 333-187579, filed on April 19, 2013)
2.3	Form of Deposit Agreement among the Registrant, the Depositary and Owners and Beneficial Owners of the American Depositary Shares issued thereunder (incorporated by reference to Exhibit 4.3 to QIWI plc's Registration Statement on Form F-1/A, File No. 333-187579, filed on April 19, 2013)
2.4	Description of Securities
4.1	Form of Amended and Restated Registration Rights Agreement among Saldivar Investments Limited, Sergey A. Solonin, Palmway Holdings Limited, Antana International Corporation, Andrey N. Romanenko, Dargle International Limited, Igor N. Mikhailov, Bralvo Limited, E1 Limited, Mail.ru Group Limited and Mitsui & Co., Ltd., and QIWI plc. (incorporated by reference to Exhibit 4.5 to QIWI plc's Registration Statement on Form F-1, File No. 333-191221, filed on September 30, 2013)
4.2	Form of Amended and Restated Registration Rights Agreement among QIWI plc and Public Joint-Stock Company «Bank Otkritie Financial Corporation» and (incorporated by reference to Exhibit 4. to QIWI plc's Registration Statement on Form F-3, File No. 333-235239, filed on November 25, 2019)

4.3	The agreement for the transfer of the ownership of the shares related to the project “Tochka”
8.1	Subsidiaries of the Registrant
12.1	Certification of Andrey Protopopov, Chief Executive Officer of QIWI plc, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Alexey Mashchenkov, Chief Financial Officer of QIWI plc, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of TSATR – Audit Services LLC
15.2	Letter dated April 29, 2022 from TSATR – Audit Services LLC
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104.COV	Cover Page Interactive Data File

QIWI plc

Consolidated financial statements

for the year ended December 31, 2021

Content

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of QIWI plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of QIWI plc (the Group) as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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 Group's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 29, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's 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 Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Recognition of revenue for payment processing fees

Description of the Matter

As disclosed in Note 3.14 to the consolidated financial statements, the Group earns fees for processing payments initiated by individuals ("consumers") to pay to goods and service providers ("merchants") or transfer money to other individuals. In 2021, payment processing fees accounted for 33,397 million Russian rubles. Payment processing fees are earned from consumers or merchants, or both, and are composed of a significant volume of low-value transactions, captured and processed on multiple systems, databases, and other tools. The processing of payments and the related recognition of payment processing fees are highly automated, and the processing fees are based on contractual terms with customers.

Auditing revenue for payment processing fees was especially challenging due to the multiple customized and proprietary IT systems utilized in the processing of payments and the related determination of the payment processing fee. There was complexity in obtaining an understanding of the structure of the systems and processes, used to capture the large volumes of transaction data, and the manual and automated interfaces to transfer and reconcile data between the processing systems, which capture and record payments from consumers and merchants and compute the related fee, to accounting systems, which accumulate and record the processing fees.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Group's process to record revenue for payment processing fees. We involved IT professionals to help obtain an understanding and evaluate the design and operating effectiveness of the IT environment in which the processing and accounting systems reside. We also tested management's controls around the reconciliations of payment volume and processing fees with the merchants.

Our audit procedures over payment processing fees included, among others, reconciliation of data between the Group's processing systems and the accounting ledger. We tested manual adjustments in both the processing and accounting systems and inspected relevant supporting documents and calculations. On a sample basis we tested the end-to-end reconciliation of payment volumes and commissions from the processing systems to the accounting ledger and to the cash outlays to the merchants. We also performed analytical procedures by recalculating the processing fees using the average historic commission rates and comparing it to the processing system.

Sale of JSC Tochka (associate)

Description of the Matter

As disclosed in Note 6 to the consolidated financial statements, during the third quarter 2021, the Group completed the sale of its 40% stake (45% economic interest) in the capital of JSC Tochka to PJSC Bank "FC Otkritie" ("the Buyer"), also, a non-controlling shareholder of the Group. As disclosed in Note 4 to the consolidated financial statements, the Group determined that the Buyer did not exercise significant influence over the Group, and was therefore not considered to be a related party to the Group. Prior to the sale, JSC Tochka was accounted for as the Group's associate. The Group recognised a gain on disposal of the associate amounting to 8,177 million Russian rubles. Consideration for the sale of interest in JSC Tochka included an amount contingent on JSC Tochka's earnings for the year 2021 ("the Contingent Amount") of 4,647 million Russian rubles. At December 31, 2021, the Contingent Amount was 4,757 million Russian rubles.

Auditing the disposal transaction was complex given the judgement around the recoverability of the Contingent Amount, in light of the uncertainty over the receipt of the amount as further disclosed in Note 31. Auditing the disclosure of the transaction was especially challenging due to significant judgement involved in determining whether the Buyer is a related party to the Group, including evaluating whether the Buyer has been exercising significant influence over the Group as defined in IAS 28 - Investments in Associates and Joint Ventures.

How We Addressed the Matter in Our Audit

We evaluated whether all recognition criteria for the Contingent Amount were met in the current period, against the requirements of IFRS 9 – Financial Instruments. Our procedures also included the assessment of the recoverability of the Contingent Amount with reference to the credit rating of the Buyer as of December 31, 2021 along with the likelihood of the payment to be received based on conditions that existed as of the end of the reporting period as well as the events occurring up to the date of the release of the financial statements, as disclosed in Note 31.

We assessed the Group's related party conclusion around the Buyer by analyzing terms and conditions of the existing arrangements and transactions with the Buyer. We also examined the Group's analysis to determine whether the Buyer is a related party to the Group against the requirements with IAS 28 - Investments in Associates and Joint Ventures and IAS 24 - Related Party Disclosures to establish whether the Buyer has been exercising significant influence over the Group.

We evaluated the adequacy Group's disclosure within Note 4, Note 6, and Note 31.

/s/ TSATR – Audit Services LLC

We have served as the Group's auditor since 2008

Moscow, Russia
April 29, 2022

QIWI plc

Consolidated statement of financial position

As of December 31, 2021

(in millions of Rubles)

	Notes	As of December 31, 2020	As of December 31, 2021
Assets			
Non-current assets			
Property and equipment	9	1,893	1,417
Goodwill and other intangible assets	10, 11	10,813	10,501
Investments in associates	20	1,635	–
Long-term debt securities	30	3,495	1,111
Long-term loans	12, 30	214	267
Other non-current assets		112	812
Deferred tax assets	26	209	237
Total non-current assets		**18,371**	**14,345**
Current assets			
Trade and other receivables	13	7,445	11,576
Short-term loans	12	5,799	11,270
Short-term debt securities	30	2,888	11,976
Prepaid income tax		197	463
Other current assets	15	1,202	1,262
Cash and cash equivalents	14	47,382	33,033
Assets held for sale		31	–
Total current assets		**64,944**	**69,580**
Total assets		**83,315**	**83,925**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	16	1	1
Additional paid-in capital		1,876	1,876
Share premium	16	12,068	12,068
Other reserve		2,575	2,376
Retained earnings		14,602	26,822
Translation reserve		554	542
Total equity attributable to equity holders of the parent		**31,676**	**43,685**
Non-controlling interests		96	155
Total equity		**31,772**	**43,840**
Non-current liabilities			
Long-term debt	17	4,923	4,648
Long-term deferred income		–	717
Long-term lease liabilities	21	762	334
Other non-current liabilities		80	80
Deferred tax liabilities	26	1,161	1,376
Total non-current liabilities		**6,926**	**7,155**
Current liabilities			
Trade and other payables	18	29,528	23,365
Customer accounts and amounts due to banks	19	12,301	7,635
Short-term debt	17	1,640	86
Short-term lease liabilities	21	354	308
VAT and other taxes payable		147	178
Other current liabilities	15	647	1,358
Total current liabilities		**44,617**	**32,930**
Total equity and liabilities		**83,315**	**83,925**

The accompanying notes form an integral part of these consolidated financial statements.

QIWI plc

Consolidated statement of comprehensive income

for the year ended December 31, 2021

(in millions of Rubles, except per share data)

	Notes	Year ended December 31 2019	2020	2021
Continuing operations				
Revenue:		**35,941**	**40,622**	**41,135**
Payment processing fees		30,736	34,326	33,397
Interest revenue calculated using the effective interest rate	22	1,961	2,390	3,453
Fees from inactive accounts and unclaimed payments		1,806	1,952	1,771
Other revenue	22	1,438	1,954	2,514
Operating costs and expenses:		**(23,964)**	**(26,558)**	**(29,130)**
Cost of revenue (exclusive of items shown separately below)	23	(14,075)	(16,494)	(18,022)
Selling, general and administrative expenses	24	(3,442)	(2,733)	(3,228)
Personnel expenses		(5,192)	(6,108)	(6,390)
Depreciation and amortization	9,10	(1,066)	(1,101)	(1,130)
Credit loss (expense)/income	12,13,14	12	(90)	(336)
Impairment of non-current assets	10, 11	(201)	(32)	(24)
Profit from operations		**11,977**	**14,064**	**12,005**
Gain on disposal of an associate	6	–	–	8,177
Share of gain/(loss) of an associate and a joint venture	20	258	663	306
Foreign exchange gain/(loss), net		(172)	(199)	(29)
Interest income and expenses, net		(18)	(68)	92
Other income and expenses, net		(91)	(95)	65
Profit before tax from continuing operations		**11,954**	**14,365**	**20,616**
Income tax expense	26	(2,513)	(3,119)	(3,080)
Net profit from continuing operations		**9,441**	**11,246**	**17,536**
Discontinued operations				
Loss after tax from discontinued operations	6	(4,554)	(2,308)	—
Net profit		**4,887**	**8,938**	**17,536**
Attributable to:				
Equity holders of the parent		4,832	8,842	17,399
Non-controlling interests		55	96	137
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation:				
Exchange differences on translation of foreign operations		(229)	229	(12)
Net loss recycled to profit or loss upon disposal		—	45	—
Debt securities at fair value through other comprehensive income (FVOCI):				
Net gain/(loss) arising during the period, net of tax		41	32	(204)
Net gains recycled to profit or loss upon disposal		(26)	(47)	(2)
Total other comprehensive income/(loss), net of tax		**(214)**	**259**	**(218)**
Total comprehensive income, net of tax		**4,673**	**9,197**	**17,318**
Attributable to:				
Equity holders of the parent		4,623	9,092	17,181
Non-controlling interests		50	105	137
Earnings per share:				
Basic, profit attributable to ordinary equity holders of the parent	8	78.20	142.04	278.68
Diluted, profit attributable to ordinary equity holders of the parent	8	77.60	141.66	278.59
Earnings per share for continuing operations				
Basic, profit from continuing operations attributable to ordinary equity holders of the parent		151.91	179.11	278.68
Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		150.74	178.64	278.59

The accompanying notes form an integral part of these consolidated financial statements.

QIWI plc

Consolidated statement of cash flows

for the year ended December 31, 2021

(in millions of Rubles)

	Notes	Year ended December 31		
		2019	2020	2021
Operating activities				
Profit before tax from continuing operations		11,954	14,365	20,616
Loss before tax from discontinued operations	6	(5,575)	(2,509)	–
Profit before tax		**6,379**	**11,856**	**20,616**
Adjustments to reconcile profit before tax to net cash flows generated from operating activities				
Depreciation and amortization	9,10	1,324	1,266	1,130
Foreign exchange loss/(gain), net		172	224	29
Interest income, net	22	(2,901)	(2,693)	(3,040)
Credit loss expense		642	870	336
Share of (gain) / loss of an associate and a joint venture		(258)	(663)	(306)
Loss from sale of Sovest loans' portfolio	6	—	712	–
Share-based payments		464	43	8
Gain on disposal of an associate	6	—	—	(8,177)
Impairment of non-current assets	10,11	792	134	24
Loss from initial recognition		273	27	–
Other		122	1	(100)
Changes in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables		1,256	(854)	394
(Increase)/decrease in other assets		39	(308)	(175)
Increase/(decrease) in customer accounts and amounts due to banks		3,528	(10,240)	(4,670)
Increase/(decrease) in accounts payable and accruals		976	1,242	(6,228)
Increase in other liabilities		—	—	1,491
(Increase)/decrease in loans issued from banking operations		(5,159)	4,023	(5,720)
Cash flows generated from operations		**7,649**	**5,640**	**(4,388)**
Interest received		3,694	3,391	3,538
Interest paid		(333)	(508)	(559)
Income tax paid		(1,771)	(2,421)	(3,101)
Net cash flow generated from/(used in) operating activities		**9,239**	**6,102**	**(4,510)**
Investing activities				
Proceeds from sale of an associate	6	—	—	4,947
Cash paid as investments in associates and joint ventures		(200)	—	—
Cash received upon /(used in) business combination		(354)	(141)	(501)
Purchase of property and equipment		(858)	(260)	(302)
Purchase of intangible assets		(443)	(176)	(213)
Proceeds from sale of fixed and intangible assets		196	124	11
Loans issued		(444)	(16)	(25)
Repayment of loans issued		412	51	162
Purchase of debt securities		(5,405)	(4,444)	(10,584)
Proceeds from sale and redemption of debt securities		2,213	3,230	3,737
Dividends received from an associate		—	153	532
Net cash used in investing activities		**(4,883)**	**(1,479)**	**(2,236)**
Financing activities				
Proceeds/(repayment) from/(of) debt	17	1,545	4,921	(1,854)
Payment of principal portion of lease liabilities	21	(387)	(301)	(274)
Dividends paid to owners of the Group	25	(3,392)	(4,804)	(5,211)
Dividends paid to non-controlling shareholders		(43)	(74)	(78)
Other		—	(29)	—
Net cash used in financing activities		**(2,277)**	**(287)**	**(7,417)**
Effect of exchange rate changes on cash and cash equivalents		(944)	945	(186)
Net increase/(decrease) in cash and cash equivalents		**1,135**	**5,281**	**(14,349)**
Cash and cash equivalents at the beginning of year	14	40,966	42,101	47,382
Cash and cash equivalents at the end of year	14	**42,101**	**47,382**	**33,033**

The accompanying notes form an integral part of these consolidated financial statements.

QIWI plc

Consolidated statement of changes in equity

for the year ended December 31, 2021

(in millions of Rubles, except per share data)

		Attributable to equity holders of the parent									
		Share capital									
	Notes	Number of shares outstanding	Amount	Additional paid-in capital	Share premium	Other reserves	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance as of December 31, 2020		**62,378,832**	**1**	**1,876**	**12,068**	**2,575**	**14,602**	**554**	**31,676**	**96**	**31,772**
Profit for the year		—	—	—	—	—	17,399	—	17,399	137	17,536
Other comprehensive income:											
Foreign currency translation		—	—	—	—	—	—	(12)	**(12)**	—	**(12)**
Debt instruments at FVOCI		—	—	—	—	(206)	—	—	**(206)**	—	**(206)**
Total comprehensive income		**—**	**—**	**—**	**—**	**(206)**	**17,399**	**(12)**	**17,181**	**137**	**17,318**
Share-based payments		—	—	—	—	8	—	—	**8**	—	**8**
Exercise of options	16	58,936	—	—	—	—	—	—	**—**	—	**—**
Dividends	25	—	—	—	—	—	(5,179)	—	**(5,179)**	—	**(5,179)**
Dividends to non-controlling interests		—	—	—	—	—	—	—	**—**	(78)	**(78)**
Other		—	—	—	—	(1)	—	—	**(1)**	—	**(1)**
Balance as of December 31, 2021		**62,437,768**	**1**	**1,876**	**12,068**	**2,376**	**26,822**	**542**	**43,685**	**155**	**43,840**

The accompanying notes form an integral part of these consolidated financial statements.

QIWI plc

Consolidated statement of changes in equity

for the year ended December 31, 2021

(in millions of Rubles, except per share data)

		Attributable to equity holders of the parent									
		Share capital									
	Notes	Number of shares outstanding	Amount	Additional paid-in capital	Share premium	Other reserves	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance as of December 31, 2019		**62,092,835**	**1**	**1,876**	**12,068**	**2,576**	**10,557**	**289**	**27,367**	**70**	**27,437**
Profit for the year		—	—	—	—	—	8,842	—	**8,842**	96	**8,938**
Other comprehensive income:											
Foreign currency translation		—	—	—	—	—	—	265	**265**	9	**274**
Debt instruments at FVOCI		—	—	—	—	(15)	—	—	**(15)**	—	**(15)**
Total comprehensive income		**—**	**—**	**—**	**—**	**(15)**	**8,842**	**265**	**9,092**	**105**	**9,197**
Share-based payments		—	—	—	—	43	—	—	**43**	—	**43**
Exercise of options	16	285,997	—	—	—	—	—	—	**—**	—	**—**
Dividends	25	—	—	—	—	—	(4,797)	—	**(4,797)**	—	**(4,797)**
Dividends to non-controlling interests		—	—	—	—	—	—	—	**—**	(74)	**(74)**
Other		—	—	—	—	(29)	—	—	**(29)**	(5)	**(34)**
Balance as of December 31, 2020		**62,378,832**	**1**	**1,876**	**12,068**	**2,575**	**14,602**	**554**	**31,676**	**96**	**31,772**

The accompanying notes form an integral part of these consolidated financial statements.

QIWI plc

Consolidated statement of changes in equity

for the year ended December 31, 2021

(in millions of Rubles, except per share data)

		Attributable to equity holders of the parent									
		Share capital									
	Notes	Number of shares outstanding	Amount	Additional paid-in capital	Share premium	Other reserves	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance as of December 31, 2018		**61,451,513**	**1**	**1,876**	**12,068**	**2,097**	**9,091**	**513**	**25,646**	**60**	**25,706**
Profit for the year		—	—	—	—	—	4,832	—	**4,832**	55	**4,887**
Other comprehensive income:											
Foreign currency translation		—	—	—	—	—	—	(224)	**(224)**	(5)	**(229)**
Debt instruments at FVOCI		—	—	—	—	15	—	—	**15**	—	**15**
Total comprehensive income		**—**	**—**	**—**	**—**	**15**	**4,832**	**(224)**	**4,623**	**50**	**4,673**
Share-based payments		—	—	—	—	464	—	—	**464**	—	**464**
Exercise of options	16	641,322	—	—	—	—	—	—	**—**	—	**—**
Dividends	25	—	—	—	—	—	(3,366)	—	**(3,366)**	—	**(3,366)**
Dividends to non-controlling interests		—	—	—	—	—	—	—	**—**	(43)	**(43)**
Other		—	—	—	—	—	—	—	**—**	3	**3**
Balance as of December 31, 2019		**62,092,835**	**1**	**1,876**	**12,068**	**2,576**	**10,557**	**289**	**27,367**	**70**	**27,437**

The accompanying notes form an integral part of these consolidated financial statements.

QIWI plc

Notes to consolidated financial statements

for the year ended December 31, 2021

(in millions of Rubles, except per share data)

1. Corporate information and description of business

QIWI plc (hereinafter "the Company") was registered on February 26, 2007 as a limited liability company OE Investment in Cyprus under the Cyprus Companies Law, Cap. 113. The registered office of the Company is Kennedy 12, Kennedy Business Centre, 2nd Floor, P.C.1087, Nicosia, Cyprus. On September 13, 2010 the directors of the Company resolved to change the name of the Company from OE Investments Limited to QIWI Limited. On February 25, 2013 the directors of the Company resolved to change the legal form of the Company from QIWI Limited to QIWI plc. The consolidated financial statements of QIWI plc and its subsidiaries for the year ended December 31, 2021 were authorized for issue by Board of Directors (BoD) on April 27, 2022.

QIWI plc and its subsidiaries (collectively the "Group") operate electronic online payment systems primarily in Russia, Kazakhstan, Moldova, Belarus, United Arab Emirates (UAE) and other countries and provide consumer and small and medium enterprises (SME) financial services.

The Company was founded as a holding company as a part of the business combination transaction in which ZAO Ob'edinennya Sistema Momentalnykh Platezhey and ZAO e-port Group of entities were brought together by way of contribution to the Company. The transaction was accounted for as a business combination in which ZAO Ob'edinennya Sistema Momentalnykh Platezhey was identified as the acquirer.

The Company's American Depositary Securities (ADS) have been listed on Nasdaq since May 3, 2013 and have been admitted to trading on MOEX since May 20, 2013. Prior to that time, there was no public market for the Company' ADSs or ordinary shares. Subsequently, the Company closed two follow-on offerings of its ADSs on October 3, 2013 and on June 20, 2014.

Sergey Solonin is the ultimate controlling shareholder of the Group as of December 31, 2021.

Information on the Company's principal subsidiaries is disclosed in Note 5.

2. Principles underlying preparation of consolidated financial statements

2.1 Basis of preparation

The consolidated financial statements are prepared on a historical cost basis. The consolidated financial statements are presented in Russian rubles ("RUB") and all values are rounded to the nearest million (RUB (000,000)) except when otherwise indicated.

The Group's subsidiaries maintain and prepare their accounting records and prepare their statutory accounting reports in accordance with domestic accounting legislation. Standalone financial statements of subsidiaries are prepared in their respective functional currencies (see Note 3.3 below).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by revaluation of financial instruments categorised at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Despite the risks and uncertainties the Group is facing disclosed in Note 27, the management believes that the Group will continue to operate on a going concern basis in the foreseeable future. Therefore, these consolidated financial statements are prepared accordingly.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of QIWI plc and its subsidiaries as of December 31 each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income, expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full, except for the foreign exchange gains and losses arising on intra-group loans.

2. Principles underlying preparation of consolidated financial statements (continued)

2.2 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests, including any components of other comprehensive income attributable to them.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies to profit or loss or retained earnings, as appropriate, the amounts previously recognized in OCI as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020, except for the adoption of the new and amended IFRS and IFRIC interpretations as of January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amended standards and interpretations became effective from January 1, 2021, but did not have any material impact on the financial statements of the Group:

- *Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark (IBOR) reform* (issued in August 2020)
- *Amendments to IFRS 16: Covid-19 Related Rent Concessions beyond June 30, 2021* (issued in March 31, 2020)

2.4 Standards issued but not yet effective

The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- *IFRS 17 Insurance Contracts* (issued in May 2017 and effective for annual periods beginning on or after January 1, 2023)
- *Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information* (issued in December 2021 and effective for annual periods beginning on or after January 1, 2023*)*
- *Amendments to IAS 1: Classification of liabilities as current or non-current* (issued on January 23, 2020 and effective for annual periods beginning on or after January 1, 2023)
- *Amendments to IAS 1: Classification of liabilities as current or non-current, deferral of effective date* (issued on July 15, 2020 and effective for annual periods beginning on or after January 1, 2023)

2. Principles underlying preparation of consolidated financial statements (continued)

2.4 Standards issued but not yet effective (continued)

- *Amendments to IFRS 3: Reference to the Conceptual Framework* (issued in May 2020, and effective for annual periods beginning on or after January 1, 2022)
- *Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use* (issued in May 2020, and effective for annual periods beginning on or after January 1, 2022)
- *Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract* (issued in May 2020, and effective for annual periods beginning on or after January 1, 2022)
- *Amendments to IAS 1 Presentaion of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* (issued in February 2021 and effective for annual periods beginning on or after January 1, 2023)
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued in February 2021 and effective for annual periods beginning on or after January 1, 2023)
- *Amendments to IAS 12 Income tax: Deferred tax related to assets and liabilities arising from a single transaction* (issued in May 2021 and effective for annual periods beginning on or after January 1, 2023)
- *2018-2020 annual improvements to IFRS standards* (effective for annual periods beginning on or after January 1, 2022):
- *IFRS 1 First-time Adoption of International Financial Reporting* Standards – Subsidiary as a first-time adopter
- *IFRS 9 Financial Instruments* – Fees in the ‘10 per cent’ test for derecognition of financial liabilities
- *IAS 41 Agriculture* – Taxation in fair value measurements

3. Summary of significant accounting policies

Set out below are the principal accounting policies used to prepare these consolidated financial statements:

3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the Group identifies any amounts that are not part of what the Group and the acquiree exchanged in the business combination. The Group recognizes as part of applying the acquisition method, only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequently, contingent consideration classified as an asset or liability, is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated of the Group’s cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and certain operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

3.2 Investments in associates and joint ventures

The Group’s investment in its associate and joint ventures are accounted for using the equity method. An associate is an entity in which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. unanimous consent of the parties) have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or joint venture is carried on the statement of financial position at cost plus post acquisition changes in the Group’s share of net assets of the associate/joint venture. Goodwill relating to the associate/joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

3. Summary of significant accounting policies (continued)

3.2 Investments in associates and joint ventures (continued)

The statement of comprehensive income reflects the Group's share of the results of operations of the associate/joint venture. When there has been a change recognized directly in the equity of the investment, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate/joint venture are eliminated to the extent of the interest in it.

The Group's share of profit of an associate/joint venture is shown on the face of the statement of comprehensive income or in the notes. This is the profit attributable to equity holders of the associate/joint venture and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate/joint venture.

The financial statements of the associates/joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associates/joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate/joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of an investment in associate/joint venture and its carrying value and recognizes any respective loss in the statement of comprehensive income.

Upon loss of significant influence over the associate/joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate/joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

3.3 Foreign currency translation

The consolidated financial statements are presented in Russian rubles (RUB), which is the Company's functional and the Group's presentation currency. Each entity in the Group determines its own functional currency, depending on what the underlying economic environment is, and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the functional currency rate of exchange at the reporting date. All differences are taken to profit or loss. They are shown separately for each Group company but netted by major types of monetary assets and liabilities. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currency of the foreign operations is generally the respective local currency – US Dollar (U.S.$), Euro (€), Kazakhstan tenge (KZT), Belarussian ruble (BYR), Moldovan leu (MDL). As of the reporting date, the assets and liabilities of these operations are translated into the presentation currency of the Group (the Russian Ruble) at the rate of exchange at the reporting date and their statements of comprehensive income are translated at the average exchange rates for the year or exchange rates prevailing on the date of specific transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is reclassified to the profit or loss.

3. Summary of significant accounting policies (continued)

3.3 Foreign currency translation (continued)

The exchange rates of the Russian ruble to each respective currency as of December 31, 2021 and 2020 were as follows:

	Average exchange rates for the year ended December 31,		Exchange rates at December 31,	
	2020	2021	2020	2021
US Dollar	72.1464	73.6541	73.8757	74.2926
Euro	82.4481	87.1877	90.6824	84.0695
Kazakhstan Tenge (100)	17.4138	17.2630	17.5481	16.9000
Belarussian Ruble	29.5855	29.0198	28.6018	29.1458
Moldovan Leu (10)	41.7510	41.6625	42.9635	41.8550

The currencies listed above are not a fully convertible outside the territories of countries of their operations. Related official exchange rates are determined daily by the Central Bank of the Russian Federation (further CBR). Market rates may differ from the official rates but the differences are, generally, within narrow parameters monitored by the respective Central Banks. The translation of assets and liabilities denominated in the currencies listed above into RUB for the purposes of these financial statements does not indicate that the Group could realize or settle, in RUB, the reported values of these assets and liabilities. Likewise, it does not indicate that the Group could return or distribute the reported RUB value of capital and retained earnings to its shareholders.

3.4 Property and equipment

3.4.1 Cost of property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Expenditures for continuing repairs and maintenance are charged to the profit or loss as incurred.

3.4.2 Depreciation and useful lives

Depreciation is calculated on property and equipment on a straight-line basis from the time the assets are available for use, over their estimated useful lives as follows:

Processing servers and engineering equipment	3-10 years
Computers and office equipment	3-6 years
Other equipment	2-11 years

Useful lives of leasehold improvements of leased office premises are determined at the lower between the useful live of the asset or the lease term. The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end.

3.5 Intangible assets

3.5.1 Software and other intangible assets

Software and other 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 as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected generation of future benefits, generally 3-5 years. During the period of development, the asset is tested for impairment annually.

3. Summary of significant accounting policies (continued)

3.5 Intangible assets (continued)

3.5.2 Software development costs

Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

3.5.3 Useful life and amortization of intangible assets

The Group assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of that useful life. An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Below is the summary of useful lives of intangible assets:

Bank license	indefinite
Customer relationships and contract rights	4-15 years
Computer Software	2-9 years
Trademarks and other intangible assets	3-11 years

Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Indefinite-lived intangible assets include the acquired licenses for banking operations. It is considered indefinite-lived as the related license is expected to be renewed indefinitely.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

3.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset, other than goodwill and intangible assets with indefinite useful life, may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded analogues, if applicable, or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s cash generating units (CGU), to which the individual assets are allocated.

3. Summary of significant accounting policies (continued)

3.6 Impairment of non-financial assets (continued)

These budgets and forecast calculations generally cover a period of five years or longer, when management considers appropriate. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the last year.

Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The following criteria are also applied in assessing impairment of specific assets:

Goodwill

The Group performs its annual impairment test of goodwill as of December 31 and whenever certain events and circumstances indicate that its carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates as higher of its value in use and its fair value less costs to sell. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful life

Intangible assets with indefinite useful life are tested for impairment annually as of December 31, either individually or at the cash generating unit level, as appropriate and whenever events and circumstances indicate that an asset may be impaired.

3.7 Financial assets

3.7.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3. Summary of significant accounting policies (continued)

3.7 Financial assets (continued)

3.7.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes cash and cash equivalents, reserves at CBR, debt instruments, trade and other receivables and loans issued.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

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 recognised in the profit or loss section of statement of comprehensive income.

The Group’s financial assets at fair value through profit or loss includes several loans that did not pass SPPI test.

Financial assets at fair value through OCI

For debt securities at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group’s debt securities at fair value through OCI represent investments in quoted debt securities included under long-term and short-term debt securities and deposits.

3. Summary of significant accounting policies (continued)

3.7 Financial assets (continued)

3.7.3 Impairment - credit loss allowance for ECL

The Group assesses and recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future economic conditions.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

For loan commitments (where those components can be separated from the loan), a separate provision for ECL is recognised as other financial liabilities as part of accounts payable in the consolidated statement of financial position. For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The Group applies a “three stage” model for impairment in accordance with IFRS 9, based on changes in credit quality since initial recognition:

1. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months (12 month ECL).
2. If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis (lifetime ECL).
3. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a lifetime ECL.

For financial assets that are credit-impaired on purchase or at origination, the ECL is always measured at a lifetime ECL. Note 30 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

3.7.4 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset.

3. Summary of significant accounting policies (continued)

3.7 Financial assets (continued)

3.7.4 Derecognition (continued)

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.8 Financial liabilities

3.8.1 Initial recognition and measurement

All financial liabilities are recognised initially at fair value, minus, in the case of financial liability not at fair value through profit or loss, transaction costs that aredirectly attributable to issue of financial liability.

The Group classifies all financial liabilities as subsequently measured at amortised cost (trade and other payables, debt, deposits, customer accounts and amounts due to banks), except for financial liabilities at fair value through profit or loss and financial guarantees.

3.8.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has no such instruments.

Debt and deposits

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss section of statement of comprehensive income.

Financial guarantees

Subsequent to initial recognition, the Group’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance. The premium received is recognised in the income statement in Commissions and other revenue on a straight line basis over the life of the guarantee.

Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Commitments to provide loans are initially recognised at their fair value, which is normally evidenced by the amount of fees received. At the end of each reporting period, the commitments are measured at the amount of the loss allowance determined based on the expected credit loss model. For loan commitments (where those components can be separated from the loan), a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

3. Summary of significant accounting policies (continued)

3.8 Financial liabilities (continued)

3.8.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

In accordance with terms and conditions of use of e-wallet accounts and system rules, the Group charges a fee on its consumers on the balance of unused accounts after certain period of inactivity and unclaimed payments. Such fees are recorded as revenues in the period a fee is charged.

3.8.4 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognized amounts; and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The right of set-off:

- Must not be contingent on a future event; and

Must be legally enforceable in all of the following circumstances:

(i) the normal course of business;

(ii) the event of default; and

(iii) the event of insolvency or bankruptcy of the entity and all of the counterparties

3.9 Cash and cash equivalents

Cash comprises cash at banks and in hand and short-term deposits with an original maturity of three months or less and are included as a component of cash and cash equivalents for the purpose of the statement of financial position and statement of cash flows.

3.10 Employee benefits

3.10.1 Personnel expenses

Wages and salaries paid to employees are recognized as expenses in the current year. The Group also accrues expenses for future vacation payments and short-term or long-term employee bonuses.

3.10.2 Social contributions and defined contributions to pension fund

Under provisions of the Russian legislation, social contributions include defined contributions to pension and other social funds of Russia and are calculated by the Group by the application of a regressive rate (from 30% to 15% in 2021, 2020 and 2019) to the annual gross remuneration of each employee. For the year ended December 31, 2021 defined contributions to pension funds of Russia of the Group amounted to 679 (2020 – 861; 2019 – 875).

3. Summary of significant accounting policies (continued)

3.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

If the effect of discounting is material, provisions are determined by discounting the expected value of future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees are initially recognized at their fair value, which is usually equal to the amount of fees received. This amount is amortised on a straight line basis over the life of the contract. Performance guarantees do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs.

3.12 Special contribution for defence of the Republic of Cyprus

Dividend Distribution

Cyprus entities that do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, are deemed to have distributed as dividends 70% of these profits. A special contribution for the defence fund of the Republic of Cyprus is levied at the 17% rate for 2019, 2020, 2021 and thereafter will be payable on such deemed dividends distribution. Profits that are attributable to shareholders who are not tax resident of Cyprus and own shares in the Company either directly and/or indirectly at the end of two years from the end of the tax year to which the profits relate, are exempted. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The Company’s ultimate shareholder as of December 31, 2021 is non-Cypriot tax resident and as such the Cypriot deemed dividend distribution rules are not applicable.

Dividend income

Dividends received from a non-resident (foreign) company are exempt from the levy of defence contribution if either the dividend paying company derives at least 50% of its income directly or indirectly from activities which do not lead to investment income (“active versus passive investment income test” is met) or the foreign tax burden on the profit to be distributed as dividend has not been substantially lower than the Cypriot corporate income tax rate (i.e. lower than 6.25%) at the level of the dividend paying company (“effective minimum foreign tax test” is met).

The Company has not been subject to defence tax on dividends received from abroad as the dividend paying entities are engaged in other than investing activities.

3.13 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income.

3. Summary of significant accounting policies (continued)

3.13 Income taxes (continued)

Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.14 Revenue from contracts with customers and transaction cost recognition

Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. Revenues and related cost of revenue from services are recognized in the period when services are rendered, regardless of when payment is made.

All performance obligations are either satisfied at a point of time or over time. In the former case they represent a separate instantaneous service, in the latter – a series of distinct services that are substantially the same and that have the same pattern of transfer to the customers. Such performance obligations are invoiced at least monthly. Progress of performance obligations satisfied over time is measured by the output method. The Group recognizes the majority of its revenue at a point of time.

Contract price is allocated separately to each performance obligation. There are generally no variable amounts affecting consideration at the moment such consideration is recognized as revenue. In the rare cases when the variability exists, the Group makes estimate of the amount to be recognized basing on appropriate budgets and models. Consideration from customers does not have any non-cash component. Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, a reduction of revenue. Consideration from customers is normally received within a few months and never in more than a year. Consequently, the Group believes it contains no significant financing component.

Within some components of its business, the Group pays remuneration to its employees and third parties for attracting customers. The costs which are incremental to acquisition of new customers are further analysed for recoverability. If this expenditure is expected to be reimbursed by future income, it is capitalized as costs to obtain a contract and amortized during the contract term.

Payment processing fee revenues and related transaction costs

Payment processing fee revenues include the following types:

- fees for processing of consumer payment (consumer fee and merchant fee),
- conversion fees.

3. Summary of significant accounting policies (continued)

3.14 Revenue from contracts with customers and transaction cost recognition (continued)

The Group earns a fee for processing payments initiated by the individuals ("consumers") to pay to merchants and service providers ("merchants") or transfer money to other individuals. Payment processing fees are earned from consumers or merchants, or both. Consumers can make payments to various merchants through kiosks or a network of agents and bank-participants of payment system or through the Group's website or applications using a unique user login and password (e-payments). When a consumer payment is processed, the Group may incur transaction costs to acquire payments payable to agents, bank-participants, mobile operators, international payment systems and other parties. The payment processing fee revenue and related receivable, as well as the transaction cost and the related payable, are recognized at the point when merchants or individuals accept payments from consumers in the gross amount, including fees payable for payment acquisition. Payment processing fees and transaction costs are reported gross. Any fees from agents and other service providers are recorded as reduction of transactions costs unless the fee relates to distinct service rendered by the Group.

The Group generates revenue from the foreign currency conversion when payments are made in currencies different from the country of the consumer, mainly Russia. The Group recognizes the related revenues at the time of conversion in the amount of conversion commission representing the difference between the current Russian or relevant country Central Bank foreign currency exchange rate and the foreign currency exchange rate charged by the Group's processing system.

Cash and settlement service fees

The Group charges a fee for managing current bank accounts and deposits of individuals and legal entities, including guarantee deposits from agents placed with the bank to cover consumer payments they accept. Related revenue is recorded as services are rendered or as transactions are processed.

Other revenues

Other revenues include revenues from commissions charged for platform and marketing services, commissions for issuing guaranties and some other minor activities.

3.15. Recognition of interest income and interest expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR method. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR of the financial instrument.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets restore and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income from bank loans and short-term and long-term investments performed as part of the Group's treasury function is classified as part of revenues, Interest income derived from loans issued to various third and related parties as part of other arrangements is classified as interest income. All interest received from loans and investments is shown as cash inflows from operating activity in the consolidated statement of cash flows.

Interest expense from bank borrowings intended to attract funds for reinvestment is classified as part of cost of revenue. Interest expense derived from borrowings attracted from various third parties as part of other arrangements is classified as interest expense not as part of cost of revenue. All interest paid on borrowings is shown as cash outflows from operating activity in the consolidated statement of cash flows.

3. Summary of significant accounting policies (continued)

3.16 Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled payments) or for cash (cash-settled payments).

Equity-settled share-based payments

The expense of equity-settled transactions is recognized, together with a corresponding increase in other reserves in equity, over the vesting period and is measured at the fair value of the award determined at the grant date, which is amortized over the service (vesting) period. The fair value of the equity award is estimated only once at the grant date and is trued up to the estimated number of instruments that are expected to vest.

Cash-settled share-based payments

The expense is recognized gradually over the vesting period and is measured at the fair value of the liability at each end of the reporting period. The liability is measured, initially and at the end of each reporting period until settled, at fair value, taking into account the vesting terms and conditions on which the instruments were granted and the extent to which the employees have rendered service to date.

3.17 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Group as a lesee, applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

Right-of-use assets

Right-of-use assets are recognized at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the expected lease term which comprises up to 10 years.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

3. Summary of significant accounting policies (continued)

3.18 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the statement of comprehensive income, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the reporting dates and the reported amounts of revenues and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant judgments

Revenue recognition

Revenue from inactive accounts and unclaimed payments

The Group stipulates in its public offers the term during which a customer who failed to identify correctly the recipient of his transfer can return to correct the identification details or claim money back. If the customer does not return, the whole amount of transfer is appropriated by the Group in the period of specified time in the public offer. Similarly, the Group charges a daily commission on the balance of wallets that remained inactive during the period indicated in the public offer. The Group believes that including these rules into its public offers gives it appropriate legal rights to recognize the extinguishment of customer liabilities and, therefore, record the related gain as revenue.

Functional currency

Each entity in the Group determines its own functional currency, depending on the economic environment it operates in, and items included in the financial statements of each entity are measured using that functional currency.

Recognition of control, joint control, or significant influence over entities

In assessing business combinations, the Group analyses all relevant terms and conditions of management of the acquired or newly established entities and exercise judgment in deciding whether the Group has control, joint control, or significant influence over them. As a result, certain acquisitions where the Group’s share is over 50% may not be recognized as consolidated subsidiaries and vice versa. See Note 6 for details.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its contracts to lease the assets for additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the year are disclosed in Note 21.

4. Significant accounting judgments, estimates and assumptions (continued)

Significant estimates and assumptions

Significant estimates reflected in the Company's financial statements include, but are not limited to:

- Fair values of assets and liabilities acquired in business combinations;
- Fair value of assets transferred in non-monetary transactions;
- Useful life of property, equipment and Intangible assets
- Impairment of intangible assets, goodwill, investments in associates and joint ventures;
- Recoverability of deferred tax assets;
- Impairment of loans and receivables;
- Uncertain position over risk assessment;

Actual results could materially differ from those estimates. The key assumptions concerning the future events and other key sources of estimation uncertainty at the reporting date that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair values of assets and liabilities acquired in business combinations

The Group recognizes separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in the business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques, which require considerable judgment in forecasting future cash flows and developing other assumptions.

Impairment of goodwill and intangible assets

For the purpose of the goodwill impairment test, the Group estimates the recoverable amount of its CGUs as higher of its fair value less costs of disposal on the basis of quoted prices of the Company's ordinary shares and as value in use based on discounted cash flow models. For the purpose of testing for impairment the Group's intangible assets with indefinite useful lifes estimates the recoverable amounts of each asset as fair value less costs of disposal on the basis of comparative method and cost approach. For the purpose of intangible assets with definite useful life impairment, when indicators of impairment are noted, the Group estimates the recoverable amounts as the higher of value in use or fair value less costs to sell of an individual asset or the CGU to which this asset relates. See also Note 11 below for details.

Impairment of investments in associates and joint ventures

The Group's investments in significant associates and joint ventures are generally designated as separate CGUs. The recoverable amount of these CGUs is determined based on a value in use calculation using appropriate financial models.

Recoverability of deferred tax assets

The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income against which the deductible temporary differences can be utilized. Various factors are used to assess the probability of the future utilization of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, and tax planning strategies.

Certain deferred tax assets were not recorded because the Group does not expect to realize certain of its tax loss carry forwards in the foreseeable future due to the history of losses. Further details on deferred taxes are disclosed in Note 26.

4 Significant accounting judgments, estimates and assumptions (continued)

ECL measurement

The Group records an allowance for ECLs for all loans and other debt financial assets not held at FVPL. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- EAD The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

For other financial assets (i.e., cash in banks, loans and debt instruments) and financial liabilities (i.e., financial guaranties and credit related commitments) the Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payment are 90 days past due (except for particular sort of Trade and other receivables of 60 days). 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.

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For instalment card loans and its undrawn credit commitments ELC calculation the Group used internal historical instalment card loans loss rates statistics for assessment of probabilities of default. The loss given default is an estimate of the loss arising in the case where a default occurs at a given time and is based on internal statistics.

Further details on provision for impairment of loans and receivables are disclosed in Notes 12, 13.

Uncertainty over risk assessment

The Group discloses possible and recognises probable risks in respect on currency, customs, litigations, tax and other regulatory positions. Management estimates the amount of risk based on its interpretation of the relevant legislation, in accordance with the current industry practice and in conformity with its estimation of probability, which require considerable judgment. See Note 27 for the details and amount of possible risks.

4 Significant accounting judgments, estimates and assumptions (continued)

Related parties identification

The Group applies significant judgement in evaluating whether PJSC Bank "FC Otkritie" (hereinafter – "Otkritie") is a related party to the Group in terms of IAS 24 by considering whether Otkritie has been exercising significant influence over the Group within the framework of IAS 28.

During 2019-2021, Otkritie has been the Group's minority shareholder with less than 20% of voting rights. However, there were some circumstances, which might evidence the existence of an influence over the Group, which include:

- Otkritie has one representative in the Group's board of directors (comprising of seven members), and hence could have the ability to participate in policy-making processes of the Company;
- material transaction between Otkritie and the Group regarding sale of Tochka (Note 6).

According to the Articles of association of the Company, it is considered, that one person cannot influence significantly the decision-making process within the Board of directors comprising of seven members. Otkritie, having less than 20% of voting rights, cannot guarantee its representation on the Group's board of directors or block the decision to replace its member that can be done at any moment of time.

The Group and Otkritie interacts with each other in the ordinary course of business. All transactions are made on a fair market price basis. While making a decision over Tochka sale, a committee of independent directors only was created that considered the transaction, who then recommended it to the Board. While voting the Otkritie's representative was withdrawn from the Board.

Based on the abovementioned facts and circumstances Management considers that Otkritie cannot exercise significant influence and, therefore, is not a related party under IAS 28.

The following table provides the total amount of transactions that have been entered into with Otkritie during the years ended December 31, 2021, 2020 and 2019, as well as balances with it as of December 31, 2021, 2020 and 2019:

	For the year ended December 31		As of December 31	
	Sales to/ income from Otkritie	Purchases/ expenses from Otkritie	Amounts owed by Otkritie	Amounts owed to Otkritie
2021	8,711	(436)	8,621	(181)
2020	183	(1,716)	1,075	(149)
2019	418	(1,103)	1,148	(594)

5. Consolidated subsidiaries

The consolidated IFRS financial statements include the assets, liabilities and financial results of the Company and its subsidiaries. The subsidiaries are listed below:

		Ownership interest	
Subsidiary	**Main activity**	**As of December 31, 2020**	**As of December 31, 2021**
JSC QIWI (Russia)	Operation of electronic payment kiosks	100 %	100 %
QIWI Bank JSC (Russia)	Maintenance of electronic payment systems and Bank operations, inc.: money transfer, consumer and SME financial services	100 %	100 %
QIWI Payments Services Provider Ltd (UAE)	Operation of on-line payments	100 %	100 %
QIWI International Payment System LLC (USA)	Operation of electronic payment kiosks	100 %	100 %
Qiwi Kazakhstan LP (Kazakhstan)	Operation of electronic payment kiosks	100 %	100 %
JLLC OSMP BEL (Belarus)	Operation of electronic payment kiosks	51 %	51 %
QIWI-M S.R.L. (Moldova)	Operation of electronic payment kiosks	51 %	51 %
Attenium LLC (Russia)[1]	Management services	100 %	—
Postomatnye Tekhnologii LLC (Russia)[1]	Logistic	100 %	—
Future Pay LLC (Russia)[1]	Operation of on-line payments	100 %	—
QIWI Technologies LLC (Russia)[2]	Software development	100 %	100 %
Factoring PLUS LLC (Russia)	Factoring services to SME	51 %	51 %
ContactPay Solution (United Kingdom)	Operation of on-line payments	100 %	100 %
Rocket Universe LLC (Russia)	Software development	100 %	100 %
Billing Online Solutions LLC (Russia)	Software development	100 %	100 %
Flocktory Ltd (Cyprus)	Holding company	100 %	100 %
Flocktory Spain S.L. (Spain)	SaaS platform for customer lifecycle management and personalization	100 %	100 %
FreeAtLast LLC (Russia)	SaaS platform for customer lifecycle management and personalization	100 %	100 %
SETTE FZ-LLC (UAE)	Payment Services Provider	100 %	100 %
LALIRA DMCC (UAE)	Payment Services Provider	100 %	100 %
MFC «Polet Finance» LLC(Russia)[3]	Retail financial services	—	100 %
QIWI Finance LLC (Russia)	Financing management	100 %	100 %
ROWI Tech LLC (Russia)[4]	Software development	—	51 %
QIWI Platform LLC (Russia)	Software development	60 %	100 %
Associate			
JSC Tochka (Russia)[5]	Digital services for banks	40 %	—

1 The Entities were liquidated during 2021
2 The Entity Qiwi Blockchain Technologies LLC was renamed during 2021 to QIWI Technologies LLC
3 The Entity was established during 2021
4 The Entity was acquired during 2021 for insignificant consideration and renamed during 2021 from QPCD LLC to ROWI Tech LLC
5 The Entity was sold during 2021

6. Acquisitions, disposals and discontinued operations

2021

Tochka sale

During third quarter 2021, the Group has completed the sale of its 40% stake (45% economic interest) in the capital of its associate company, Tochka to the Group's non-controlling shareholder (Otkritie) which is not considered a related party (Note 4).

The result of disposal is presented below:

Fixed amount	4,947
Amount contingent on Tochka's earnings for the year 2021	4,647
Dividends received from associate*	532
Carrying amount of disposed investment	(1,949)
Total gain on disposal	8,177

* *Receiving the Dividends was the substantial condition of the transaction and treated as part of the price. Dividends were received after the Group has ceased to apply equity accounting for the associate.*

Dividends and Fixed amount of cash consideration were received during the third quarter of 2021. Contingent amount is expected to be received in second quarter of 2022 and recorded as other receivables as of December 31, 2021.

2020

Rocketbank wind down

In March 2020, the Board of Directors decided to wind down the Rocketbank project and had finished the process by the end of third quarter 2020. Since that date the Rocketbank's operations are considered as discontinued.

Rocketbank represented the entire Group's operating segment. Assets that remained after Rocketbank liquidation were transferred to Payment Services segment.

SOVEST disposal

In the second quarter of 2020 the Group made a decision to dispose its SOVEST project.

In June 2020, the Group entered into the framework agreement and several related binding agreements to sell certain specific SOVEST project assets to an unrelated party. As a part of the transaction, the Group assigned the portfolio of SOVEST instalment card loans as well as transferred respective brands and domains. Since then, SOVEST was classified as a disposal group held for sale and as a discontinued operation.

As a part of the transaction, the Group was to dismiss most SOVEST employees and the buyer extended job offers to certain SOVEST employees and reimbursed to the Group corresponding redundancy costs.

The sale of SOVEST assets was completed in July 2020, resulting in a pre-tax loss on disposal of 712.

SOVEST project represented the entire Group's Consumer Financial Services operating segment.

6. Acquisitions, disposals and discontinued operations (continued)

The results of the discontinued operations for the years ended December 31 are presented below:

	Year ended December 31, 2019			Year ended December 31, 2020		
	Rocketbank	SOVEST	Total	Rocketbank	SOVEST	Total
Revenue	**1,339**	**2,056**	**3,395**	**1,151**	**1,463**	**2,614**
Operating costs and expenses:	**(4,790)**	**(4,142)**	**(8,932)**	**(2,065)**	**(2,290)**	**(4,355)**
Cost of revenue (exclusive of items shown separately below)	(1,829)	(256)	(2,085)	(604)	(160)	(764)
Selling, general and administrative expenses	(1,020)	(1,751)	(2,771)	(338)	(424)	(762)
Personnel expenses	(1,128)	(1,445)	(2,573)	(986)	(796)	(1,782)
Depreciation and amortization	(214)	(44)	(258)	(111)	(54)	(165)
Credit loss (expense)/income	(8)	(646)	(654)	8	(788)	(780)
Impairment of non-current assets (Note 11)	(591)	—	(591)	(34)	(68)	(102)
Loss from operations	**(3,451)**	**(2,086)**	**(5,537)**	**(914)**	**(827)**	**(1,741)**
Loss from sale of Sovest loans' portfolio	—	—	—	—	(712)	(712)
Foreign exchange gain and loss, net	—	—	—	(25)	—	(25)
Interest income and expenses, net	(36)	(2)	(38)	(25)	(6)	(31)
Loss before tax from discontinued operations	**(3,487)**	**(2,088)**	**(5,575)**	**(964)**	**(1,545)**	**(2,509)**
Income tax benefit	611	410	1,021	138	63	201
Net loss from discontinued operations	**(2,876)**	**(1,678)**	**(4,554)**	**(826)**	**(1,482)**	**(2,308)**
Earnings per share for discontinued operations						
Basic, loss from discontinued operations attributable to ordinary equity holders of the parent			(73.71)			(37.07)
Diluted, loss from discontinued operations attributable to ordinary equity holders of the parent			(73.14)			(36.98)

Impairment of non-current assets

Immediately before the classification of SOVEST as discontinued operations, the recoverable amount was estimated for certain items of Intangible assets and impairment loss was identified and recognized in June 2020 in the amount of 68 to reduce the carrying amount of the assets in the disposal group to their fair values less cost to sell. This impairment of non-current assets was recognized in discontinued operations in the statement of profit or loss.

The net cash flows incurred by Rocketbank and SOVEST project are, as follows:

	Year ended December 31, 2019			Year ended December 31, 2020		
	Rocketbank	SOVEST	Total	Rocketbank	SOVEST	Total
Operating	(1,372)	(3,675)	(5,047)	(15,415)	6,466	(8,949)
Investing	(1,623)	(30)	(1,653)	1,282	—	1,282
Financing	(58)	—	(58)	(64)	(20)	(84)
Net cash (outflow)/inflow	**(3,053)**	**(3,705)**	**(6,758)**	**(14,197)**	**6,446**	**(7,751)**

7. Operating segments

The Chief executive officer (CEO) of the Group is considered as the chief operating decision maker of the Group (CODM). In reviewing the operational performance of the Group and allocating resources, the CODM reviews selected items of each segment's statement of comprehensive income.

In determining that the CODM was the CEO, the Group considered their responsibilities as well as the following factors:

- The CEO determines compensation of other executive officers while the Group's board of directors approves corporate key performance indicators (KPIs) and total bonus pool for those executive officers. In case of underperformance of corporate KPIs a right to make a final decision on bonus pool distribution is left with the Board of directors (BOD);
- The CEO is actively involved in the operations of the Group and regularly chairs meetings on key projects of the Group; and
- The CEO regularly reviews the financial and operational reports of the Group. These reports primarily include segment net revenue, segment profit before tax and segment net profit for the Group as well as certain operational data.

The financial data is presented on a combined basis for all key subsidiaries and associates representing the segment net revenue, segment profit before tax and segment net profit. The Group measures the performance of its operating segments by monitoring: segment net revenue, segment profit before tax and segment net profit. Segment net revenue is a measure of profitability defined as the segment revenues less segment direct costs. The Group does not monitor balances of assets and liabilities by segments as the CODM considers they have no impact on decision-making.

The Group has identified its operating segments based on the types of products and services the Group offers. The CODM reviews segment net revenue, segment profit before tax and segment net profit separately for each of the following reportable segments: Payment Services, Consumer Financial Services and Rocketbank:

- Payment Services (PS), operating segment that generates revenue through operations of the payment processing system offered to the Group's customers through a diverse range of channels and interfaces;
- Consumer Financial Services (CFS), operating segment that generated revenue through financial services rendered to individuals, presented by SOVEST installment card project;
- Rocketbank (RB), operating segment that generated revenue through offering digital banking service including debit cards and deposits to retail customers.

For the purpose of management reporting, expenses related to corporate back-office operations were not allocated to any operating segment and are presented separately to the CODM. Results of other operating segments and corporate expenses are included in Corporate and Other (CO) category for the purpose of segment reporting.

Management reporting is different from IFRS, because it does not include certain IFRS adjustments, which are not analyzed by the CODM in assessing the operating performance of the business. The adjustments affect such major areas as share-based payments, offering expenses, foreign exchange gain/(loss) from revaluation of cash proceeds received from secondary public offering, the effect of disposal of subsidiaries and fair value adjustments, such as amortization and impairment, as well as non-recurring items that occur from time to time and are evaluated for adjustment as and when they occur. The tax effect of these adjustments is also excluded from management reporting.

7. Operating segments (continued)

The segments' statement of comprehensive income for the year ended December 31, 2021, as presented to the CODM are presented below:

	2021		
	PS	CO	Total
Revenue	37,934	3,201	41,135
Cost of revenue	(16,834)	(1,188)	(18,022)
Segment net revenue	**21,100**	**2,013**	**23,113**
Overheads	(6,379)	(3,231)	(9,610)
Credit loss expense	(116)	(220)	(336)
Depreciation, amortization and impairment	(688)	(107)	(795)
Share of gain of an associate and a joint venture	—	306	306
Other gains and losses	(85)	119	34
Segment profit/(loss) before tax	**13,832**	**(1,120)**	**12,712**
Income tax	(2,861)	(257)	(3,118)
Segment net profit/(loss)	**10,971**	**(1,377)**	**9,594**

The segments' statement of comprehensive income for the year ended December 31, 2020, as presented to the CODM are presented below:

	2020				
	PS	CFS	RB	CO	Total
Revenue	38,490	1,198	1,151	2,397	43,236
Cost of revenue	(15,853)	(132)	(603)	(670)	(17,258)
Segment net revenue	**22,637**	**1,066**	**548**	**1,727**	**25,978**
Overheads	(5,997)	(1,204)	(1,298)	(2,772)	(11,271)
Credit loss expense	(25)	(788)	8	(65)	(870)
Depreciation, amortization and impairment	(666)	(54)	(111)	(98)	(929)
Share of gain of an associate and a joint venture	—	—	—	663	663
Other gains and losses	(320)	(17)	(54)	15	(376)
Segment profit/(loss) before tax	**15,629**	**(997)**	**(907)**	**(530)**	**13,195**
Income tax	(3,021)	204	126	(200)	(2,891)
Segment net profit/(loss)	**12,608**	**(793)**	**(781)**	**(730)**	**10,304**

7. Operating segments (continued)

The segments' statement of comprehensive income for the year ended December 31, 2019, as presented to the CODM are presented below:

	2019				
	PS	CFS	RB	CO	Total
Revenue	34,700	1,575	1,339	1,722	39,336
Cost of revenue	(13,735)	(236)	(1,829)	(360)	(16,160)
Segment net revenue	**20,965**	**1,339**	**(490)**	**1,362**	**23,176**
Overheads	(5,581)	(3,103)	(2,127)	(2,624)	(13,435)
Credit loss expense	13	(646)	(8)	(1)	(642)
Depreciation, amortization and impairment	(665)	(44)	(187)	(100)	(996)
Share of gain of an associate and a joint venture	—	—	—	323	323
Other gains and losses	(16)	(30)	(46)	(11)	(103)
Segment profit/(loss) before tax	**14,716**	**(2,484)**	**(2,858)**	**(1,051)**	**8,323**
Income tax	(2,611)	503	541	(77)	(1,644)
Segment net profit/(loss)	**12,105**	**(1,981)**	**(2,317)**	**(1,128)**	**6,679**

Segment net revenue, as presented to the CODM, for the years ended December 31, 2019, 2020 and 2021 is calculated by subtracting cost of revenue from revenue as presented in the table below:

	2019	2020	2021
Revenue from continuing operations under IFRS	**35,941**	**40,622**	**41,135**
Revenue from discontinued operations under IFRS (Note 6)	**3,395**	**2,614**	—
Cost of revenue from continuing operations	(14,075)	(16,494)	(18,022)
Cost of revenue from discontinuing operations (Note 6)	(2,085)	(764)	—
Total segment net revenue, as presented to CODM	**23,176**	**25,978**	**23,113**

A reconciliation of segment profit before tax as presented to the CODM to IFRS consolidated profit before tax of the Group, for the years ended December 31, 2019, 2020 and 2021 is presented below:

	2019	2020	2021
Consolidated profit before tax from continuing operations under IFRS	**11,954**	**14,365**	**20,616**
Consolidated loss before tax from discontinued operations under IFRS (Note 6)	**(5,575)**	**(2,509)**	**—**
Gain on disposal of an associate	—	—	(8,177)
Fair value adjustments recorded on business combinations and their amortization	479	337	241
Impairment of non-current assets	792	134	24
Share-based payments	464	43	8
Offering expenses	79	71	—
Loss on forward contract to sell Sovest loans' portfolio	—	712	—
Loss on disposal of subsidiary	—	42	—
Foreign exchange loss/(gain) from revaluation of cash proceeds received from secondary public offering	130	—	—
Total segment profit before tax, as presented to CODM	**8,323**	**13,195**	**12,712**

7. Operating segments (continued)

A reconciliation of segment net profit as presented to the CODM to IFRS consolidated net profit of the Group, for the years ended December 31, 2019, 2020 and 2021 is presented below:

	2019	2020	2021
Consolidated net profit from continuing operations under IFRS	**9,441**	**11,246**	**17,536**
Consolidated net loss from discontinued operations under IFRS (Note 6)	**(4,554)**	**(2,308)**	—
Gain on disposal of an associate	—	—	(8,177)
Fair value adjustments recorded on business combinations and their amortization	479	337	241
Impairment of non-current assets	792	134	24
Share-based payments	464	43	8
Offering expenses	79	71	—
Loss on forward contract to sell Sovest loans' portfolio	—	712	—
Loss on disposal of subsidiary	—	42	—
Foreign exchange loss/(gain) from revaluation of cash proceeds received from secondary public offering	130	–	—
Effect from taxation of the above items	(152)	27	(38)
Total segment net profit, as presented to CODM	**6,679**	**10,304**	**9,594**

Geographic information

Revenues from external customers are presented below:

	2019	2020	2021
Russia	29,485	33,283	36,988
Other CIS	1,592	1,746	2,313
EU	3,291	2,748	508
Other	4,968	5,459	1,326
Total revenue from continuing and discontinued operations	**39,336**	**43,236**	**41,135**

Revenue is recognized according to merchants' or consumers' geographic place. The majority of the Group's non-current assets are located in Russia.

The Group had only one external customer where revenue exceeded 10% of the Group's total revenue and amounted to 16.3% for the year ended December 31, 2021 (13% for the year ended December 31, 2020, 10.3% for the year ended December 31, 2019). This revenue was generated within the PS segment.

Disaggregated revenue information

Disagregation of revenues from contracts with customers, including those from discontinued operations are presented below:

	2021		
	PS	CO	Total
Payment processing fees	33,397	—	33,397
Cash and settlement service fees	114	386	500
Platform and marketing services related fees	145	813	958
Fees for guarantees issued	20	703	723
Other revenue	322	11	333
Total revenue from contracts with customers	**33,998**	**1,913**	**35,911**

7. Operating segments (continued)

Disaggregated revenue information (continued)

	2020				
	PS	**CFS**	**RB**	**CO**	**Total**
Payment processing fees	34,326	—	—	—	34,326
Cash and settlement service fees	80	—	814	432	1,326
Installment cards related fees	—	827	—	—	827
Platform and marketing services related fees	133	—	14	662	809
Fees for guarantees issued	23	—	—	417	440
Other revenue	168	—	95	34	297
Total revenue from contracts with customers	**34,730**	**827**	**923**	**1,545**	**38,025**

	2019				
	PS	**CFS**	**RB**	**CO**	**Total**
Payment processing fees	30,736	—	—	—	30,736
Cash and settlement service fees	49	—	471	883	1,403
Installment cards related fees	—	1,139	—	—	1,139
Platform and marketing services related fees	106	—	—	51	157
Fees for guarantees issued	27	—	—	94	121
Other revenue	106	—	100	122	328
Total revenue from contracts with customers	**31,024**	**1,139**	**571**	**1,150**	**33,884**

8. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent adjusted for the effect of any potential share exercise by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in basic and diluted earnings per share computations for the years ended December 31:

	2019	2020	2021
Net profit attributable to ordinary equity holders of the parent for basic earnings	**4,832**	**8,842**	**17,399**
Weighted average number of ordinary shares for basic earnings per share	**61,788,024**	**62,251,274**	**62,433,524**
Effect of share-based payments	476,420	165,196	20,482
Weighted average number of ordinary shares for diluted earnings per share	**62,264,444**	**62,416,470**	**62,454,006**
Earnings per share:			
Basic, profit attributable to ordinary equity holders of the parent	78.20	142.04	278.68
Diluted, profit attributable to ordinary equity holders of the parent	77.60	141.66	278.59

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

9. Property and equipment

	Processing servers and engineering equipment	Computers and office equipment	Other equipment	Construction in progress (CIP) and Advances for equipment	Leasehold improvements	Right of use of leased assets (Note 21)	Total
Cost							
Balance as of December 31, 2019	**1,169**	**330**	**53**	**108**	**498**	**1,617**	**3,775**
Transfer between groups	98	4	(4)	(101)	3	—	**—**
Additions	167	61	—	18	14	263	**523**
Disposals	(33)	(73)	(5)	—	(62)	(250)	**(423)**
Foreign currency translation	1	—	—	(2)	—	—	**(1)**
Balance as of December 31, 2020	**1,402**	**322**	**44**	**23**	**453**	**1,630**	**3,874**
Transfer between groups	18	—	—	(18)	—	—	**—**
Additions	194	67	4	44	11	40	**360**
Disposals	(26)	(32)	(13)	—	(171)	(361)	**(603)**
Balance as of December 31, 2021	**1,588**	**357**	**35**	**49**	**293**	**1,309**	**3,631**
Accumulated depreciation and impairment:							
Balance as of December 31, 2019	**(559)**	**(139)**	**(23)**	**—**	**(443)**	**(265)**	**(1,429)**
Depreciation charge (including discontinued operations)	(221)	(96)	(8)	—	(46)	(328)	**(699)**
Disposals	16	30	2	—	61	50	**159**
Impairment	—	—	—	—	(12)	—	**(12)**
Balance as of December 31, 2020	**(764)**	**(205)**	**(29)**	**—**	**(440)**	**(543)**	**(1,981)**
Depreciation charge	(253)	(74)	(5)	—	(6)	(273)	**(611)**
Disposals	22	18	7	—	171	160	**378**
Balance as of December 31, 2021	**(995)**	**(261)**	**(27)**	**—**	**(275)**	**(656)**	**(2,214)**
Net book value							
As of December 31, 2019	**610**	**191**	**30**	**108**	**55**	**1,352**	**2,346**
As of December 31, 2020	**638**	**117**	**15**	**23**	**13**	**1,087**	**1,893**
As of December 31, 2021	**593**	**96**	**8**	**49**	**18**	**653**	**1,417**

As of December 31, 2021, the gross book value of fully depreciated assets is equal to 888 (2020 - 699).

10. Intangible assets

Cost:	Goodwill	Customer relationships	Licenses	Computer Software	Trade marks	Advances for intangibles, CIP and others	Total
Balance as of December 31, 2019	**7,155**	**5,573**	**183**	**1,750**	**387**	**242**	**15,290**
Additions	22	—	—	120	—	56	**198**
Transfer between groups	—	—	—	95	—	(95)	**—**
Disposals	(93)	(88)	—	(414)	—	(92)	**(687)**
Balance as of December 31, 2020	**7,084**	**5,485**	**183**	**1,551**	**387**	**111**	**14,801**
Additions	—	—	—	154	—	58	**212**
Additions from business combinations	—	—	—	12	—	—	**12**
Transfer between groups	—	—	—	12	—	(12)	**—**
Disposals	—	—	—	(256)	(139)	(2)	**(397)**
Balance as of December 31, 2021	**7,084**	**5,485**	**183**	**1,473**	**248**	**155**	**14,628**
Accumulated Amortization:							
Balance as of December 31, 2019	**(93)**	**(2,475)**	—	**(1,043)**	**(326)**	**(37)**	**(3,974)**
Amortization charge (including discontinued operations)	—	(300)	—	(216)	(30)	(21)	**(567)**
Impairment (Note 11)	—	—	—	(61)	—	(50)	**(111)**
Disposals	93	88	—	394	—	89	**664**
Balance as of December 31, 2020	—	**(2,687)**	**—**	**(926)**	**(356)**	**(19)**	**(3,988)**
Amortization charge	—	(303)	—	(196)	(4)	(16)	**(519)**
Impairment	—	—	—	(11)	—	—	**(11)**
Disposals	—	—	—	250	139	2	**391**
Balance as of December 31, 2021	**—**	**(2,990)**	—	**(883)**	**(221)**	**(33)**	**(4,127)**
Net book value							
As of December 31, 2019	**7,062**	**3,098**	**183**	**707**	**61**	**205**	**11,316**
As of December 31, 2020	**7,084**	**2,798**	**183**	**625**	**31**	**92**	**10,813**
As of December 31, 2021	**7,084**	**2,495**	**183**	**590**	**27**	**122**	**10,501**

As of December 31, 2021, the gross book value of fully amortized intangible assets is equal to 876 (2020 - 787).

11. Impairment testing of goodwill and intangible assets

The Group identified the following significant CGU's: Payment Services, Tochka, ROWI and Flocktory. As of December 31, 2021 the Goodwill is allocated to two of the CGUs: Payment Services and Flocktory and intangible assets with indefinite useful life relates to three CGUs: Payment Services, Tochka and ROWI.

An analysis and movement of the net book value of goodwill and indefinite life licenses acquired through business combinations, as included in the intangible assets (Note 10), is as follows:

	Goodwill		Indefinite life	
	Payment services	Flocktory	license	Total
As of December 31, 2019	**6,336**	**726**	**183**	**7,245**
Addition	22	—	—	22
As of December 31, 2020	**6,358**	**726**	**183**	**7,267**
Addition	—	—	—	—
As of December 31, 2021	**6,358**	**726**	**183**	**7,267**

The Group tests its goodwill and the intangible assets with an indefinite useful life annually.

Goodwill

The recoverable amount of Payment Services CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of directors covering a three-year period (2022-2024) with the compounded annual growth rate of payment volume as 8.3%. The pre-tax discount rate adjusted to risk specific applied to cash flow projections of Payment Services CGU is 20.5%. The growth rate applied to discounted terminal value projection in beyond the forecast period is 3%.

The calculation of value in use for this cash generating unit is sensitive to:

- Compounded annual growth rate of payment volume;
- Terminal growth rates used to extrapolate cash flows beyond the budget period;
- Discount rates.

With regard to the assessment of recoverable amounts of Payment Services CGU, management believes that no reasonably possible change in any of key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

As a result of annual impairment test the Group did not identify any impairment of Goodwill allocated to Payment Services CGU as of December 31, 2021 and as of December 31, 2020. As at December 31, 2020 the recoverable amount of Payment services CGU was determined on the basis of fair value less costs of disposal (Level 1).

The recoverable amount of Flocktory CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of directors covering a three-year period (2022-2024). The pre-tax discount rate adjusted to risk specific applied to cash flow projections of Flocktory CGU is 22%. The growth rate applied to discounted terminal value projection in beyond the forecast period is 3.7%.

The calculation of value in use for this cash generating unit is sensitive to:

- Compounded annual growth rate of the service market in which the unit operates;
- Terminal growth rates used to extrapolate cash flows beyond the budget period;
- Discount rates.

With regard to the assessment of recoverable amounts of Flocktory CGU, management believes that no reasonably possible change in any of key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

11. Impairment testing of goodwill and intangible assets (continued)

As a result of annual impairment test the Group did not identify any impairment of Goodwill allocated to Flocktory CGU as of December 31, 2021 and as of December 31, 2020.

During the year 2019, goodwill allocated to Rocketbank CGU was impaired in the amount of 93.

Intangible assets with indefinite useful life

As of December 31, 2021, the carrying amount of intangible assets with an indefinite useful life (licenses for banking operations, which are expected to be renewed indefinitely) is recognized with a value of 183 (2020 - 183). Intangible assets with an indefinite useful life were recorded by the Group at the date of acquisition of QIWI Bank JSC.

For the purpose of the impairment test of the intangible assets with indefinite useful life, the Company estimated the recoverable amounts of the asset as fair value less costs of disposal on the basis of comparative method and cost approach (Level 2). Under the valuation using the comparative method the Group considered identical third-party's transactions for acquisition of banks or bank organization that holds licenses identical to the Group's ones. Under the valuation using the cost approach the Group considered outflows required to meet the requirements for a minimum amount of equity to be held by the bank or bank organization with licenses similar to the Group's according to current legislation.

The key assumption used in fair value less cost of disposal calculations is expected outflows to acquire a license on the open market.

All the assumptions are determined using observable market data and publicly available information of the cash transactions of the third-parties.

The Group performed an annual impairment test of Qiwi Bank's license as of December 31, 2021, December 31, 2020 and as of December 31, 2019, no impairment was identified. Reasonably possible changes in any valuation parameters would not result in impairment of intangible assets with indefinite useful life.

Non-current assets with definite useful life

For the purpose of the impairment test on other non-current assets the Company estimated the recoverable amounts as the higher of value in use or fair value less costs to sell of an individual asset or CGU to which the asset relates.

For the year ended December 31, 2021, the Group did not recognize any significant impairment of non-current assets.

During the year 2020, the Group recognised the impairment regarding the non-current assets in the amount of 68 for SOVEST CGU and 55 for other venture projects.

For the year ended December 31, 2019, the Group recognised the impairment regarding the non-current assets in the amount of 201 for QIWI Box CGU and 498 for Rocketbank CGU.

12. Long-term and short-term loans issued

As of December 31, 2021, long-term and short-term loans issued consisted of the following:

	Total as of December 31, 2021	Expected credit loss allowance	Net as of December 31, 2021
Long-term loans			
Loans to legal entities	268	(1)	267
Total long-term loans	**268**	**(1)**	**267**
Short-term loans			
Loans to legal entities	11,361	(91)	11,270
Total short-term loans	**11,361**	**(91)**	**11,270**

The Group's loans mainly issued in Russian rubles.

As of December 31, 2020, long-term and short-term loans consisted of the following:

	Total as of December 31, 2020	Expected credit loss allowance	Net as of December 31, 2020
Long-term loans			
Loans to legal entities	214	—	214
Total long-term loans	**214**	**—**	**214**
Short-term loans			
Loans to legal entities	5,836	(37)	5,799
Total short-term loans	**5,836**	**(37)**	**5,799**

The amounts in the tables show the maximum exposure to credit risk regarding loans issued. The Group has no internal grading system of loans issued for credit risk rating grades analysis. Loans issued within the factoring scheme are collateralized with the accounts receivable of the debtor. The other part of loans issued are not collateralized.

12. Long-term and short-term loans issued (continued)

An analysis of the changes in the ECL allowances due to changes in corresponding gross carrying amounts for the year ended December 31, 2021, was the following:

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance as of January 1, 2021	**(5)**	**(1)**	**(31)**	**(37)**
Changes because of financial instruments (originated or acquired)/derecognized during the reporting period	(29)	(4)	(30)	**(63)**
Transfers between stages	—	—	—	**—**
Amounts written off	—	—	8	**8**
ECL allowance as of December 31, 2021	**(34)**	**(5)**	**(53)**	**(92)**

An analysis of the changes in the ECL allowances due to changes in corresponding gross carrying amounts for the year ended December 31, 2020, was the following:

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance as of January 1, 2020	**(229)**	**(120)**	**(494)**	**(843)**
Changes because of financial instruments (originated or acquired)/derecognized during the reporting period	(128)	(211)	(498)	**(837)**
Transfers between stages	140	(8)	(132)	**—**
Amounts sold and written off	212	338	1,093	**1,643**
ECL allowance as of December 31, 2020	**(5)**	**(1)**	**(31)**	**(37)**

An analysis of the changes in the ECL allowances due to changes in corresponding gross carrying amounts for the year ended December 31, 2019, was the following:

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance as of January 1, 2019	**(216)**	**(120)**	**(517)**	**(853)**
Changes because of financial instruments (originated or acquired)/derecognized during the reporting period	(127)	7	(496)	**(616)**
Transfers between stages	114	(7)	(107)	**—**
Amounts sold and written off	—	—	626	**626**
ECL allowance as of December 31, 2019	**(229)**	**(120)**	**(494)**	**(843)**

During the year ended December 31, 2019, the Group sold defaulted balances of Installment Card Loans with the gross carrying amount of 655 to an unrelated party.

13. Trade and other receivables

As of December 31, 2021, trade and other receivables consisted of the following:

	Total as of December 31, 2021	Expected credit loss allowance/ Provision for impairment	Net as of December 31, 2021
Cash receivable from agents	3,295	(251)	3,044
Deposits issued to merchants	3,162	(16)	3,146
Commissions receivable	138	(11)	127
Other receivables*	5,236	(231)	5,005
Total financial assets	**11,831**	**(509)**	**11,322**
Advances issued	254	—	254
Total trade and other receivables	12,085	(509)	11,576

* Other receivables include receivables from sale of Tochka associate in the amount of 4,757

As of December 31, 2020, trade and other receivables consisted of the following:

	Total as of December 31, 2020	Expected credit loss allowance/ Provision for impairment	Net as of December 31, 2020
Cash receivable from agents	2,358	(150)	2,208
Deposits issued to merchants	4,639	(17)	4,622
Commissions receivable	135	(19)	116
Other receivables	343	(97)	246
Total financial assets	**7,475**	**(283)**	**7,192**
Advances issued	254	(1)	253
Total trade and other receivables	**7,729**	**(284)**	**7,445**

The amounts in the tables show the maximum exposure to credit risk regarding Trade and other receivables. The Group has no internal grading system of Trade and other receivables for credit risk rating grades analysis.

An analysis of the changes in the ECL allowances due to changes in the corresponding gross carrying amounts for the years ended December 31 was the following:

	2019	2020	2021
ECL allowance as of January 1,	**(366)**	**(289)**	**(284)**
Changes because of financial instruments (originated or acquired)/ derecognized during the reporting period	(9)	(57)	(262)
Amounts written off	86	62	37
ECL allowance as of December 31,	**(289)**	**(284)**	**(509)**

Receivables are non-interest bearing, except for agent receivables bearing, generally, interest rate of 20%-36% per annum and credit terms generally do not exceed 30 days. There is no requirement for collateral for customers to receive an overdraft.

14. Cash and cash equivalents

As of December 31, 2021 and 2020, cash and cash equivalents consisted of the following:

	As of December 31, 2020	As of December 31, 2021
Correspondent accounts with Central Bank of Russia (CBR)	3,467	3,719
Cash with banks and on hand	9,089	5,249
Short-term CBR deposits	32,800	14,200
Other short-term bank deposits	2,028	9,867
Less: Allowance for ECL	(2)	(2)
Total cash and cash equivalents	**47,382**	**33,033**

The amounts in the table show the maximum exposure to credit risk regarding cash and cash equivalents. While the Group has no internal grading system of cash and cash equivalents for credit risk rating grades analysis all its cash is held in highly rated banks and financial institutions according to the external rating agencies. These banks have low credit risk and are approved by the Board of Directors of the Group on a regular basis.

The Group holds cash and cash equivalents in different currencies and therefore is exposed to foreign currency risk. For more details regarding foreign currency sensitivity and risk management refer to Note 29.

	As of December 31, 2020	As of December 31, 2021
Russian ruble	40,040	28,908
Euro	3,407	1,310
US Dollar	2,847	1,786
Others	1,088	1,029
Total	**47,382**	**33,033**

15. Other current assets and other current liabilities

15.1 Other current assets

As of December 31, 2021 and 2020, other current assets consisted of the following:

	As of December 31, 2020	As of December 31, 2021
Reserves at CBR*	736	593
Total other financial assets	**736**	**593**
Prepaid expenses	259	353
Other	207	316
Total other current assets	1,202	1,262

* Banks are currently required to post mandatory reserves with the CBR to be held in non-interest bearing accounts. Such mandatory reserves are established by the CBR for liabilities in RUR in foreign currency according to its monetary policy. The amount is excluded from cash and cash equivalents for the purposes of cash flow statement and does not have a repayment date.

The Group has no internal grading system of other current assets for credit risk rating grades analysis.

15.2 Other current liabilities

As of December 31, 2021 and 2020, other current liabilities consisted of the following:

	As of December 31, 2020	As of December 31, 2021
Contract liability related to guarantees issued	521	1,185
Deferred income	—	138
Contract liability related to loyalty programs	66	—
Other	60	35
Total other current liabilities	**647**	**1,358**

16. Share capital, additional paid-in capital, share premium and other reserves

The Capital of the Company is divided by two classes. Each class A share has the right to ten votes at a meeting of shareholders and each class B share has the right to one vote at a meeting of shareholders. The class A shares and the class B shares have the right to an equal share in any dividend or other distribution the Company pays and have nominal of EUR 0.0005 each.

Authorised shares	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021
	Thousands	Thousands	Thousands
Ordinary Class A shares	129,583	127,914	127,914
Ordinary Class B shares	101,267	102,936	102,936
Total authorised shares	**230,850**	**230,850**	**230,850**

Issued and fully paid shares	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021
	Thousands	Thousands	Thousands
Ordinary Class A shares	12,083	10,414	10,414
Ordinary Class B shares	50,630	52,299	52,299
Total issued and fully paid shares	**62,713**	**62,713**	**62,713**

As of December 31, 2021 the Company owned 275 thousand treasury class B shares (December 31, 2020 - 334) that were issued and fully paid in 2018 and retained by QIWI Employee trust in order to settle future obligations on share-based payments.

For the year ended December 31, 2021 and 2020 the movement of outstanding shares' number was the following:

	Ordinary Class A shares	Ordinary Class B shares	Number of outstanding shares
	Thousands	Thousands	Thousands
As of December 31, 2019	**12,083**	**50,010**	**62,093**
Transfer between classes	(1,669)	1,669	—
Increase of share capital due to exercise of options by employees during the year	—	286	286
As of December 31, 2020	**10,414**	**51,965**	**62,379**
Transfer between classes	—	—	—
Increase of share capital due to exercise of options by employees during the year	—	59	59
As of December 31, 2021	**10,414**	**52,024**	**62,438**

In case of liquidation, the Company's assets remaining after settlement with creditors, payment of dividends and redemption of the par value of shares is distributed among the ordinary shareholders proportionately to the number of shares owned.

The other reserves of the Group's equity represent the financial effects from changes in equity settled share-based payments to employees, acquisitions and disposals, as well as other operations with non-controlling interests in the subsidiaries without loss of control.

17. Debt

As of December 31, 2021 and December 31, 2020, Group's debt consisted of the following:

	Credit limit (RUB)	Effective Interest rate	Maturity	As of December 31, 2020	As of December 31, 2021
Current interest-bearing debt					
Bank' revolving credit facility	460	Up to 10% *	June 30, 2023	—	—
Bank' revolving credit facility	500	Up to 15% **	April 20, 2026	—	—
Non-current interest-bearing debt					
Bank' revolving credit facility	1,000	8.5%	October 7, 2021	604	—
Bank' revolving credit facility	1,000	8.5%	December 22, 2021	945	—
Bonds issued	5,000	9.3%	October 10, 2023	5,014	4,734
Total debt				**6,563**	**4,734**
Including short-term portion				*1,640*	*86*

** the agreement stipulated the right of a lender to increase the interest rate in case the covenants are violated. The Covenants are violated as of December 31, 2021.*

*** the agreement stipulated the right of a lender to increase the interest rate and demand of early repayment in case the covenants are violated.*

The Group is subject to different covenants regarding the bonds issued. As of December 31, 2021 and December 31, 2020, the Group was in compliance with all covenants stipulated by the public irrevocable offers.

Interest expense regarding Group's debt for the year ended December 31, 2021 amounted for 501 (2020 - 218). As of December 31, 2020, the Group pledged its debt securities with the carrying amount of 1,765 as a collateral for the credit facilities received.

18. Trade and other payables

As of December 31, 2021 and 2020, the Group's trade and other payables consisted of the following:

	As of December 31, 2020	As of December 31, 2021
Payables to merchants	12,801	8,479
Money remittances and e-wallets accounts payable	5,725	8,508
Deposits received from agents	8,357	3,492
Commissions payable	465	429
Accrued personnel expenses and related taxes	1,386	1,623
Other payables	794	834
Total trade and other payables	**29,528**	**23,365**

19. Customer accounts and amounts due to banks

As of December 31, 2021 and 2020, customer accounts and amounts due to banks consisted of the following:

	As of December 31, 2020	As of December 31, 2021
Legal entities' current/demand accounts	6,995	5,197
Correspondent accounts of other banks	2,647	1,523
Individuals' current/demand accounts	1,539	81
Term deposits	1,156	834
Total customer accounts and amounts due to banks	**12,337**	**7,635**
Including long-term deposits	***36***	—

Customer accounts and correspondent accounts of other banks bear interest of up to 6% (2020 - 4%).

20. Investment in associates

The Group had a single associate: JSC Tochka.

QIWI Group assessed its share in the entity at 45% according to its share in dividends and potential capital gains. The Group's interest in JSC Tochka was accounted for using the equity method until the reclassification to assets held for sale in June 2021 for further sale (Note 6).

The following table illustrates summarized financial information of the Group's investment in JSC Tochka associate:

	As of December 31, 2020
Associates' statement of financial position:	
Non-current assets	1,437
Current assets	3,729
including cash and cash equivalents	*2,631*
Non-current financial liabilities	(263)
Current liabilities	(1,270)
including financial liabilities	*(959)*
Net assets	**3,633**
Carrying amount of investment in associates (45%) of net assets	**1,635**

Associate' revenue and net income for the years ended December 31 was as follows:

	2019	2020	2021
Revenue	5,534	7,697	4,296
Cost of revenues	(289)	(453)	(333)
Other income and expenses, net	(4,565)	(5,752)	(3,264)
including personnel expenses	*(2,147)*	*(2,965)*	*(1,853)*
including depreciation and amortization	*(129)*	*(297)*	*(168)*
Total net profit/(loss)	**680**	**1,492**	**699**
Group's share (45%) of total net profit/(loss)	**306**	**672**	**314**

21. Leases

The Group has commercial lease agreements of office buildings. The leases have an average life up to eight years. The contracts for a term of less than a year fall under the recognition exemption for being short-term leases. Total lease expense for the year ended December 31, 2021 recognized under such contracts is 35 (for the year ended December 31, 2020 - 60). Future minimum lease rentals under non-cancellable lease commitments for office premises for a term less than one year as of December 31, 2021 are 12 (December 31, 2020 - 21).

For long-term contracts, right-of-use assets and lease liabilities were recognized. Right-of-use assets are included into property and equipment. The change in the balances of Right-of-use assets and Lease liabilities the year ended December 31, 2021 was as follows:

	Right-of-use assets Office buildings	**Lease liabilities**
As of January 1, 2021	**1,087**	**1,116**
Additions	40	40
Derecognition	(201)	(240)
Depreciation	(273)	—
Interest expense	—	75
Payments	—	(349)
As of December 31, 2021	**653**	**642**
Including short-term portion		*308*

The change in the balances of Right-of-use assets and Lease liabilities the year ended December 31, 2020 was as follows:

	Right-of-use assets Office buildings	**Lease liabilities**
As of January 1, 2020	**1,352**	**1,357**
Additions	263	263
Derecognition	(200)	(204)
Depreciation	(328)	—
Interest expense	—	116
Payments	—	(416)
As of December 31, 2020	**1,087**	**1,116**
Including short-term portion		*354*

For the amount of rent expense recognized from short-term leases and variable lease payments for year ended December 31, 2021, December 31, 2020 and December 31, 2019 see Note 24.

22. Revenue

Other revenue for the years ended December 31 was as follows:

	2019	2020	2021
Platform and marketing services related fees	157	794	958
Fees for guarantees issued	121	440	723
Cash and settlement service fees	932	512	500
Other revenue	228	208	333
Total other revenue	**1,438**	**1,954**	**2,514**

For the purposes of consolidated cash flow statement, “Interest income, net” includes both continued and discontinued operations and consists of the following:

	2019	2020	2021
Interest revenue calculated using the effective interest rate	(1,961)	(2,390)	(3,453)
Interest expense classified as part of cost of revenue	47	288	505
Interest income and expenses from non-banking loans, net, classified separately in the consolidated statement of comprehensive income	18	68	(92)
Interest income and expenses related to discontinued operations	(1,005)	(659)	—
Interest income, net, for the purposes of consolidated cash flow statement	**(2,901)**	**(2,693)**	**(3,040)**

23. Cost of revenue

Cost of revenue for the years ended December 31 was as follows:

	2019	2020	2021
Transaction costs	12,633	14,777	15,892
Interest expense	47	288	505
Other expenses	1,395	1,429	1,625
Total cost of revenue	**14,075**	**16,494**	**18,022**

24. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended December 31 were as follows:

	2019	2020	2021
Advertising, client acquisition and related expenses	562	301	342
Tax expenses, except income and payroll related taxes	367	316	390
Advisory and audit services	537	611	974
Rent of premises	102	113	107
Expenses related to Tochka platform services	538	382	365
IT related services	325	346	389
Offering expenses	79	71	—
Other expenses	932	593	661
Total selling, general and administrative expenses	**3,442**	**2,733**	**3,228**

25. Dividends paid and proposed

Dividends paid and proposed by the Group to the shareholders of the parent are presented below:

	2019	2020	2021
Proposed, declared and approved during the year:			
2021: Final dividend for 2020: U.S.$ 19,347,534 or U.S.$ 0.31 per share, Interim dividend for 2021: U.S.$ 51,197,062 or U.S.$ 0.82 per share			5,179
2020: Final dividend for 2019: U.S.$ 13,667,632 or U.S.$ 0.22 per share, Interim dividend for 2020: U.S.$ 50,489,929 or U.S.$ 0.81 per share		4,797	
2019: Interim dividend for 2019: U.S.$ 51,969,316 or U.S.$ 0.84 per share	3,366		
Paid during the period*:			
2021: Final dividend for 2020: U.S.$ 19,347,534 or U.S.$ 0.31 per share, Interim dividend for 2021: U.S.$ 51,197,062or U.S.$ 0.82 per share			5,211
2020: Final dividend for 2019: U.S.$ 13,667,632 or U.S.$ 0.22 per share, Interim dividend for 2020: U.S.$ 50,489,929 or U.S.$ 0.81 per share		4,804	
2019: Interim dividend for 2019: U.S.$ 51,969,316 or U.S.$ 0.84 per share	3,392		
Proposed for approval (not recognized as a liability as of December 31):			
2021: Final dividend for 2021: —			—
2020: Final dividend for 2020: U.S.$ 19,347,534 or U.S.$ 0.31 per share		1,411	
2019: Final dividend for 2019: U.S.$ 13,660,424 or U.S.$ 0.22 per share	1,011		
Dividends payable as of December 31	—	—	—

* The difference between paid and declared dividends represents foreign exchange movement

26. Income tax

The Company is incorporated in Cyprus under the Cyprus Companies Law, but the business activity of the Group and joint ventures is subject to taxation in multiple jurisdictions, the most significant of which include:

Cyprus

The Company is subject to 12.5% corporate income tax applied to its worldwide income. On December 9, 2021, the Minister of Finance presented to parliament the proposed Cyprus budgetary plan for 2022 and envisaged fiscal policy plan for the next three-year period, including an outline of the government's vision with respect to a possible reform of the Cyprus tax system. Specifically, it was indicated increase of the corporate income tax rate from 12.5% to 15% in line with the OECD Inclusive Framework's Pillar Two agreement.

The Company is exempt from the special contribution to the Defence Fund on dividends received from abroad.

In 2020 the Company obtained a written confirmation from the Cyprus tax authorities in the form of a tax ruling in which the Cyprus tax authorities accept in writing not to impose any deemed dividend distribution liability since the Company is a public entity and it is impossible to identify the final minor shareholders.

The Russian Federation

The Company's subsidiaries incorporated in the Russian Federation are subject to corporate income tax at the standard rate of 15% applied to income received from Russia government bonds and 20% applied to their taxable income.

The Protocol of September 8, 2020 effective from January 1, 2021 established withholding tax rates as 15% in respect of interest and dividend income paid to Cyprus (though it provides for a number of exceptions where the lower rates of 5% or 0% are envisaged). The Company believes that it fulfills the conditions for application of the reduced 5% tax rate under the amended Russia-Cyprus Double Tax Treaty in respect of dividend income.

Republic of Kazakhstan

The Company's subsidiary incorporated in Kazakhstan is subject to corporate income tax at the standard rate of 20% applied to their taxable income.

26. Income tax (continued)

Deferred income tax assets and liabilities as of December 31, 2021 and 2020, relate to the following:

	Consolidated statement of financial position as of December 31		Consolidated statement of comprehensive income for the year ended		
	2020	2021	2020	2021	
			PL	PL	OCI
Intangible assets	(606)	(558)	32	48	—
Trade and other payables	238	259	(34)	21	—
Trade and other receivables	25	32	(33)	7	—
Debt instruments	(5)	61	—	10	56
Tax loss carry forwards	—	27	—	27	—
Loans issued	10	(8)	(46)	(18)	—
Lease obligations	222	134	(65)	(88)	—
Property and equipment	(189)	(140)	72	49	—
Taxes on unremitted earnings	(680)	(865)	(200)	(185)	—
Other	33	(81)	(146)	(114)	—
Net deferred income tax assets/ (liabilities)	**(952)**	**(1,139)**	**(420)**	**(243)**	**56**
including:					
Deferred tax assets	209	237			
Deferred tax liabilities	(1,161)	(1,376)			

Deferred tax assets and liabilities are not offset because they do not relate to income taxes levied by the same tax authority on the same taxable entity.

Reconciliation of deferred income tax asset/(liability), net:

	2019	2020	2021
Deferred income tax asset/(liability), net as of January 1	**(586)**	**(532)**	**(952)**
Effect of acquisitions of subsidiaries	(74)	—	—
Deferred tax benefit/(expense)	128	(420)	(187)
Deferred income tax asset/(liability), net as of December 31	**(532)**	**(952)**	**(1,139)**

As of December 31, 2021 the Group does not intend to distribute a portion of its accumulated unremitted earnings in the amount of 11,024 (2020 – 8,075). The amount of tax that the Group would pay to distribute them would be 551 (2020 - 403). Unremitted earnings include all earning that were recognized by the Group’s subsidiaries and that are expected to be distributed to the holding company.

26. Income tax (continued)

The major components of income tax expense, including tax expense from discontinued operations, for the years ended 31 December 2021, 2020 and 2019 are:

	2019	2020	2021
Total tax expense			
Current income tax expense	(1,620)	(2,498)	(2,837)
Deferred tax benefit/(expense)	128	(420)	(243)
Income tax expense for the year	**(1,492)**	**(2,918)**	**(3,080)**

Theoretical and actual income tax expense is reconciled as follows:

	2019	2020	2021
Profit before tax from continuing operations	**11,954**	**14,365**	**20,616**
Loss before tax from a discontinued operations	**(5,575)**	**(2,509)**	—
Accounting profit before tax	**6,379**	**11,856**	**20,616**
Theoretical income tax expense at the domestic rate in each individual jurisdiction	(824)	(2,043)	(3,464)
(Increase)/decrease resulting from the tax effect of:			
Non-taxable income	23	216	1,098
Non-deductible expenses	(387)	(675)	(319)
Income tax associated with earnings of foreign subsidiaries	(202)	(333)	(338)
Unrecognized deferred tax assets	(102)	(83)	(57)
Total income tax expense	**(1,492)**	**(2,918)**	**(3,080)**
Income tax attributable to a continuing operations	**(2,513)**	**(3,119)**	**(3,080)**
Income tax attributable to a discontinued operations	**1,021**	**201**	—

During the year ended December 31, 2021 the Group did not recognize deferred tax assets related to the tax loss carry forward in the amount of 57 (2020 – 83, 2019 – 102) because the Group did not believe that the realization of the related deferred tax assets is probable.

27. Commitments, contingencies and operating risks

Operating environment

Russia's economy has been facing significant challenges for the past few years due to the combined effect of the ongoing crisis in Ukraine, the deterioration of Russia's relationships with many Western countries, the economic and financial sanctions imposed in connection with these events on certain Russian companies and individuals, as well as against entire sectors of the Russian economy, by the US, the EU, Canada and other countries, a record weakening of the Russian ruble against the U.S. dollar, a lack of access to financing for Russian issuers, capital flight and a general climate of political and economic uncertainty, among other factors. The ongoing COVID-19 pandemic and related lockdown measures have also contributed to the deterioration of the Russian economy. Consumer spending had generally remained cautious even prior to the COVID-19 pandemic, which upended the modest recovery that the Russian economy had experienced in the few preceding years. The outbreak of the COVID-19 pandemic and associated responses from various countries around the world, which began in early 2020 and continue to unfold to date, have negatively affected consumer demand across the globe and across industries. As a result, the Russian ruble has significantly and abruptly depreciated against the U.S. dollar and the Euro. This volatile exchange rate environment continues to prevail even though the oil prices have rebounded. The COVID-19 pandemicremains ongoing, and although related restrictions have been relatively mild in Russia throughout 2021, there can be no assurance that new measures will not be adopted (as has been the case in many countries) in response to rise in COVID-19 cases, in particular due to new variants of the virus which keep emerging.

A prolonged economic slowdown in Russia could have a significant negative effect on consumer spending in Russia and, accordingly, on the Group's business. As a result of the challenging operating environment in Russia, the Group has experienced slower payment volume growth in certain of our payment categories and payment volume decline in certain others, in particular certain types of money remittances and financial services categories. Further adverse changes in economic conditions in Russia could adversely impact our future revenues and profits and cause a material adverse effect on our business, financial condition and results of operations.

A substantial part of the Russian population continues to rely on cash payments, rather than credit and debit card payments or electronic banking. The Group's business has developed as a network of kiosks and terminals that allow consumers to use physical currency for online payments. While the Group has since largely outgrown that model, the network of kiosks and terminals remains a significant part of the Group's infrastructure and serves as a reload and client acquisition channel for Qiwi Wallet. Over time, the prevalence of cash payments is declining as a greater percentage of the population in emerging markets adopts credit and debit card payments and electronic banking, and the number of kiosks and terminals in the QIWI network is decreasing as the market shifts towards a higher share of digital payments. In 2020-2021, the Group's physical distribution network was and, to a certain extent, may continue to be negatively affected by the spread of the COVID-19 pandemic, corresponding lockdown measures, and other restrictions that limited users' access to certain retail locations, as well as reducing the overall activity of the population. Other factors could also contribute to a decline in the use of kiosks and terminals, including regulatory changes, increases in consumer fees imposed by the agents and the development of alternative payment channels. All of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

Regulatory environment

QIWI's business is impacted by laws and regulations that affect its industry, the number of which has increased significantly in recent years. The Group is subject to a variety of regulations, including those aimed at preventing money laundering and the financing of criminal activity and terrorism, financial services regulations, payment services regulations, consumer protection laws, currency control regulations, advertising laws, betting laws and privacy and data protection laws. As a result, the Group experiences periodic investigations by various regulatory authorities in connection with such laws and regulations, which may sometimes result in the imposition of monetary or other sanctions. Any changes in the regulatory regime or in the interpretation of current regulations that affect the continuation of one or more types of transactions currently facilitated by the Group's system may materially adversely affect its results of operations.

27. Commitments, contingencies and operating risks (continued)

Regulatory environment (continued)

In recent years the CBR has considerably increased the intensity of its supervision and regulation of the Russian banking sector. Qiwi Bank has been the subject of CBR investigations in the past that have uncovered various violations and deficiencies in relation to, among other things, reporting requirements, anti-money laundering, cybersecurity, compliance with applicable electronic payments thresholds requirements and other issues which management believes QIWI has generally rectified. In the second half of 2020, the CBR, acting in its supervisory capacity, performed another routine scheduled audit of Qiwi Bank. In the course of this audit the CBR identified certain violations and deficiencies relating primarily to reporting and record-keeping requirements. The monetary fine imposed on Qiwi Bank as a result of these findings was RUB 11 million. In addition, the CBR introduced certain restrictions with respect to Qiwi Bank's operations, including, effective for a six-month period starting December 7, 2020, the suspension of, or limitation on, most types of payments to foreign merchants and money transfers to pre-paid cards from corporate accounts. Management has been working closely with the CBR to remediate the identified deficiencies. The restrictions introduced by the CBR have had a substantial negative effect on the Group's business, financial condition and results of operations, primarily through decreasing the volumes in our E-Commerce and Money Remittance market verticals, and as a result, revenues and profits. Management believes that the abrupt termination of services of a large number of merchants has likely also had reputational risks for the Group that are difficult to quantify or assess. The recovery of the payment volume and revenue lost in the wake of the CBR restrictions has been affected by changes in consumer behavior and legal framework, and it is anticipated that these revenue streams may never be fully restored.

The past and future operations may also be subject to greater scrutiny from the CBR as a result of these events. There can be no assurance that new sanctions will not be imposed on the Group as a result of any past or future findings and that we will not come under greater CBR scrutiny in connection with any perceived deficiencies in the Group's conduct, or that any currently planned or future inspections will not result in discovery of any significant or minor additional violations of various banking regulations, and of what sanctions the CBR may impose on the Group in connection with such deficiencies or violations. Any such sanctions could have a material adverse effect on the Group's business, financial condition and results of operations.

Historically, the Group has had substantial volume of business with merchants in the betting industry. Processing payments to such merchants represented a significant portion of the Group's revenue. Moreover, the repayment of winnings by such merchants to customers also serves as an important and economically beneficial Qiwi Wallet reload channel, contributing to the attractiveness and sustainability of our ecosystem. This revenue stream has been, and may continue to further be, materially adversely affected by legislative developments.

The betting industry is subject to extensive and actively developing regulation in Russia, as well as increasing government scrutiny. Prior to October 2021, legislation then in force required bookmakers to become members of one of the self-regulated organizations of bookmakers and abide by its rules, and to accept interactive bets solely through an Interactive Bets Accounting Center (TSUPIS) set up by a credit organization in cooperation with a self-regulated association of bookmakers. In order to enable our participation in this industry, in 2016 QIWI Bank established a TSUPIS together with one of such self-regulated associations of bookmakers, and the Group thereby became one of the two payment services providers that were able to accept electronic bets on behalf of sports betting companies in Russia.

In December 2020, a new law was adopted, abolishing the mandatory participation of bookmakers in self-regulated organizations, establishing a Unified Gambling Regulator as a new governmental agency with broad authority to oversee the betting market, and creating the role of a single Unified Interactive Bets Accounting Centre (ETSUP) to replace all of the existing TSUPIS. Although the Group has publicly made a proposal to serve as the Unified Interactive Bets Accounting Center pursuant to the new regulatory regime, its bid turned out unsuccessful, and the role of the ETSUP was assigned to another market participant. As a result, the Group has lost the ability to generate volume and income directly related to its TSUPIS business in Russia starting from fourth qurter 2021, although the Group has still been able to retain part of the betting revenues generated from QIWI Wallet services, including commissions for betting accounts top-ups and winning payouts. Payment volume and revenues lost due to the described above changes will negatively affect the Group's results of operations. Any further significant change in betting legislation, or any adverse action by the ETSUP as a major participant in the industry may negatively affect the payment volume, revenue and margins of our Payment Services business, as well as overall usage of QIWI Wallet.

27. Commitments, contingencies and operating risks (continued)

Regulatory environment (continued)

Under the Russian betting legislation, betting merchants may become "blacklisted" by the government if they have been found to be in violation of applicable Russian laws, the Group's remaining revenue generated from the betting industry as described above may further shrink. Furthermore, since 2021, Russian credit institutions have been prohibited from contracting with any betting merchants, including foreign ones, that are not on a list of specifically approved betting merchants maintained by the regulator. As a result, in effect only specifically "whitelisted" merchants are allowed to continue operating. A separate "black list" has been instituted with respect to foreign payment aggregators that are known to service backlisted betting merchants. All of these measures have resulted in a general shrinkage of the number of players in the industry and contraction of our related revenue streams, and have significantly increased the administrative burdens in onboarding merchants and in particular payment aggregators. Any regulatory developments that impose additional restrictions on the betting industry may result in the contraction of the betting sector or QIWI's remaining revenues from this market and therefore adversely affect its financial condition and results of operations.

The Group contracts with some of international merchants in U.S. dollars and other currencies such as Euros and may experience challenges in relationships with U.S. banks that are required for any non-U.S. company to transact in U.S. dollars. Even though the Group maintains a number of U.S. dollar accounts with various financial institutions, at the same time the Group is also conducting a portion of U.S. dollar transactions with international merchants in other currencies, bearing additional currency conversion costs. No assurance can be given that such institutions or their respective correspondent banks in the U.S. will not refuse to process the Group's transactions for such reasons or otherwise, thereby further increasing the currency conversion costs that the Group has to bear or that international merchants will agree to accept payments in any currency, but the U.S. dollar in the future. If the Group is not able to conduct transactions in U.S. dollars, it may bear significant currency conversion costs or lose some merchants who will not be willing to conduct transactions in currencies other than the U.S. dollars, and the Group's business, financial condition and results of operations may be materially adversely affected. Management can give no assurance that similar issues would not arise with respect to the Group's transactions in other currencies, such as the Euro, which could have similarly adverse consequences.

Know-your-client requirements in Russia

The Group's business is currently subject to know-your-client (KYC) requirements established by Federal Law of the Russian Federation No. 115-FZ "On Combating the Legalization (Laundering) of Criminally Obtained Income and Funding of Terrorism", dated August 7, 2001, as amended, or the Anti-Money Laundering Law. Based on the Anti-Money Laundering Law management distinguishes three types of consumers based on their level of identification, being anonymous, identified through a simplified procedure and fully identified. There can be no assurance that the Group will always be able to collect all necessary data to perform the identification procedure in full or that the data the users provide us for the purposes of identification will not contain any mistakes or misstatements and will be correctly matched with the information available in the governmental databases. Due to the lack of clarity and gaps existing under the current customer identification legislation, management has to employ a risk-based approach to customer KYC and sometimes make judgment calls in applying anti-money laundering legislation, with the resulting risk of being found in non-compliance with it. Thus, current situation could cause the Group to be in violation of the identification requirements. In case management is forced to change its approaches to identification procedure or in case the identification requirements are further tightened, it could negatively affect the number of our consumers and, consequently, volumes and revenues. Additionally, Russian anti-money laundering legislation is in a constant state of development and is subject to varying interpretations. If the Group is found to be in non-compliance with any of its requirements, it could not only become subject to fines and other sanctions, but could also have to discontinue to process operations that are deemed to be in breach of the applicable rules and lose associated revenue streams.

27. Commitments, contingencies and operating risks (continued)

Risk of cybersecurity breach

The Group stores and/or transmits sensitive data, such as credit or debit card numbers, mobile phone numbers and other identification data, and the Company has ultimate liability to its customers for the failure to protect this data. The Company has experienced breaches of its security by hackers in the past, and breaches could occur in the future. In such circumstances, the encryption of data and other protective measures have not prevented unauthorized access and may not be sufficient to prevent future unauthorized access. Any breach of the system, including through employee fraud, may subject the Company to material losses or liability, including fines and claims for unauthorized purchases with misappropriated credit or debit card information, identity theft, impersonation or other similar fraud claims. These risks are exacerbated by the COVID-19 pandemic and related lockdowns, since unauthorized access to data may potentially be easier when a large percentage of employees works from home. Moreover, even in the absence of an emergency event such as a cyberbreach, the Group may at times be found to be not in compliance with applicable personal data processing and transfer legislation, which is actively developing and becoming increasingly complex throughout the world, including in Russia. A misuse of such sensitive data or a cybersecurity breach could harm the Group's reputation and deter clients from using electronic payments as well as kiosks and terminals generally and any of the Group's services specifically, increase operating expenses in order to correct the breaches or failures, expose the Group to uninsured liability, increase risk of regulatory scrutiny, subject the Group to lawsuits, result in the imposition of material penalties and fines by state authorities and otherwise materially adversely affect the Group's business, financial condition and results of operations.

Taxation in Cyprus

As of today, there are no specific transfer pricing rules or any transfer pricing documentation requirements in the Cyprus tax laws with respect to related party transactions. However, Cyprus is in the late stages of adopting transfer pricing rules, covering all types of inter-company transactions and require the preparation of a Local and Master File as well as Summary Information Table in line with the OECD Transfer Pricing Guidelines (subject to the relevant thresholds). The Cyprus draft transfer pricing legislation is expected to be enacted within the coming months.

DAC6 was implemented in Cyprus on June 25, 2018 as part of the Administrative Cooperation in the Field of Taxation (Amendment) Law 2019 (AC19 Law). The Cypriot Tax Department launched a public consultation on the AC19 Law on October 22, 2019. The Directive requires intermediaries (including EU-based tax consultants, banks and lawyers) and in some situations, taxpayers, to report certain cross-border arrangements (reportable arrangements) to the relevant EU member state tax authority. Cross-border arrangements will be reportable if they contain certain features (known as hallmarks). The hallmarks cover a broad range of structures and transactions. Determining if there is a reportable cross-border arrangement raises complex technical and procedural issues for taxpayers and intermediaries. The Company fully complies with the abovementioned obligations, but it is still cannot be excluded that the Company might be subject to additional costs and/or tax liabilities resulted from these new reporting requirements.

In November 2021 the Cyprus Tax Authorities issued an announcement extending the deadline for submission of information on reportable cross-border arrangements under DAC6 until January 31, 2022. The extension is applicable to all reportable cross-border arrangements between June 25, 2018 and December 31, 2021. Reportable cross-border arrangements as from January 1, 2022 must be reported within 30 days from the day after: (a) the arrangement is made available for implementation to the relevant taxpayer; or (b) the arrangement is ready for implementation by the relevant taxpayer; or (c) the day that the first step of the arrangement has been implemented; or (d) the day that aid has been provided with respect to a reportable arrangement.

Following the global trend on increase of substance requirements in various jurisdictions, starting from 2019 certain jurisdictions (including traditional offshore jurisdictions) implement legislation that requires companies registered in the relevant offshore jurisdiction to maintain actual substance on the territory of such jurisdictions, which may include, amongst others, the qualified personnel, premises located in the particular jurisdiction, reasonable expenses to support daily operation of the company.

It cannot be excluded that the Group might be subject to additional costs and/or tax liabilities resulted from the said requirements, which could have a material adverse effect on the Group's business, financial condition and results of operations.

27. Commitments, contingencies and operating risks (continued)

Taxation in the Russian Federation

Russian and the CIS's tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. For instance, introduction of the concept of beneficial ownership may result in the inability of the foreign companies within the Group to claim benefits under a double tax treaty through structures which historically have benefited from double tax treaty protection in Russia. Recent court cases demonstrate that the Russian tax authorities actively challenge application of double tax treaty benefits retroactively (i.e. prior to concept of beneficial ownership was introduced in the Russian Tax Code) on the grounds that double tax treaties already include beneficial ownership requirement to allow application of reduced tax rates or exemptions. In these cases, the Russian tax authorities obtained relevant information by means of information exchange with the foreign tax authorities.

Withholding tax at the rate of 15% is applied to any dividends paid by the entities incorporated in Russia to the entities incorporated outside of Russia. The Group commonly seeks to claim treaty protection, as such withholding tax rate (hereinafter "WHT)" may be reduced to 5% under the available Double Tax Treaty (including Cyprus) if certain conditions stipulated thereto are met.

The Protocol of September 8, 2020 came into effect from January 2021 and amending Russia-Cyprus double tax treaty increased WHT rates in respect of interest and dividend income to 15% (though it provides for a number of exceptions where the lower rates of 5% or 0% are envisaged). The reduced 5% tax rate in respect of dividend and interest income is envisaged for certain categories of income recipients, including public companies whose shares are listed on a registered stock exchange provided that at least 15% of the voting shares of that company are in free float and which holds directly at least 15% of the capital of the company paying the dividends throughout a 365-day period that includes the day of payment of the dividends.

The Company believes that it fulfils the conditions for application of the reduced 5% tax rate under the amended Russia-Cyprus Double Tax Treaty in respect of dividend income, including more than 15% free float. However, there is some uncertainty in respect of the approach as to how to establish the percentage of depository receipts in free float. Although, the Russian Ministry of Finance issued some clarifications on this matter there is still some possibility that different interpretations could be applied given the vague wording of such clarification. Also, there is no assurance that the Russian Ministry of Finance will not revise its position in the future or that the Russian tax authorities will not challenge the Company's position in this respect. There is also no assurance that the reduced withholding income tax rate under the Russia-Cyprus double tax treaty will be applied to interest income. Starting from January 1, 2017, the Russian Tax Code requires the tax agent to obtain confirmation from the non-resident holder-legal entity that it is the beneficial owner of the relevant income. Russian tax law provides neither the form of such confirmation nor the precise list of documents which can demonstrate the beneficial owner status of the recipient with respect to the received income. Due to the introduction of these changes, there can be no assurance that treaty relief at source will be available in practice. According to the clarifications of the Russian tax authorities, a foreign company may not benefit from a double tax treaty if its activity does not have a real business purpose, if such company does not bear any risks that are normal for business activity, such company does not benefit from the use of such income and its employees actually do not control/ manage such company. If activities of the company are limited to investments and/or financing of a group of companies, it cannot be considered as an independent business activity and it is not enough to confirm the beneficial owner status of the recipient of income. As a result, there is a risk that application of the concept of beneficial ownership may result in the inability of the foreign companies within the Group to claim benefits under a double taxation treaty through structures which historically have benefited from double taxation treaty protection in Russia.

Company intends to use simplified approach for confirmation of the beneficial ownership status that has recently been adopted for public companies with shares and (or) depository receipts comprising more that 25% of their share capital admitted to trade on a qualifying stock exchange if the respective confirmation letter on its beneficial ownership status and documents confirming publicly traded company status are in place. Since this simplified approach is relatively new and untested there is no assurance that the Russian tax authorities will not challenge the Company's beneficial ownership status.

On November 27, 2017 the Federal Law No. 340-FZ introducing country-by-country reporting ("CbCR") requirements was published. In accordance with the CbCR requirements, if the Group reaches the reporting threshold in Russia (over RUB 50 billion), or alternatively in any other jurisdiction of presence (e.g. in Cyprus, where the Decree issued by the Cyprus Minister of Finance on December 30, 2016 introduced a mandatory CbCR for multinational enterprise groups generating consolidated annual turnover exceeding EUR 750 million) the Group may be liable to submit relevant CbCR.

27. Commitments, contingencies and operating risks (continued)

Taxation in the Russian Federation (continued)

In addition, on November 24, 2016, the OECD published the multilateral instrument ("MLI") which introduces new provisions to existing double tax treaties limiting the use of tax benefits provided thereof, e.g. by means of introduction of the "business purpose" test. To date the MLI has been ratified by Russia with respect to more than 71 double tax treaties signed by Russia with potential effective date of January 1, 2021. Starting from 2021, MLI came into effect in respect of withholding taxes covered by tax treaties concluded by the Russian Federation with 34 countries (including tax treaty with Cyprus). Application of MLI could potentially limit tax benefits granted by double tax treaties of Russian Federation and Cyprus.

The existing Russian transfer pricing rules became effective from January 1, 2012. Under these rules the Russian tax authorities are allowed to make transfer-pricing adjustments and impose additional tax liabilities in respect of certain types of transactions. It is therefore possible that the Group entities established in Russia may become subject to transfer pricing tax audits by tax authorities in the foreseeable future.

There can be no assurance that the Russian Tax Code will not be changed in the future in a manner adverse to the stability and predictability of the Russian tax system. These factors, together with the potential for state budget deficits, raise the risk of the imposition of additional taxes on the Group. The introduction of new taxes or amendments to current taxation rules may have a substantial impact on the overall amount of the Group's tax liabilities. There is no assurance that it would not be required to make substantially larger tax payments in the future, which may adversely affect the Group's business, financial condition and results of operations.

On July 19, 2017, new anti-avoidance provisions were introduced into the Russian Tax Code and the Article 54.1 of the Russian Tax Code was adopted, which replaced the previously existing concept of "unjustified tax benefit". These anti-avoidance provisions establish two specific criteria that should be met simultaneously to entitle a taxpayer to reduce the tax base or the amount of tax: (i) the main purpose of the transaction (operation) is not a non-payment (incomplete payment) and (or) offset (refund) of the amount of tax; and (ii) the obligation under the transaction (operation) is executed by a person who is a party to a contract entered into with the taxpayer and / or a person to whom the obligation to execute a transaction (operation) was transferred under a contract or law. The Russian Tax Code specifically indicates that signing of primary documents by an unidentified or unauthorized person, violation by the counterparty of tax legislation, the possibility to obtain the same result by a taxpayer by entering into other transactions not prohibited by law cannot be considered in itself as a basis for recognizing the reduction of the tax base or the amount of tax unlawful. However, application of these criteria is still under consideration of the tax authorities, therefore, no assurance can be given that positions of taxpayers will not be challenged by the Russian tax authorities

The Russian Ministry of Finance issued clarifications that the concepts expressed in Resolution No. 53 and evolved in the relevant court practice should not be applied by the enactment of new anti-avoidance rules. However, it cannot be excluded that this new concept could be applied by the tax authorities in a broader sense. There were some publications in mass media with reference to the Head of Federal Tax Service of the Russian Federation stating that more than 85% of tax disputes based on Article 54.1 of the Russian Tax Code are ruled out in favour of the tax authorities. In view of this trend and taking into the account the uncertainties with application of anti-avoidance concept, this could possibly expose the Group to significant fines, penalties and enforcement measures, despite the best efforts at compliance, and could result in a greater than expected tax burden.

27. Commitments, contingencies and operating risks (continued)

Taxation in the Russian Federation (continued)

The existing Russian transfer pricing rules became effective from January 1, 2012. Under these rules the Russian tax authorities are allowed to make transfer-pricing adjustments and impose additional tax liabilities in respect of certain types of transactions ("controlled" transactions). The list of the "controlled" transactions includes transactions with related parties (with several exceptions such as guarantees between Russian non-banking organizations and interest-free loans between Russian related parties) and certain types of cross border transactions. Starting from 2019 transactions between Russian tax residents are subject to transfer pricing control only if the amount of income from the transactions between these parties within one year exceeds RUB 1 billion and at the same time one of the conditions stipulated in Article 105.14 of Russian Tax Code (e.g., the parties to the transaction apply different corporate income tax rates) is met. Certain other transactions, such as foreign trade transactions in commodities traded on global exchanges, transactions with parties from blacklisted countries, transactions between related parties under participation of the independent intermediary, as well as transactions between the Russian tax resident and foreign tax resident (related parties) remain under control in case the amount of income from transactions between these parties within one year exceeds RUB 60 million threshold. The new rules apply to transactions, under which income (expenses) from such controlled transactions are recognised after January 1, 2019. As a side effect, the Russian tax authorities who are entitled to perform tax audits of Russian taxpayers with focus on compliance with existing transfer pricing legislation will no longer be involved in tax audit of transactions between Russian parties due to increased limits on transactions between Russian tax residents but they will be able to pay more attention to cross-border transactions.

The burden of proving market prices, as well as keeping specific documentation, lies with the taxpayers. In certain circumstances, the Russian tax authorities may apply the transfer pricing rules and methods in cases where the rules are formally not applicable, claiming additional tax charges calculated using the transfer rules but based on other tax concepts (e.g. unjustified tax benefit, lack of economic justification of expenses, etc.).

It is therefore possible that the Group entities established in Russia may become subject to transfer pricing tax audits by tax authorities in the foreseeable future. Due to the uncertainty and lack of established practice of application of the Russian transfer pricing legislation the Russian tax authorities may challenge the level of prices applied by the Group under the "controlled" transactions (including certain intercompany transactions) or challenge the methods used to prove prices applied by the Group, and as a result accrue additional tax liabilities. If additional taxes are assessed with respect to these matters, they could have a material adverse effect on the Group's business, financial condition and results of operations.

Risk assessment

The Group's management believes that its interpretation of the relevant legislation is appropriate and is in accordance with the current industry practice and that the Group's currency, customs, tax and other regulatory positions will be sustained. However, the interpretations of the relevant authorities could differ and the maximum effect of additional losses, if the authorities were successful in enforcing their different interpretations, could be significant, and amount up to RUB 1.9 billion that was assessed by the Group as of December 31, 2021 (RUB 2.4 billion as of December 31, 2020).

Insurance policies

The Group holds no insurance policies in relation to its assets, operations, or in respect of public liability or other insurable risks. There are no significant physical assets to insure. Management has considered the possibility of insurance of business interruption in Russia, but the cost of it outweighs the benefits in management's view.

27. Commitments, contingencies and operating risks (continued)

Legal proceedings

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Following the disclosure of the restrictions imposed by the CBR on us in December 2020 QIWI plc and certain of its current and former executive officers have been named as defendants in the putative class action filed in the United States. These lawsuits allege that the defendants made certain false or misleading statements that were supposedly revealed when the CBR audit results and restrictions were disclosed in December 2020, which the plaintiffs perceive as a violation of Sections 10(b) and 20(a) of the 1934 Securities Exchange Act, and seek damages and other relief based upon such allegations. Management believes that these lawsuits are without merit and intend to defend against them vigorously, and expects to incur certain costs associated with defending against these actions. At this early stage of the litigations, the ultimate outcomes are uncertain and management cannot reasonably predict the timing or outcomes, or estimate the amount of loss, if any, or their effect, if any, on the Group's financial statements. Any negative outcome could result in payments of substantial monetary damages and accordingly Group's business could be seriously harmed.

Guarantees issued

The Group issues financial and performance guarantees to non-related parties for the term up to five years at market rate. The amount of guarantees issued as of December 31, 2021 is 46,631 (as of December 31, 2020 – 22,036) most of which are performance guaranties of ROWI project.

28. Balances and transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties during the years ended December 31, 2021 and 2020, as well as balances with related parties as of December 31, 2021 and December 31, 2020:

	For the year ended December 31, 2021		As of December 31, 2021	
	Sales to/ income from related parties	Purchases/ expenses from related parties	Amounts owed by related parties	Amounts owed to related parties
Associates	3	(183)	—	—
Key management personnel	—	(307)	—	(114)
Other related parties	5	(22)	—	(16)

	For the year ended December 31, 2020		As of December 31, 2020	
	Sales to/ income from related parties	Purchases/ expenses from related parties	Amounts owed by related parties	Amounts owed to related parties
Associates	3	(525)	170	(116)
Key management personnel	—	(422)	—	(142)
Other related parties	9	(21)	8	(9)

Benefits of key management and Board of Directors generally comprise of short-term benefits amounted to 307 during the year ended December 31, 2021 (434 - for the year 2020, 253 - for the year 2019) and share-based payments amounted to nil during the year ended December 31, 2021 (12 loss - for the year 2020, 34 - for the year 2019).

29. Risk management

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are foreign exchange risk, liquidity and credit risk. Management reviews and approves policies for managing each of the risks which are summarized below.

Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect items in the Group's statement of comprehensive income, statement of financial position and/or cash flows. Foreign currency denominated assets and liabilities give rise to foreign exchange exposure.

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in US Dollar exchange rates against Ruble, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the carrying amount of monetary assets and liabilities denominated in US Dollar when these currencies are not functional currencies of the respective Group subsidiary. The Group's exposure to foreign currency changes for all other currencies is not material.

	change in US Dollar	Effect on profit before tax Gain/(loss)
2021	+10%	122
	-10%	(122)
2020	+10%	192
	-10%	(192)

Liquidity risk and capital management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to maintain a stable funding base primarily consisting of agents' deposits, current accounts and due to banks, retail deposits from customers and debt. The Deposits received from agents are due on demand, but are usually offset against future payments processed through agents. The Group expects that agents' deposits will continue to be offset against future payments and not be called by the agents. Customer accounts and amounts due to banks, trade and other payables are due on demand. The Group has sufficient cash balances and keeps it in diversified portfolios of liquid instruments such as government bonds, correspondent account with CBR and overnight placements in high-rated commercial banks, in order to be able to respond timely and steady to unforeseen liquidity requirements.

Since 2014, the Russian economy has been going through a period of macroeconomic slowdown and liquidity shortage in a number of markets (including those in which the Group operates), caused among other things by falling oil prices, ruble devaluation and the economic sanctions regime. Banks and other entities in Russia decreased credit limits in their everyday operations and it was noted that the Group's merchants and partners also started and in certain cases continued to request from the Group larger collaterals to hedge their risks. The Group was able to manage these conditions and requirements to date, though the liquidity shortage in the market if exacerbated may have further negative effects on the Group's operations, which cannot be now reliably estimated.

According to CBR requirements, a bank's capital calculated based on CBR instruction should be not less than certain portion of its risk-adjusted assets. As of December 31, 2021, QIWI Bank JSC's capital ratio is above the minimal level required of 8%. The Group monitors the fulfillment of requirements on a daily basis and sends the reports to CBR on a monthly basis. During the years ended December 31, 2021 and 2020 QIWI Bank JSC met the capital adequacy requirements.

29. Risk management (continued)

Liquidity risk and capital management (continued)

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital includes share capital, share premium, additional paid-in capital, other reserves and translation reserve. To maintain or adjust the capital structure, the Group may make dividend payments to shareholders or issue new shares. Currently, the Group requires capital to finance its growth, but it generates sufficient cash from its operations. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		Due:		
	Total	On demand	Within a year	More than a year
Debt	4,772	—	86	4,686
Lease liabilities	710	—	324	386
Trade and other payables	23,365	23,365	—	—
Customer accounts and amounts due to banks	7,635	6,801	834	—
Total as of December 31, 2021	**36,482**	**30,166**	**1,244**	**5,072**

		Due:		
	Total	On demand	Within a year	More than a year
Debt	6,640	1,549	91	5,000
Lease liabilities	1,116	—	354	762
Trade and other payables	29,528	29,528	—	—
Customer accounts and amounts due to banks	12,337	11,181	1,120	36
Total as of December 31, 2020	**49,621**	**42,258**	**1,565**	**5,798**

Credit risk

Financial assets of the Group, which potentially subject the Company and its subsidiaries, joint ventures and associates to credit risk, consist principally of trade receivables, loans issued, cash and short-term investments. The Group sells services on a prepayment basis or ensures that its receivables are from customers with an appropriate credit history – large merchants and agents with sufficient and appropriate credit history. The Group's receivables from merchants and others, except for agents, are generally non-interest-bearing and do not require collateral. Receivables from agents are interest-bearing and unsecured. The Group holds cash primarily with reputable Russian and international banks, including CBR, which management considers having minimal risk of default, although credit ratings of Russian and Kazakh banks are generally lower than those banks in more developed markets. Short-term debt securities include corporate and government bonds.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The carrying amount of accounts receivable, net of allowance for impairment of receivables, represents the maximum amount exposed to the credit risk for this type of receivables (Note 13).

29. Risk management (continued)

Credit risk (continued)

Set out below is the information about the credit risk exposure on the Group's trade and other receivables (except for advances issued) using a provision matrix:

December 31, 2021	**Days past due**				
	Current and <30 days	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	0.06 %	19 %	94 %	95 %	
Exposure at default	11,241	79	34	477	**11,831**
Expected credit loss	(7)	(15)	(32)	(455)	**(509)**

December 31, 2020	**Days past due**				
	Current and <30 days	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	0.13 %	1 %	69 %	92 %	
Exposure at default	6,092	1,035	230	118	**7,475**
Expected credit loss	(8)	(7)	(159)	(109)	**(283)**

The Group evaluates the concentration of risk with respect to trade and other receivables on a regular basis. The customers are located in several jurisdictions and industries and operate in largely independent markets. The table below demonstrates the largest counterparties' balances, as a percentage of respective totals:

	Trade and other receivables			
	As of December 31, 2020		**As of December 31, 2021**	
Concentration of credit risks by main counterparties, % from total amount				
Top 5 counterparties	54	%	64	%
Others	46	%	36	%

The Group is also exposed to substantial credit risk through the loans to small and medium legal entities, where Qiwi Bank JSC serves as a lender and bears all credit risk on outstanding loans. When granting these loans, the Group uses automated scoring solvency models and evaluates individually each application for the probability of fraud and default. It uses the information from the external resourses as well as internally established metodology in order to approve or reject the application. Qiwi Bank can also use manual verification for determining the credit limit for the approved applicants.

As part of the credit risk assessment of the factoring transactions, the Group evaluates the credit risk of an individual client as well as of the debtor. Management believes that debtor risk assessment is an important source of additional security and credit quality guarantee. Procedures and responsibilities for assessing and managing credits risks of clients and debtors are clearly stipulated in the Group internal risk policy. To assess clients' accounts receivables as a form of collateral, management analyzes each debtor individually and collectively at the portfolio level (risk concentration, turnover ratios and other parameters). The Group also makes allowances for the dual structure of collateral for the assets placed under factoring operations. According to such structure, the debtor whose receivables are assigned to the Group must fulfill its obligations and in case the debtor fails to fulfill its contractual liabilities, the liabilities are transferred to the client under recourse. Compared with traditional lending, therefore, the assets are better collateralized and the credit risk is lower.

The management established a credit committee that develops and approves general principles for lending and takes special measures to mitigate credit risk such as a reduction of the credit limits for unreliable clients and more advanced scoring models for the new borrowers. See Note 12 for the carrying amount of loans issued and the maximum amount exposed to the credit risk for these type of assets.

29. Risk management (continued)

Market risk

The Group is exposed to market risks by holding the trading portfolio of bonds. The market risk management is aimed to keep the level of market risk assumed by the Group in accordance with the Group's strategy. The Group manages its market risks both on a portfolio and individual basis. The most commonly used tools are VAR (value at risk) and stop-loss limits, which are set by the Group's risk appetite and Group's portfolio investment guidelines approved by the BOD.

30. Financial instruments

The Group's principal financial instruments consisted of loans receivable, trade and other receivables, customer accounts and amounts due to banks, trade and other payables, cash and cash equivalents, long and short-term debt instruments and reserves at CBR. The Group has various financial assets and liabilities which arise directly from its operations. During the year, the Group did not undertake trading in financial instruments.

The fair value of the Group's financial instruments as of December 31, 2021 and 2020 is presented by type of the financial instrument in the table below:

		As of December 31, 2020		As of December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Debt securities	AC	6,383	6,476	3,526	3,462
Debt securities	FVOCI	—	—	9,561	9,561
Long-term loans	AC	196	196	250	250
Long-term loans	FVPL	18	18	17	17
Total financial assets		**6,597**	**6,690**	**13,354**	**13,290**
Financial liabilities					
Bonds issued	AC	5,014	5,134	4,734	4,668

Financial instruments used by the Group are included in one of the following categories:

- AC – accounted at amortized cost;
- FVOCI – accounted at fair value through other comprehensive income;
- FVPL – accounted at fair value through profit or loss.

Carrying amounts of cash and cash equivalents, short-term loans issued, short-term deposits placed, debt, accounts receivable and payable, reserves at CBR, lease liabilities, customer accounts and amounts due to banks approximate their fair values largely due to short-term maturities of these instruments.

Debt securities of the Group mostly consist of RUB nominated government and high-quality corporate bonds with interest rate 7.0% - 9.95% and maturity up to November 2036.

Long-term loans generally represent RUB nominated loans to Russian legal entities and have a maturity up to five years. For the purpose of fair value measurement of these loans the Group uses comparable marketable interest rate which is in range of 8-35%.

30. Financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments to be accounted or disclosed at fair value:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets accounted at fair value through profit or loss					
Long-term loans	December 31, 2021	17	—	—	17
Assets accounted at fair value through other comprehensive income					
Debt securities	December 31, 2021	9,561	9,561	—	—
Assets for which fair values are disclosed					
Debt securities	December 31, 2021	3,462	3,462	—	—
Long-term loans	December 31, 2021	250	—	—	250
Liabilities for which fair values are disclosed					
Bonds issued	December 31, 2021	4,668	4,668	—	—
Assets accounted at fair value through profit or loss					
Long-term loans	December 31, 2020	18	—	—	18
Assets for which fair values are disclosed					
Debt securities	December 31, 2020	6,476	6,476	—	—
Long-term loans	December 31, 2020	196	—	—	196
Liabilities for which fair values are disclosed					
Bonds issued	December 31, 2020	5,134	5,134	—	—

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements during the year ended December 31, 2021 and 2020.

The Group uses the following IFRS hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

30. Financial instruments (continued)

With regard to the level 3 assessment of fair value, management believes that no reasonably possible change in any of the unobservable inputs would be sensitive for financial assets accounted at fair value.

Valuation methods and assumptions

The fair value of the financial assets and liabilities are evaluated at the amount the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Long-term fixed-rate loans issued are evaluated by the Group based on parameters such as interest rates, terms of maturity, specific country and industry risk factors and individual creditworthiness of the customer.

31. Events after the reporting date

Business acquisition

In the first quarter 2022 the Group obtained control over Taxiaggregator. The Group secured its share in the project with early investments made at a start-up phase and now acquired the platform and other intellectual property followed by the transfer of the client base and the team of the project. As a result, the Group owns 80% of the business with the remaining 20% owned by the Founder of Taxiaggregator. Cash consideration amounted to 700 (491 has been paid as at December 31, 2021).

Uncertainty over operating environment

In February 2022 economic situation in the Russia was negatively affected by escalated military and political conflict related to Ukraine and the associated international sanctions against a number of Russian institutions, companies, banks and individuals. The announced sanctions, among other things, provide for a partial freezing of foreign currency reserves managed by the Bank of Russia, restrictions of access to European capital markets for the Ministry of Finance of the Russia and the Bank of Russia, restrictions for Russian Federation residents on investing in instruments nominated in Euro and a number of other restrictive measures. These factors led to a substantial growth of instability on financial markets, sharp changes in prices for financial instruments, increase in spreads of trade operations, decrease of the Russia's sovereign and corporate credit ratings. In addition, a number of Western businesses have suspended activities in Russia or stopped dealings with Russian counterparts due to sanctions prescriptions, compliance, political, reputational, or other reasons, and this trend may continue to gain momentum in the coming months. To reduce foreign currency exchange rates volatility, the Bank of Russia increased the key rate to 20.0% p.a., introduced the mandatory sale of foreign exchange revenues, restrictions on exit from Russian assets by foreign investors, and took a number of other measures.

The Group has formed in advance a liquidity reserve, including cash in rubles and foreign currency, to provide stability of the its operations. All necessary measures have been taken to ensure uninterrupted payments and meet the needs of the Group's customers. Under the different stress scenarios, the Group has in place different plans and options all of which are at present available to the management to meet the range of reasonable possible challenges.

As of the date of this financial statements, the Group is not subject to any sanctions. However, further expansion of the sanctions list, the shutdown of the SWIFT system for some Russian banks, the possible introduction of restrictions on the CBR and a number of companies, including customers and counterparties of the Group, may have a significant impact on the activities and financial position of the Group in the future, including impairment of Goodwill and other assets. The future economic and regulatory environment and its impact on the Group's operations may differ from management's current expectations.

The Management of the Group is currently assessing the possible impact of the events mentioned above and taking all the necessary measures to ensure the sustainability of the Group's operations.

31. Events after the reporting date (continued)

Uncertainty over the receipt of the consideration for the sale of Tochka

In the third quarter of 2021, the Group completed a sale of its 40% stake (45% economic interest) in the capital of its Tochka associate. The consideration for the sale of the stake in Tochka was comprised of a fixed portion and a contingent portion. Certain dividends were also paid by Tochka to the Group prior to the sale. Dividends and the fixed portion of consideration were received during the third quarter of 2021. The contingent portion is expected to be paid in second quarter of 2022.

In March 2022, the President of Russia issued a Decree whereby Russian legal entities and individuals are prohibited from transferring securities to, and entering into certain other transactions with, certain foreign counterparties without prior clearance by the Government Commission for Control over Foreign Investments in the Russian Federation. Transactions with foreign entities that are controlled by Russian citizens or legal entities, such as the Group, are carved out from the scope of such Decree. Moreover, the Group believes that the Decree pertains to securities transfers rather than to payment of deferred consideration for transfers that have already occurred. Nevertheless, the buyer of Tochka took the view that the Government Commission's approval should be sought for the payment of the contingent portion of the consideration.

As a result, management believes that there is uncertainty regarding the receipt of the contingent portion of the consideration for the sale of Tochka. A negative decision of the Commission may postpone or even block the payment and therefore could result in a loss in the amount of up to 4,855.

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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 registration statement on its behalf.

QIWI PLC

By: /s/ Andrey Protopopov
Name: Andrey Protopopov
Title: Chief Executive Officer
Date: April 29, 2022

THE COMPANIES LAW, CAP. 113

ARTICLES OF ASSOCIATION OF

QIWI PLC

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1. In these Regulations and in the Memorandum of Association:

"**Affiliate**"	(or any derivative thereof), means, in relation to a Person, a Person who exercises Control over, is Controlled by or is under common Control with, such Person, provided that no member of the Group shall be considered to be the Affiliate of any shareholder of the Company.
"**Annual General Meeting**"	means the annual General Meeting of the Company held pursuant to section 125 of the Law.
"**Auditors**"	means the appointed auditors of the Company pursuant to the Law.
"**Authority Threshold**"	means the sum equal to three million (3,000,000) US Dollars or the equivalent thereof in any currency.
"**Board**"	means the board of Directors of the Company.
"**Business**"	means the Group's business which shall be the provision of (i) payment and settlement services; (ii) online virtual money accounts; (iii) lottery services (iv) e-commerce services; (v) postal services; (vi) consumer lending; (vii) factoring and (viii) bank guarantees. For the avoidance of doubt, the Company shall not itself provide payment and settlement services, online virtual money accounts, lottery services, e-commerce services, postal services, consumer lending, factoring or bank guarantees unless it holds all necessary licences and other authorisations.
"**Business Day**"	means days which are not a Saturday, Sunday or a public holiday in any of Russia or Cyprus.
"**Business Plan**"	means a five (5) year rolling business plan for the Group relating to the then current financial year and succeeding financial years (in a format adopted by the Company) to be updated annually.
"**CEO**"	means the Chief Executive Officer of the Company who is appointed in accordance with Regulation 109 of these Regulations.

"**CFO**"	means the Chief Financial Officer of the Company who is appointed in accordance with Regulation 87 (xxvi) of these Regulations.
"**Chairman**"	means the chairman of the meetings of the Board who is elected as chairman according to Regulation 102 of these Regulations.
"**Class A Member Change of Control**"	means an event or series of events as a result of which a Person (other than a Person who was a wholly-owned (direct or indirect) Affiliate of such Member and/or a Connected Person of a Founder and/or a Founder itself, in each case prior to such event or series of events) acquires Control (direct or indirect) of any Member holding class A shares (other than where such Member is, or is directly or indirectly wholly-owned by, a Public Company).
"**Company**"	means this company.
"**Connected Persons**"	means, in relation to an individual: (a) his/her Family Members; (b) a Person acting as trustee of a trust or of a foundation, the beneficiary of which is the individual or any of his/her Family Members; (c) a trust or a foundation, funded or managed by the individual or any of his/her Family Members; or (d) any Affiliate of the individual or his/her Family Members.
"**Control**"	in relation to an undertaking means the direct or indirect holding or control of: (a) a majority of the voting rights exercisable at general meetings of the members of that undertaking on all, or substantially all, matters; (b) the right to appoint or remove directors having a majority of the voting rights exercisable at meetings of the board of directors of that undertaking on all, or substantially all, matters; or (c) the right (whether pursuant to a contract, understanding or other arrangement) to direct or cause to be directed directly or indirectly a dominant influence over such other undertaking, and (i) where an undertaking is not a company, references above to directors, general meetings and members shall be deemed to refer to the equivalent bodies in such undertaking; and (ii) "**Controlled**"

	and "**Controlling**" shall have a corresponding meaning.
"**Cyprus**"	means the Republic of Cyprus.
"**Deputy CEO**"	shall have the meaning ascribed to such term in Regulation 111A.
"**Director**"	means a member of the Board.
"**Elected Director**"	shall have the meaning ascribed to such term in Regulation 82.
"**Exchange**"	means the stock exchange on which class B shares or any instruments or depositary receipts representing class B shares in the capital of the Company are listed pursuant to any Listing.
"**Family Members**"	means a spouse or civil partner, child or step-child, father, mother, brother, sister or grandchild.
"**Founder**"	means any Person that was the ultimate beneficial owner of a Member holding class A shares at the time of the Listing.
"**Independent Director**"	shall have the meaning ascribed to such term in Regulation 82.
"**General Meeting**"	means the general meeting of the members of the Company.
"**Group**"	means the Company and its Subsidiaries from time to time and the expression "**Group Company**" will be construed accordingly;
"**the Law**"	means the Companies Law, Cap. 113 or any law substituting or amending the same.
"**Listing**"	means the admission to trading on one or more recognised international stock exchanges of a proportion of the class B shares or any instruments or depositary receipts representing the class B shares in the capital of the Company, which provides a reasonable and genuine market for such shares, instruments or depository receipts, of sufficient liquidity and upon which such shares, instruments or depository receipts, can be freely traded.
"**Material Transaction**"	means a transaction (or series of connected transactions), except for intra-group transactions, which is within the Ordinary Course of Business and to which any of the following applies: (a) where the amount of consideration, value, assets, liabilities, costs, expenditure, accounts receivable or accounts payable in respect of such

transaction (the "**Transaction Amount**") cannot reasonably be determined or estimated prior to entry into the transaction, the Transaction Amount exceeds twenty million (20,000,000) US Dollars (or the equivalent thereof in any currency) based on a calculation to be carried out by the Company or its relevant Subsidiary (as applicable) within ten (10) calendar days of the final business day of the calendar quarter in which such transaction was entered into and each subsequent calendar quarter (and that such transaction shall become a Material Transaction where the Transaction Amount exceeds twenty million (20,000,000) US Dollars (or the equivalent thereof in any currency) on the basis of any such calculation whenever it is carried out), based on the Company's or its relevant Subsidiary's (as applicable) accounting records as of the calculation date (a "**Material Transaction A**"); or

(b) where the Transaction Amount can reasonably be determined or estimated prior to entry into the transaction, the Transaction Amount exceeds twenty million (20,000,000) US Dollars or the equivalent thereof in any currency (a "**Material Transaction B**").

"**Member**"	means every natural and/or legal Person being registered as a holder of shares in the Company.
"**Observer**"	shall have the meaning ascribed to such term in Regulation 87C.
"**Ordinary Resolution**"	means an ordinary resolution of the General Meeting adopted by simple majority vote of the Members present and voting at the General Meeting.
"**Ordinary Course of Business**"	means, in relation to any undertaking of the Group, usual, regular and necessary activities and transactions relating to the Business which are normal and routine for such undertaking, including without limitation: (a) activity and transactions connected with collection of payments, agency services, information and technology service; (b) activity and transactions connected with e-commerce, mobile commerce, e-money (including e-money emission) and virtual money accounts; (c) activity and transactions connected with prepaid cards (including issuance and sale of such cards), acquiring agreements with banks for the settlement of credit card and/or prepaid card transactions; and

(d) activity and transactions connected with opening and maintaining bank accounts;

(e) any other activity or transactions performing an auxiliary function in relation to any of the activities and transactions as listed in (a) –(d) above including but not limited to bank guarantees, credits, pledges, assignments, mortgages, charges or other as security for any debt or liability provided that the Transaction Amount in respect of any of the aforesaid transactions (whether in a single or series of connected transaction) shall not exceed twenty million (20,000,000) US Dollars or the equivalent thereof in any currency.

For the avoidance of doubt, any transaction (whether in a single transaction or series of connected transactions), which doesn't fall under the Ordinary Course of Business, shall be deemed to be entered into outside the Ordinary Course of Business.

"**Person**" means any individual, partnership, company, legal person, unincorporated organization, trust (including the trustees in their aforesaid capacity) or other entity.

"**Public Company**" means any company a proportion of the shares (or any instruments or depositary receipts representing the shares) in the capital of which are admitted to trading on one or more recognised international stock exchanges.

"**Regulations**" means the present Articles of Association of the Company.

"**Related Party**" means:

(a) any enterprise that, directly or indirectly, Controls, is Controlled by or is under common Control with, the Company;

(b) an unconsolidated enterprise in which the Company has a significant influence or which has a significant influence over the Company;

(c) any individual who owns, directly or indirectly, an interest in the voting power of the Company that gives such shareholder significant influence over the Company and such shareholder's family members;

(d) any director, nominee for director, officer or other key member of the management of the Company, and such persons' family members, and

(e) any enterprise in which a substantial interest in the voting power is owned, directly or indirectly,

	by any person described in (c) or (d), or over which such a person is able to exercise significant influence. For the purpose of this definition, "family member" means with respect to a person, (i) such person's spouse, (ii) such person's parent, child or sibling, in each case whether by blood, marriage or adoption, or (iii) such person's mother- or father-in-law, son- or daughter-in-law, brother- or sister-in-law, or (iv) anyone residing in such person's home. For the purpose of this definition, shareholders beneficially owning a ten (10) per cent interest in the voting power in any entity are presumed to have a “significant influence” on such entity.
"**Seal**"	means the common seal of the Company.
"**Secretary**"	means the secretary of the Company.
"**Special Resolution**"	means a special resolution of the General Meeting within the meaning of section 135(2) of the Law.
"**Subsidiary**"	means in relation to an undertaking (the holding undertaking), any other undertaking which the holding undertaking (or persons acting on its, or their behalf) Controls and any undertaking which is a Subsidiary of another undertaking is also a Subsidiary of any undertaking of which that other is a Subsidiary.

Expressions referring to "in writing" shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form.

Unless the context otherwise requires, words or expressions contained in these Regulations shall bear the same meaning as in the Law or any statutory modification thereof in force at the date at which these Regulations become binding on the Company.

EXCLUSION OF TABLE "A"

2. The Regulations contained in Table "A" in the First Schedule to the Law shall not apply except so far as the same are repeated or contained in these Regulations.

SHARE CAPITAL AND VARIATION OF RIGHTS

3. The share capital of the Company shall be divided into class A shares and class B shares, which shall have the rights set out herein, and any other class or classes of shares that the Company issues in accordance with these Regulations.

4. All shares in the Company shall rank *pari passu* in all respects except as specifically stated in these Regulations.

5. For so long as class A shares are in issue and are outstanding, each class A share confers upon its holder the right to ten (10) votes at a General Meeting of the Company. Each class B share confers upon its holder the right to one (1) vote at a General Meeting of the Company. Provisions in relation to the adoption of written resolutions in lieu of holding a General

Meeting are set out in Regulation 80. For the avoidance of doubt, all shares confer upon their holders equal rights to receive distributions from the Company either by way of dividends or by return of capital or otherwise.

6. For so long as class A shares are in issue and are outstanding:

(a) Each class A share confers on its holders additionally all rights specifically set out in these Regulations, including, without limitation, (a) the right to convert each class A share into one class B share at any time at the absolute discretion of a relevant class A shareholder by serving an irrevocable written notice to the Company setting out the number of class A share the relevant holder is willing to convert and (b) the rights stated in Regulations 29, 37, 38 and 39 below. The conversion referred to in item (a) above shall take place automatically at the expiration of one Business Day from the date that the relevant notice is received by the Company. Once class A shares are converted into class B shares, that class B shares that result from such conversion shall rank *pari passu* in all respects with the existing class B shares in issue; and

(b) Without prejudice to the rights of the holders of class A shares for the conversion of their shares into class B shares, class A shares shall be automatically converted into class B shares, on a one-to-one basis, in the following circumstances:

(1) All class A shares which are transferred by a holder thereof (other than in the case of a transfer of class A shares under Regulation 37 below) shall, immediately upon such transfer, be automatically converted into class B shares;

(2) All class A shares held by a Member shall be automatically converted into class B shares on the occurrence of a Class A Member Change of Control in respect of that Member; and

(3) All class A shares shall be automatically converted into class B shares in the event that the aggregate number of class A shares of the Company constitute less than ten (10) per cent of the aggregate number of class A and class B shares outstanding.

7. All the authorised but unissued shares shall be at the disposal of the Board which may allot or otherwise dispose of them, subject to the provisions of Regulation 8 below, including but not limited to by way of issuing other securities giving a right to purchase shares in the Company or which are convertible into shares of the Company, to such Persons at such times and generally on such terms and conditions as the Board determines, and provided that:

(a) no shares shall be issued at a discount, except as provided by section 56 of the Law; and

(b) for so long as class A shares are in issue and are outstanding, no new class A shares shall be issued or allotted by the Board to any Person, unless the following requirements are satisfied.

(1) In the event that it is intended that the issue and allotment of the relevant shares will be performed in accordance with the procedure set out in Regulation 8(d) below (the "**Pre-emption Right Procedure**") pursuant to which the relevant shares shall be offered to the existing holders of class A shares and then to the holders of shares of Other Classes (as the term is defined in Regulation 8(d) below), the initiation of the Pre-Emption Right Procedure shall require the prior written approval of the holders of seventy five (75) per cent of all class A shares.

(2) In the event that under the Pre-Emption Right Procedure there are Excess Shares (as the term is defined in Regulation 8(c) below), the Board's decision to issue and allot such Excess Shares to third parties shall be subject to the further prior written approval of the holders of seventy five (75) per cent of the class A shares.

(3) Except as provided in paragraphs (1) and (2) of Regulation 7(b) above, no class A shares shall be issued and allotted by the Company whether (i) pursuant to a dis-application of pre-emption rights under section 60B(5) of the Law, or (ii) pursuant to Regulation 8(g) below, or otherwise, unless otherwise agreed in writing by the holders of at least seventy five (75) per cent of the class A shares.

(4) For the avoidance of doubt, all issuances subject to this Regulation 7(b) shall be undertaken in accordance and compliance with section 60B of the Law.

8.

(a) Unless otherwise determined by the Company according to section 60B(5) of the Law, all new shares and/or other securities giving right to the purchase of shares in the Company or which are convertible into shares of the Company, shall be offered before their issue to the Members on a pro-rata basis by reference to the participation of each Member in the capital of the Company, on a specific date fixed by the Board subject to what is provided in Regulation 8(d) below.

(b) Any such offer under Regulation 8(a) shall be made upon written notice to all the Members specifying the number of the shares and/or other securities giving right to the purchase of shares in the Company or which are convertible into shares in the Company, which the Member is entitled to acquire and the time period (which shall not be less than fourteen days from the dispatch of the written notice) within which the offer, if not accepted, shall be deemed to have been rejected.

(c) If, by the expiry of the time period in Regulation 8(b), no notification has been received from the Person to whom the offer is addressed, or to whom the rights have been assigned, that such Person accepts all or part of the offered shares or other securities giving right to the purchase of shares in the Company or which are convertible into shares of the Company (the "**Excess Shares**"), the Board may dispose of the Excess Shares in any manner that it deems most advantageous to the Company.

(d) Notwithstanding anything contained in Regulations 8(a), (b) and (c) above, any offer of new shares of an existing particular class (the "**Relevant Class**"), or securities giving rights to the purchase of, or which are convertible into, shares of a Relevant Class shall first be made to the Members who are holders of the shares of the Relevant Class on a pro rata basis by reference to the participation of each such Member in the Relevant Class and, if any such shares or securities are not taken up in full by the Members who are holders of shares of the Relevant Class, an offer will be made to all Members holding shares of all other classes (the "**Other Classes**") on a similar pro rata basis by reference to the participation of each such Member in the Other Classes to purchase such shares or securities which have not been taken up.

(e) The provisions of Regulation 8(b) shall apply mutatis mutandis to any offer of shares or securities of the Relevant Class under Regulation 8(d) to the holders of the Relevant Class and, subsequently, the Other Classes (as the case may be) and Regulation 8(c) shall only apply to an offer of shares or securities of the Relevant Class under Regulation 8(d) after the expiry of the time period for the offer made to the holders of the shares of the Other Classes.

(f) The Company may, in like manner, dispose of any such new or original shares or securities as aforesaid, which, by reason of the proportion borne by them to the number of Persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Company be conveniently offered in the manner hereinbefore provided.

(g) This Regulation 8 shall only take effect in cases where the proposed shares or securities shall be issued against contributions in cash and shall not apply in the cases where the proposed shares or securities shall be issued against contributions in kind.

9. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any shares in the Company may be issued with such preferred, deferred or other special rights or with such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company, by Special Resolution, may from time to time determine.

10. Subject to the provisions of section 57 of the Law, any preference shares may, with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as the Company before the issue of the shares, may by Special Resolution determine.

11. Subject to Regulation 79B, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a resolution passed at a separate general meeting of the holders of the shares of the relevant class, as well as with the sanction of a Special Resolution of the General Meeting. Subject to the Law, to every such separate general meeting the provisions of these Regulations relating to General Meetings shall apply, but so that: (a) the necessary quorum shall be two (2) Persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class, (b) any holder of shares of the class present in person or by proxy may demand a poll, (c) if at any previously adjourned general meeting of these holders there is no quorum, the Members present shall be deemed to form a quorum and (d) the resolution sanctioning the variation will be deemed to have been passed by a seventy five (75) per cent vote of the holders of the shares of the relevant class.

11A. Notwithstanding any other provision in these Regulations, in the event that there are only class B shares in issue, all or part of them may be converted into class A shares in connection with the initial Listing by a unanimous resolution of all the holders of the class B shares which will also designate which of the class B shares will be so converted.

12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

13. The Company may exercise the powers of paying commissions conferred by section 52 of the Law, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the rate of the commission shall not exceed the rate of ten (10) per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten (10) per cent of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

14. Except as required by Law, no Person shall be recognised by the Company as holding any shares upon trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Regulations or by law otherwise provided) any other rights in respect of any share, except the absolute right to the entirety thereof of the registered holder.

15. Notwithstanding the above, but always subject to the provisions of section 112 of the Law, the Company may, if it so wishes and if notified accordingly in writing, recognise the existence of a trust in respect of any share even though it cannot register it in the Company's register of Members. This recognition may be given by the Company by means of a letter to the trustees and is irrevocable provided the relevant trust continues to exist, even if the trustees or some of them are replaced.

16. The Company shall keep a register of Members and a directory of Members under sections 105 and 106 of the Law, which shall be available for inspection by the Members free of charge and by any third party upon the payment of an amount determined by the Board.

17. The register of Members of the Company may be held either in paper or electronic form. Every Person whose name is entered as a Member in the register of Members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares. Every certificate shall be issued under Seal and shall specify the shares to which it relates and the amount paid up thereon. Provided that in respect of a share or shares held jointly by several Persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. If a share certificate is defaced, lost or destroyed, it may be substituted on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company for investigating the evidence adduced as the Board thinks fit.

18. The Company shall not provide any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any Person of or for any shares in the Company or in its holding company except to the extent permitted by the Law.

LIEN

19. The Company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) due on such shares called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares standing registered in the name of a single Person for all moneys presently payable by him or his estate to the Company; but the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Regulation. The Company's lien, if any, on a share shall extend to all dividends payable thereon as well as to any other rights or benefits attached thereto.

20. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is due and payable or until the expiration of fourteen days (14) after a notice in writing, stating and demanding payment of the whole of the amount in respect of which the lien exists as is due and payable, has been given to the registered holder for the time being of the share, or the Person entitled thereto by reason of his death or bankruptcy.

21. To give effect to any such sale, the Board may authorise a Person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money

nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

22. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

CALLS ON SHARES

23. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company, at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the Board may determine and the Members shall be accordingly notified.

24. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

26. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding five (5) per cent per annum as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

27. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. The Board may on the issue of shares, differentiate between the holders as to the number of calls, the amount of calls to be paid and the times of payment.

28. The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) five (5) per cent per annum, as may be agreed upon between the Board and the Member paying such sum in advance.

TRANSFER OF SHARES

29. For so long as class A shares are in issue and are outstanding, class A shares are only transferable in accordance with the provisions in Regulations 37 to 39 and subject to the provisions in Regulations 31 to 36 below.

30. Class B shares are freely transferable subject to the provisions in Regulations 31 to 36 below.

31. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of Members in respect thereof.

32. Subject to such of the restrictions of these Regulations as may be applicable, any Member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Board may approve.

33. The Board may decline to register the transfer of a share on which the Company has a lien.

34. The Board may also decline to recognize any instrument of transfer unless:

(a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require, to show the right of the transferor to make the transfer; and

(b) the instrument of transfer is in respect of only one class of shares.

35.

(a) If the Board refuses to register a transfer it shall, within two months after the date on which the instrument of transfer was lodged with the Company, send to the transferee notice of the refusal.

(b) The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year.

36. The Company shall be entitled to charge a fee, which the Board may specify from time to time, on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney or other instrument.

37. For so long as class A shares are in issue and are outstanding, there shall be no conversion of a Member's class A shares into class B shares in the event of:

(a) a transfer of class A shares by that Member to one or more of its directly or indirectly controlled Affiliates; or

(b) a transfer of ten (10) per cent or more of the total number of class A shares in issue, as a single transaction or a series of related transactions, by a Member (or a group of Members) other than as provided in this Regulation;

(c) a transfer of class A shares by that Member to one or more Members holding class A shares; or

(d) a transfer of class A shares by that Member to the Founder or Founders.

38. For so long as class A shares are in issue and are outstanding, any transfer of class A shares in issue, as referred to in Regulation 37 (b) can only take place if:

(a) it is approved in writing by the Members holding in aggregate at least seventy five (75) per cent of the total number of class A shares in issue, including class A shares held by the transferring Member; or

(b) the Member (or a group of Members) transferring class A shares has (or have) offered such shares to the other then existing Members holding class A shares, and the respective transfer is permitted, in accordance with the procedure set out in Regulation 39 below.

39. For so long as class A shares are in issue and are outstanding and subject to Regulation 38 above no Member will transfer any of its class A shares unless the foregoing procedures of this Regulation 39 have been observed:

(a) before any Member (the "**Selling Shareholder**") transfers any of its class A shares, it shall give notice in writing (the "**Transfer Notice**") to the Company of its desire to do so specifying the number of class A shares proposed to be transferred ("**Offered Shares"),** the price per each of the Offered Shares (the "**Prescribed Price**"), the name of the proposed transferee (the "**Proposed Transferee**") and its business and any other material terms pertaining to the transfer to the Proposed Transferee as well as constituting the Company as the Selling Shareholder's agent to offer to sell to the other Members holding class A shares (the "**Offerees**") the Offered Shares in accordance with Regulation 39(b). The Transfer Notice shall not be withdrawn except as provided in Regulation 39(g).

(b) Within five (5) Business Days following receipt of the Transfer Notice (the "**Offer Date"),** the Company shall by written notice offer the Offered Shares to the Offerees at the Prescribed Price. Each Offeree shall have the right to accept some or all of the Offered Shares by written notice to the Company within twenty (20) Business Days from the Offer Date (the "**Acceptance Period**").If more than one Offeree accepts some or all of the Offered Shares, these will be allocated in proportion, as near as is possible, to the proportion of the class A shares held by such Offerees provided that no Offeree shall be obliged to take a higher number of class A shares than it has offered to take.

(c) Not later than five (5) Business Days following the end of the Acceptance Period (the "**Allocation Date**") the Company shall give written notice (the "**Allocation Notice**") to the Selling Shareholder and to all the Offerees stating one of the following:

(i) that no Offeree has accepted to purchase any of the Offered Shares, or that the acceptances received are for less than all the Offered Shares (in which case such acceptances shall be invalid and shall be deemed to have never been made) and that the provisions of Regulation 39(d) will apply; or

(ii) that one or more of the Offerees have accepted to purchase the Offered Shares, giving the name and address of each such Offeree and the number of Offered Shares to be purchased by each of them, being in accordance with the provisions of Regulation 39(e).

(d) If Regulation 39(c)(i) applies, the Selling Shareholder may within ten (10) Business Days of the Allocation Date proceed with the transfer to the Proposed Transferee at a price not lower than the Prescribed Price and on the same terms as set out in the Transfer Notice.

(e) If Regulation 39(c)(ii) applies, the accepting Offeree(s) shall be bound to pay the Prescribed Price to the Selling Shareholder and the Selling Shareholder shall be bound on payment of the Prescribed Price to transfer the shares in question to the accepting Offeree(s), each sale and purchase to be completed at the registered office of the Company on the first Business Day after the expiry of ten (10) Business Days from the Allocation Date.

(f) If the Selling Shareholder defaults in transferring the Offered Shares pursuant to Regulation 39(e), then, without prejudice to any other rights of the Offeree(s), the following provisions shall apply:

(i) the Company may receive the purchase money for the Offered Shares and the defaulting Selling Shareholder shall be deemed to have appointed any Director or the Secretary as the Selling Shareholder's attorney, in accordance with Regulation 39 (b), to execute a transfer of the Offered Shares in favour of the relevant Offeree(s) and to receive the purchase money in trust for the Selling Shareholder;

(ii) the receipt by the Company of the purchase money shall be a good discharge of the relevant Offeree(s) and the entry in the register of Members of the name of the said Offeree(s) shall constitute conclusive evidence that the transfer has been validly completed; and

(iii) the Selling Shareholder shall be bound to deliver up any share certificate to the Company in respect of the Offered Shares and upon such delivery as well as delivery of any documents which the Company may require in order to indicate the Selling Shareholder's acknowledgement of the validity of the transfer of the Offered Shares to the relevant Offeree(s) hereunder, shall be entitled to receive the purchase price without interest. If such share certificate comprises any shares which the Selling Shareholder has not become bound to transfer, the Company shall issue to the Selling Shareholder a share certificate for the balance of those shares.

(g) If one or more Offerees (the "**Defaulting Offerees**") fail to complete the purchase of the Offered Shares under Regulation 39 (e) (the "**Defaulted Offered Shares**") in accordance with the terms of an Allocation Notice, then, without prejudice to any other rights of the Selling Shareholder, the Defaulting Offered Shares shall be offered to all other Offerees and the provisions of Regulations 39 (a) - 39 (f) , shall apply to such Defaulting Offered Shares. In case all the Defaulting Offered Shares are not purchased by the other Offerees for any reason the Selling Shareholder:

(i) shall be deemed to have validly and lawfully cancelled the Company's authority to sell the Defaulted Offered Shares to such Offeree(s); and

(ii) may, before the expiration of thirty (30) Business Days after the Allocation Date, select by notice in writing to the Company to transfer the Defaulted Offered Shares to any person at a price not lower than the Prescribed Price and on terms not more favourable than those offered to the Offerees. If the Selling Shareholder does not send a notice to the Company as aforesaid or if the transfer is not completed within five (5) Business Days from such a notice being sent then the Selling Shareholder shall not be permitted to make the transfer without again complying with all of the provisions of this Regulation 39 (g).

39A. Any costs incurred by the Company in relation to a sale of class A shares pursuant to Regulation 39 shall be paid by the Selling Shareholder, Proposed Transferee, Offeree or Defaulting Offeree, as the case may be.

39B. All restrictions on the transfer of class A shares which are set out herein and particularly in Regulations 38, 39 and 39A shall only apply in the event that both of the following conditions set out below are satisfied:

(a) none of the class A shares or depositary receipts representing such shares are listed on any Exchange; and

(b) in the event that any class of shares in the Company or any depositary receipts representing such class of shares, other than class A shares, are listed on any Exchange, the rules of such Exchange do not prohibit the restrictions on the transfer of class A shares as set out in the present Regulations.

In the event that, at any time, any restrictions on the transfer of class A shares contravene the Law, then such restrictions such not apply.

In the event that, after the listing of any class of shares in the Company or any depositary receipts representing such class of shares, other than class A shares, on any Exchange, such shares or depositary receipts representing such shares cease to be listed on any Exchange, all restrictions on the transfer of the class A shares which are set out herein and particularly in Regulations 38, 39 and 39A shall immediately cease to apply.

TRANSMISSION OF SHARES BY REASON OF DEATH OR BANKRUPTCY OR LIQUIDATION OR MERGER OR SIMILAR EVENT

40. In the event of the death of a Member who owns any shares jointly with other Persons, the survivor or survivors where the deceased was a joint holder, shall be the only Persons recognized by the Company as having any title to his interest in the shares. Nothing herein contained, however, shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other Persons.

41. Subject to Regulations 6(b) and 37 above, in the event of the death, bankruptcy, liquidation, merger or other similar event with respect to a Member, the legal representative of the Member who has died, been declared bankrupt, been liquidated, merged or is the object of a similar event, is entitled, if he adduces the necessary supporting evidence to be registered as the owner of the shares held by the said Member. Further, the above legal representative has the right to nominate another Person to be registered as the transferee thereof.

42. In the event the legal representative nominates another Person to be the transferee of the relevant shares, he is under an obligation to disclose his above decision by carrying out all actions necessary for the contractual transfer of the relevant shares in favour of the Person who has been so nominated. In this case, all the limitations, restrictions and provisions of these Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy or liquidation or merger or similar event with respect to the Member had not occurred and the notice or transfer was part of the process of a contractual transfer signed by that Member.

43. Any legal representative entitled with a right over shares by reason of death or bankruptcy or liquidation or merger or similar event with respect to the holder shall be entitled to the same dividends and other benefits to which he would be entitled if he were the registered holder of the relevant shares, except that he shall not, before being registered as a Member in respect of the said shares, be entitled in respect of them to exercise any right conferred by virtue of being a Member in relation to General Meetings. Provided always that the Board may, at any time give notice requiring any such Person to elect, the latest within ninety (90) days either to be registered himself or to transfer the relevant shares. In case the notice is not complied with within ninety (90) days from the day when it was given, the Board may thereafter withhold

payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

44. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

45. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

46. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

47. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board thinks fit.

48. A Person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

49. A statutory declaration in writing, that the declarant is a Director or the Secretary, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the Person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

50. The provisions of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

51. Subject to section 59A of the Law and Regulation 79A, the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such amount, as the said resolution shall prescribe.

52. The Company may:

(a) subject to section 59A of the Law and Regulation 79A, by resolution of the General Meeting:

(1) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(2) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of section 60(1)(d) of the Law; and

(3) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person; and

(b) by Special Resolution:

(1) subject to Regulation 79B, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law; and

(2) subject to Regulation 79B and the provisions of the Law, purchase its own shares.

GENERAL MEETINGS

53. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other General Meetings in that year, and shall specify the General Meeting as such in the notices calling it, and not more than fifteen (15) months shall elapse between the date of one Annual General Meeting and that of the next. Provided that so long as the Company holds its first Annual General Meeting within eighteen (18) months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The Annual General Meeting shall be held at such time and place as the Board shall appoint.

54. All General Meetings other than Annual General Meetings shall be called "Extraordinary General Meetings".

(a) The Board may, whenever it thinks fit, convene an Extraordinary General Meeting.

(b) An Extraordinary General Meeting shall also be convened by the Board upon requisition of Members of the Company holding, in aggregate, at the date of the deposit of the requisition either (a) not less than ten (10) per cent of the outstanding share capital of the Company or (b) not less than ten (10) per cent of the voting rights attached to the issued shares of the Company.

(1) The requisition notice must state the objects of the meeting, be signed by each of the requisitioning Members and deposited at the registered office of the Company. Any such requisition notice may consist of several documents (including facsimile copies) in the like form each signed by one or more of the requisitioning Members or their attorneys, and signature in the case of a corporate body which is a requisitioning Member shall be sufficient if made by a director or other authorised officer thereof or its duly appointed attorney.

(2) If the Board does not, within twenty one (21) days from the date of the deposit of the requisition notice, proceed to duly convene an Extraordinary General Meeting, the requisitioning Members, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an Extraordinary General Meeting, but any meeting so convened may not be held after the expiration of three (3) months from the date that is twenty-one (21) days from the date of the deposit of the requisition notice.

NOTICE OF GENERAL MEETINGS

55. An Annual General Meeting and a General Meeting called for the passing of a Special Resolution or for the election of Directors shall be called by at least a forty five (45) days' notice in writing. Any other General Meeting shall, subject to complying with section 127 of the Law, be called by at least a thirty (30) days' notice in writing. The notice shall be served within five (5) days after the record date as determined pursuant to this Regulation and shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the date and the hour of the General Meeting as well as the agenda of the General Meeting and, in case of special business, the general nature of that business and shall be given to such Persons as are, under these Regulations, entitled to receive such notices from the Company in a manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the General Meetings.

The Board may fix any date that is not more than sixty (60) days and not less than forty five (45) days prior to an Annual General Meeting and a General Meeting called for the passing of a Special Resolution or for the election of Directors and not more than forty five (45) days and not less than thirty (30) days prior to any other General Meeting as the record date for determining the Members entitled to receive notice of and attend and vote at such General Meeting.

A General Meeting may be held via a conference call or other means whereby Persons present may simultaneously hear and be heard by all the other Persons present and the Persons who participate in such a manner are considered to be present at the General Meeting. In such case the meeting shall be deemed to have taken place where the secretary of the General Meeting is situated.

Provided that a General Meeting shall, notwithstanding that it is called by shorter notice than that specified in this Regulation, provided this is allowed by Law, be deemed to have been duly called if it is so agreed:

(a) in the case of a General Meeting called as the Annual General Meeting and a General Meeting called for the passing of a Special Resolution or for the election of Directors, by all the Members entitled to attend and vote thereat; and

(b) in the case of any other General Meeting, by majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety five (95) per cent in nominal value of the shares giving that right.

56. The accidental omission to give notice of a General Meeting to, or the non-receipt of such a notice by, any Person entitled to receive such notice, shall invalidate the proceedings at that General Meeting, in the event that a Member holding not less than five (5) per cent of the outstanding share capital of the Company is not in attendance at that General Meeting as a result of the accidental omission or non-receipt.

PROCEEDINGS AT GENERAL MEETINGS

57. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the reports of the Board and Auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the Auditors.

58. No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the General Meeting proceeds to business. Save as herein otherwise

provided, fifty and one hundredth (50.01) per cent of the voting rights attached to the issued shares of the Company present in person or by proxy shall form a quorum.

59. If within one hour from the time appointed for the General Meeting a quorum is not present, the General Meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine, and if at the adjourned General Meeting a quorum is not present within one hour from the time appointed for the General Meeting, the Members present shall be a quorum.

60. All notices and other communications concerning the General Meeting which each Member is entitled to receive, must also be sent to the Auditors.

61. The Chairman, if any, shall preside as chairman at every General Meeting of the Company, or if there is no such Chairman, or if he shall not be present within thirty (30) minutes after the time appointed for the holding of the General Meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the General Meeting.

62. If at any General Meeting no Director is willing to act as chairman or if no Director is present within thirty (30) minutes after the time appointed for holding the General Meeting, the Members present shall choose one of their number to be chairman of the General Meeting.

63. The chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the General Meeting), adjourn the General Meeting from time to time and from place to place, but no other business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place. When a General Meeting is adjourned for thirty (30) days or more, notice of the adjourned General Meeting shall be given as in the case of an original General Meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.

64. At any General Meeting any resolution put to the vote of the General Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by any Member of the Company.

Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

65. Except as provided in Regulation 67, if a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded.

66. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting shall not have a second or casting vote.

67. A poll demanded on the election of a chairman or on a question of adjournment of the General Meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the General Meeting directs, and any business other than upon which a poll has been demanded may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

68. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every Member present in person or by proxy shall have one (1) vote, and on a poll, every Member shall have such number of votes for each share of which he is the holder as are attached to the class of shares of which he is a shareholder.

69. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of Members.

70. A Member of unsound mind, or in respect of whom an order has been issued by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through the administrator of his property, his committee, receiver, *curator bonis*, or other Person with a similar capacity, appointed by that Court. These Persons may, on a poll, also vote by proxy.

71. No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of his shares in the Company have been paid.

72. No objection shall be raised as to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such General Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive.

73. On a poll, the Members who have a right to vote can vote, either personally or by proxy. In such a case, the authorization granted to a proxy need not be the same for all the shares in relation to which the proxy is being appointed by the Member.

74. Without prejudice to the rights of Members to appoint proxies under section 130 of the Law, the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.

75. Without prejudice to the rights of Members to appoint proxies under section 130 of the Law, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place within Cyprus as is specified for that purpose in the notice convening the General Meeting, at any time before the time for holding the General Meeting or adjourned General 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.

76. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit-

"(Name of the Company) Limited
I/We , of
being a Member/Members of the above-named Company, hereby
appoint, , , of ,
or failing him of ,
as my/our proxy to vote for me/us or on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company, to be held on the day of , 20 , and at any adjournment thereof.

Signed this day of , 20 "

77. Where it is desired to afford Members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit-

"(Name of the Company) Limited
I/We , of
being a Member/Members of the above-named Company, hereby appoint, , , of ,
or failing him of ,
as my/our proxy to vote for me/us or on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company, to be held on the day of ,20 , and at any adjournment thereof.

Signed this day of , 20

This form is to be used in favour of/* against the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

*Strike out whichever is not desired in this case."

78. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

79. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its office before the commencement of the General Meeting or adjourned General Meeting at which the proxy is used.

79A. For so long as class A shares are in issue and are outstanding, notwithstanding any other provision in the present Regulations, but subject, always, to the provisions of the Law, no action shall be taken by the Company with respect to the following matters unless these are approved by an Ordinary Resolution:

(a) any increase of the authorised capital of the Company;

(b) in accordance with Regulation 52(a), any consolidation or subdivision of the Company's share capital;

(c) in accordance with Regulation 52(a), any cancellation of shares;

(d) in accordance with Regulation 83(a), the remuneration of the Directors;

(e) in accordance with Regulation 96, the removal of a Director;

(f) in accordance with Regulation 128, the adoption of the annual audited accounts of the Company, both stand-alone and/or consolidated accounts; and

(g) in accordance with Regulation 131, the appointment of, and the fixing of the remuneration of, the Auditors.

79B. For so long as class A shares are in issue and are outstanding, notwithstanding any other provision in the present Regulations, but subject, always, to the provisions of the Law, no action shall be taken by the Company with respect to the following matters unless these are approved by a Special Resolution:

(a) amendments to the objects contained in the Company's Memorandum of Association;

(b) any change of name of the Company;

(c) any amendments to these Regulations;

(d) any dissolution or liquidation of the Company;

(e) the approval of the total number of shares and classes of shares to be reserved for issuance under any employee stock option plan or any other equity-based incentive compensation program of the Group;

(f) in accordance with Regulation 11, the alteration of the rights of holders of special classes of shares;

(g) in accordance with Regulation 52(b), the purchase of Company's own shares; and

(h) in accordance with Regulation 52(b), any reduction of the capital of the Company.

80. Subject to the provisions of the Law, a resolution in writing signed by each Member for the time being 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. Any such resolution may consist of several documents (including facsimile copies) in the like form each signed by one or more of the Members or their attorneys, and signature in the case of a corporate body which is a Member shall be sufficient if made by a director or other authorised officer thereof or its duly appointed attorney.

CORPORATIONS ACTING BY REPRESENTATIVES AT GENERAL MEETINGS

81. Any corporation which is a Member may by resolution of its board of directors or other governing body authorise such Person as it thinks fit to act as its representative at any General Meeting or of any class of Members, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents, as that corporation could exercise if it were a natural Person.

BOARD OF DIRECTORS

82. Unless and until otherwise determined by the Company in General Meeting, the number of Directors shall be up to seven (7), consisting of not more than four (4) Directors elected in accordance with Regulation 82A (the "**Elected Directors**") and not less than three (3) Directors who shall be "independent directors" within the meaning of the rules of the Exchange (the "**Independent Director**") elected in accordance with Regulation 82B. It is understood that, if at a proposed General Meeting there shall be elections of both Elected Directors and Independent Directors, (i) there shall be two separate set of voting procedures, one with respect to the Elected Directors and one with respect to the Independent Directors; (ii) at each such procedure the Members shall have the number of votes provided by these Regulations for the election of Elected Directors and Independent Directors respectively and (iii) voting procedure in respect of the minimum number of Independent Directors, being three (3) Directors, shall take place first.

82A.

The following provisions shall apply with respect to the Elected Directors:

(a) Each of the Board and any Member or group of Members is entitled to nominate one or more individuals for election (or re-election) to the office of Elected Directors. A Member or group of Members shall nominate individuals by serving a notice to the Company at least thirty (30) days prior to the General Meeting called for the election of the Elected Directors pursuant to Regulation 55. The Board shall screen all submitted nominations for compliance with Regulation 95 following which it shall compile and circulate a final slate of nominees to be voted on at the General Meeting to all the Members entitled to attend and vote at the relevant General Meeting at least fifteen (15) days prior to the scheduled date thereof.

(b) Subject to Regulations 82A(c), 82C, 82D and 82E, appointment of the Elected Directors shall be made, from amongst the slate of nominees circulated pursuant to Regulation 82A(a), by a resolution of the General Meeting where the Members shall have weighted voting rights whereby each Member shall have the right to cast amongst one or more nominees as many votes as the votes attached to its shares multiplied by a number equal to the number of Elected Directors to be so appointed.

(c) The Elected Directors shall be appointed as follows:

(1) The term of office of the Elected Directors shall be for a period from the date of the Annual General Meeting at which they were elected until the following Annual General Meeting.

(2) All the Elected Directors shall retire from office at each Annual General Meeting.

(3) All retiring Elected Director shall be eligible for re-election.

(4) The vacated office may be filled at the meeting at which the Elected Directors retire by electing another individual nominated pursuant to Regulation 82A(a) to the office of Elected Director, and in default the retiring Elected Director shall, if offering himself for re-election and if he has been so nominated by the Board, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Elected Director shall have been put to the meeting and not adopted.

82B. The following provisions shall apply with respect to the Independent Directors:

(a) Each of the Board and any Member or group of Members is entitled to nominate one or more individuals for election (or re-election) to the office of Independent Directors. A Member or group of Members shall nominate individuals by serving a notice to the Company at least thirty (30) days prior to the General Meeting called for the election of the Elected Directors pursuant to Regulation 55. The Board shall screen all submitted nominations for compliance with Regulation 95 following which it shall compile and circulate a final slate of nominees to be voted on at the General Meeting to all the Members entitled to attend and vote at the relevant General Meeting at least fifteen (15) days prior to the scheduled date thereof.

(b) Subject to Regulations 82B(c), 82C, 82D and 82E, appointments of the Independent Directors shall be made, from amongst the slate of nominees circulated pursuant to Regulation 82B(a), by a resolution of the General Meeting where the Members shall have weighted voting rights whereby each Member shall have the right to cast amongst one or more nominees as many votes as the votes attached to its shares multiplied by a number equal to the number of Independent Directors to be so appointed.

(c) The Independent Directors shall be appointed as follows:

(1) The term of office of each Independent Director shall be for a period from the date of the Annual General Meeting at which such Independent Director has been duly elected and qualified until the following Annual General Meeting.

(2) Each Independent Director shall retire from office at each Annual General Meeting.

(3) All retiring Independent Director shall be eligible for re-election.

(4) The vacated office may be filled at the meeting at which the Independent Directors retire by electing another individual nominated pursuant to Regulation 82B(a) to the office of Independent Director, and in default the retiring Independent Director shall, if offering himself for re-election and if he has been so nominated by the Board, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Independent Director shall have been put to the meeting and not adopted.

82C. If, for any reason, a position of Director on the Board becomes vacant during its term of office, the Board may (by an absolute majority of votes of all the Directors for the time being) appoint a new Person to fill such vacant position provided that (1) the Board shall within seven (7) days of such appointment notify in writing all Members thereof and (2) within twenty one (21) days following such appointment a Member or group of Members representing at least ten and one hundredth (10.01) per cent of the voting rights attached to the issued shares of the Company (the "**Requesting Members**") may (at its absolute discretion) terminate the appointment of all Elected Directors and Independent Directors (following the procedure in Regulation 82D).

82D.

(a) In the event that the appointment of all Elected Directors and Independent Directors is terminated by a Member or group of Members in accordance with Regulation 82C above, the Board shall remain in office only to summon a General Meeting for purposes of (i) termination of the entire Board pursuant to a request of the Requesting Members and (ii) appointment of new Elected Directors and new Independent Directors.

(b) The following provisions shall apply to any General Meeting summoned for the purpose of considering all or any of the resolutions in Regulation 82D(a):

(1) In respect of the termination of the entire Board pursuant to a request of the Requesting Members, the quorum necessary at such proposed General Meeting shall be the Requesting Members.

(2) In respect of the termination of the entire Board pursuant to a request of the Requesting Members, the voting rights of the Members shall be adjusted so that the shares held by the Requesting Members shall confer on their holders fifty and one hundredth (50.01) per cent of the total voting rights attached to the issued shares of the Company.

(3) In respect of the appointment of new Elected Directors and new Independent Directors, the quorum shall remain as set out in Regulations 58 and 59 and the voting rights of the Members shall remain as set out in Regulations 82B and 82C.

82E. If, for any reason, the number of Directors at the Board falls below the number fixed pursuant to these Regulations as the necessary quorum for Board meetings and the vacant positions are not filled in accordance with Regulation 82C above within twenty one (21) days, the remaining Board shall remain in office only to summon a General Meeting, at which all Directors shall retire and new Directors shall be appointed in accordance with Regulations 82A and 82B.

82F. At any moment of time after the appointment of the Elected Directors any Director may request the Board to screen the Elected Directors for compliance with independence criteria within the meaning of the rules of the Exchange. In case the Board determines that any Elected Director meets the criteria such Elected Director shall be re-classified as the Independent Director.

83.

(a) The remuneration of the Directors shall be determined from time to time by the Company in General Meeting.

(b) Any Director who, upon the request of the Company, offers special services to the Company or needs to travel or stay abroad serving the purposes of the Company, shall receive from the Company such additional remuneration in the form of salary, grant, out-of-pocket expenses or in any other manner as the Board may decide.

84. It shall not be necessary for Directors to hold shares in the Company.

85. The Directors of the Company may be or become members of the board of directors or other officers of, or otherwise be interested in any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.

BORROWING POWERS

86. The Directors may exercise all the powers of the Company to borrow or raise money without limitation or to guarantee and to mortgage, pledge, assign or otherwise charge its undertaking, property, assets, rights, choses in action and book debts, receivables, revenues and uncalled capital or any part thereof and to issue and create debentures, debenture stock, mortgages, pledges, assignments, charges or other securities as security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

87. Subject to Regulations 79A and 79B, the business of the Company shall be managed by the Board, who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Law or by these Regulations, required to be exercised by the Company in General Meeting, subject, nevertheless to any of these Regulations, to the provisions of the Law and to such regulations, being not inconsistent with the aforesaid Regulations or provisions as may be prescribed by the Company in General Meeting. For the avoidance of doubt, no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

87A. Subject to any provisions of the present Regulations or the Law that requires approval of the Members and for so long as class A shares are in issue and are outstanding, the Board shall have the authority to resolve, among other things, on the following matters:

(i) approval of the strategy of the Group;

(ii) approval of the annual budget for the Group;

(iii) approval of the Business Plan;

(iv) any transactions concluded outside of the Ordinary Course of Business, except for (1) those transactions the value of which does not exceed the Authority Threshold in the aggregate during a financial year, (2) intra-group transactions;

(v) any sale or disposition of any interest in any Group Company (other than the Company) which does not lead to a change of Control over such Group Company;

(vi) any sale or disposition of any interest in any Group Company (other than the Company) which leads to a change of Control over such Group Company;

(vii) any sale or disposition of all or substantially all of the assets of any Group Company;

(viii) acquisition or construction of a capital asset not included in the Budget and/or outside of the Ordinary Course of Business if the total expenditures by a Group Company would exceed the Authority Threshold in the aggregate in one or several related transactions over one or several years;

(ix) any suspension, cessation or abandonment by any Group Company of any activity which exceeded the Authority Threshold in revenues for the most recent fiscal year;

(x) any Group Company's exit from or closing of a business or business segment, or a down-sizing, reduction in force or streamlining of any operation, that results in cash expenditures outside the Ordinary Course of Business for which the aggregate cash expense would exceed the Authority Threshold for any such projects or series of related projects;

(xi) any merger, consolidation, amalgamation, conversion, reorganization, scheme of arrangement, dissolution or liquidation involving any Group Company (other than the Company) which does not lead to a change of Control over such Group Company;

(xii) any merger, consolidation, amalgamation, conversion, reorganization, scheme of arrangement, dissolution or liquidation involving any Group Company (other than the Company) which leads to a change of Control over such Group Company;

(xiii) any financing transaction entered into outside of the Ordinary Course of Business that exceeds the Authority Threshold between two or more Group Companies where one or more of the companies is not wholly-owned (directly or indirectly) by the Company, except for intra-group transactions;

(xiv) any Group Company incurring, guaranteeing or granting security in respect of any indebtedness, in each case outside of the Ordinary Course of Business, in an amount greater than the Authority Threshold, except for intra-group transactions;

(xv) entry into any contract (whether by renewal or otherwise) or group of related contracts by any Group Company outside of the Ordinary Course of Business with a value, or requiring aggregate payments to or from that Group Company, in excess of the Authority Threshold, except for intra-group transactions;

(xvi) any Group Company's entry into any lease obligation wherein the present value of the aggregate lease obligation is greater than the Authority Threshold, except for intra-group transactions;

(xvii) any Group Company's entry into a transaction outside of the Ordinary Course of Business that is not specifically contemplated in the Business Plan involving the purchase, sale, lease or other acquisition or disposition of interests in land, buildings, fixtures, machinery, equipment and appurtenances in any case for consideration that exceeds the Authority Threshold in any transaction or series of related transactions, except for intra-group transactions;

(xviii) entry into (whether by renewal or otherwise) any agreement or transaction by any Group Company with a Related Party except for: (1) transactions in Ordinary Course of Business on an arm's length basis, (2) intra-group transactions, (3) transactions at the price less than fifty thousand (50 000) US Dollars (if the price can be determined at the moment of conclusion of transaction);

(xix) any Material Transaction, provided that, in the case of a Material Transaction A approval of the Board shall not be required prior to entry into a Material Transaction A but shall be obtained within thirty (30) days after calculation of the Transaction Amount. If a Material Transaction A is not approved by the Board within thirty (30) days after calculation of the Transaction Amount, such Material Transaction A shall be terminated as soon as reasonably practicable;

(xx) issuance and allotment of shares by the Company for consideration other than cash;

(xxi) any change in the authorized or issued share or charter capital of any Group Company (other than the Company) which does not lead to a change of Control over such Group Company;

(xxii) any change in the authorized or issued share or charter capital of any Group Company (other than the Company) which leads to a change of Control over such Group Company;

(xxiii) subject to Regulation 102, appointment, re-appointment or early termination of the Chairman of the Board;

(xxiv) subject to Regulation 109 and 111, appointment, re-appointment or early termination of the employment of the CEO, determination of the remuneration of the CEO;

(xxv) approval of management contracts to be entered into by any Group Company with a third party provider;

(xxvi) appointment of the CFO;

(xxvii) appointment, re-appointment or early termination of the employment of the internal auditor and determination of his/her remuneration;

(xxviii) subject to Regulation 103, appointment or termination of members of the Board to its committees;

(xxix) subject to Regulations 103, 104 and 105, approval of charters of any committee of the Board;

(xxx) approval of any policies of the Group;

(xxxi) (i) employment of such accountants, lawyers, investment bankers, consultants, independent contractors and other advisors, (ii) execution and delivery of such papers, documents and instruments, (iii) payment of such fees and other amounts, and (iv) commission of such acts, in each case as determined to be necessary or desirable in furtherance of the exercise of the Board's authority;

(xxxii) proposal to the General Meeting candidacies of the Auditors and making recommendation on its remuneration;

(xxxiii) declaration and payment of any dividends, including final and interim dividends by the Company other than preferred dividends required by law;

(xxxiv) approval of quarterly accounts of the Company;

(xxxv) approval of audited annual (both stand-alone and/or consolidated) accounts of the Company;

(xxxvi) initiation by any Group Company of any litigation, action, suit, claim, arbitration, proceeding or other legal matter that is material to the reputation of the Group or if resulted adversely could materially and adversely affect the Group taken as a whole;

(xxxvii) settlement by any Group Company of any litigation, action, suit, claim, arbitration, proceeding or other legal matter, including any investigation by a governmental authority, that is material to the reputation of the Group or if resulted adversely could materially and adversely affect the Group taken as a whole;

(xxxviii) adoption of any employee stock option plan or any other equity-based incentive compensation program of the Group (subject to the General Meeting approving the total number of shares and classes of shares to be reserved for issuance under any such program in accordance with Regulation 79B);

(xxxix) approval of any matter to be submitted to the General Meeting for a vote;

(xl) subject to Regulations 88 and 103, delegation of (including authority to sub-delegate and re-delegate) any authority of the Board to any officer or employee of a Group Company, or to any team, committee or other group that includes such officers or employees, to the extent that that any such delegation does not violate, circumvent or conflict with any requirement for a qualified majority vote or voting of one or majority of Independent Directors.

(xli) subject to Regulation 82A(a), approval of nomination of one or more individuals for election (or re-election) to the office of Elected Directors;

(xlii) subject to Regulation 82B(a), approval of nomination of one or more individuals for election (or re-election) to the office of Independent Directors; and

(xliii) approval of the Group’s risk-appetite metrics and limits.

87B. The Board shall procure that, as the management and control of the Company is undertaken from Cyprus, the Company is managed and operated having regard to the tax benefits of the Company and in accordance with applicable law, so as to ensure that the Company satisfies applicable tax residency requirements and maintains its Cyprus tax resident status.

87C. The Board may appoint any person to attend any meeting or meetings of the Board, and/or any committee established by the Board under, and in accordance with, these Regulations, as an observer and any person so appointed (an "**Observer**"), subject to entering into a standard confidentiality agreement with the Company, shall be given (at the same time as provided to the Directors and/or committee members, as relevant) notice of all meetings of the Board and/or the committee to which the Observer has been appointed (as relevant), and to which that Observer is entitled to attend, and shall be given all agendas, minutes and other relevant papers relating to such meetings. An Observer shall be entitled to attend any meetings to which it has been appointed, provided that the Observer shall not be entitled in any circumstances to vote at any such meeting and he shall not be counted for the purpose of quorum. The Board may at any time and from time to time (i) remove any Observer appointed by it and appoint another person in his or her place in accordance with the provisions of this Regulation; and/or (ii) limit or exclude the attendance of an Observer in certain meetings of the Board and/or any committee (or any part thereof), except where the Board has adopted and/or approved formal, written terms of appointment in respect of that Observer, which expressly exclude this power of the Board.

88. The Board may from time to time and at any time appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Board, to be the authorised representative or attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Regulations) and for such period and subject to such conditions as it may think fit, and any such authorisation or power of attorney may contain such provisions for the protection and convenience of Persons dealing with any such authorised representative or attorney as the Board may think fit and may also authorise the aforementioned authorised representative or attorney to delegate all or any of the powers, authorities and discretions vested in him.

89. The Company may exercise the powers conferred by section 36 of the Law with regard to having an official Seal for use abroad, and such powers shall be vested in the Board.

90. The Company may exercise the powers conferred upon the Company by the Law with regard to the keeping of a register outside Cyprus, and the Board may (subject to the provisions of the Law) make and vary regulations as it may think fit with respect to the keeping of any such register.

91.

(a) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Board in accordance with section 191 of the Law.

(b) A Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting.

(c) The Directors may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with their office of Director for such period and on such terms (as to remuneration or otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Directors so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Directors holding that office or of the fiduciary relation thereby established.

(d) The Directors may act in a professional capacity by themselves or through the firm to which they belong for the Company, and they or the firm to which they belong to shall be entitled to remuneration for their professional services, without taking into account their capacity as Directors. Provided that nothing herein contained shall authorise a Director or the firm to which he belongs to act as Auditors.

92. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

93. The Board shall cause minutes to be made in the books provided for the purpose:

(a) of all appointments of officers made by the Board;

(b) of the names of the Directors present at each meeting of the Board and of any committee of the Board; and

(c) of all resolutions and proceedings at all General Meetings, of meetings of the Board, and of committees of the Board.

93A. The secretary of the meeting of the Board may be appointed by the Chairman to act as the secretary of such a meeting or meetings and take the minutes.

PENSIONS

94. The Board may grant retirement pensions or annuities or other gratuities or allowances, including allowances on death, to any Person or Persons in respect of services rendered by him or them to the Company whether as managing Directors or in any other office or employment under the Company or indirectly as officers or employees of any subsidiary or Affiliate, notwithstanding that he or they may be or may have been a Director of the Company and the Company may make payments towards insurance, trusts, schemes or funds for such purposes in respect of such Person or Persons and may include rights in respect of such pensions, annuities and allowances in the terms of engagement of any such Person or Persons.

DISQUALIFICATION OF DIRECTORS

95. The office of any of the Directors shall be vacated or shall be precluded from being elected if the relevant person:

(a) ceases to be a Director by virtue of section 176 of the Law; or

(b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) becomes prohibited from being a Director by reason of any order made under section 180 of the Law; or

(d) becomes permanently incapable or performing his/her duties due to mental or physical illness or due to his/her death;

(e) resigns his office by notice in writing to the Company; or

(f) in respect of the Independent Directors, does not meet the independence criteria within the meaning of the rules of the Exchange.

REMOVAL OF DIRECTORS

96. The Company may by Ordinary Resolution, of which special notice has been given in accordance with section 136 of the Law, remove any Director before the expiration of his period of office notwithstanding anything in these Regulations or in any agreement between the Company and such Director. 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.

PROCEEDINGS OF MEETINGS OF THE BOARD

97. The Board may meet together for the dispatch of business, adjourn, and otherwise regulate its meetings as it thinks fit and matters arising at any meeting shall be decided by an absolute majority of votes of all the Directors for the time being other than the matters set out below which, for so long as class A shares are in issue and are outstanding, shall be decided upon as follows:

(a) matters in Regulations 87A(i), 87A(ii), 87A(iii), 87A(vi), 87A(vii), 87A(xii), 87A(xx), 87A(xxii), 87A(xl) and 87A(xliii) shall require a Qualified Majority of votes where a "Qualified Majority" means seventy five (75) per cent majority of votes of all Directors for the time being,

(b) matters in Regulations 87A(ii), 87A(xxiii), 87A(xxxvi) and 87A(xliii) shall require an affirmative vote of at least one Independent Director noting that the matters in Regulation 87A(ii) and Regulation 87A(xliii) require in addition a Qualified Majority of votes of the Directors,

(c) matters in Regulations 87A(xxvii), 87A(xxxv) and 87A(xxxii) shall require an affirmative vote of at least one Independent Director who is at the same time the chairman of the audit committee (provided that such is formed within the Company),

(d) matters in Regulations 87A(xviii), 87A(xxxvi), 87A(xli) and 87A(xlii) shall require an affirmative vote of a majority of Independent Directors,

(e) matters in Regulation 87A(xviii) shall require, in addition to the requirement in Regulation 97(d) above, a seventy five (75) per cent majority of votes of the Directors other than those who qualify as a Related Party, and

(f) matters in Regulation 87A(xli) and 87A(xlii) shall require, in addition to the requirement set out in Regulation 97(d) above, a Qualified Majority of votes of the Directors.

98. The Chairman shall have no second or casting vote in case of a tie.

99. Any Director may, and the secretary on the requisition of a Director shall, at any time summon a meeting of the Board. It shall be necessary to give at least a ninety six (96) hours' notice of a meeting of the Board to any Director, provided, however, that a meeting may be held upon shorter notice if all members of the Board consent to the same. 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.

100. For so long as class A shares are in issue and are outstanding, the quorum necessary for the transaction of the business of the Board shall be simple majority of the Directors.

101. The continuing Directors may act notwithstanding any vacancy in their body, but, for so long as class A shares are in issue and are outstanding, if their number is reduced below the number fixed by or pursuant to these Regulations as the necessary quorum of Board meetings, the continuing Directors may act solely to fill in the vacant positions as per the procedure set forth in Regulation 82E for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

102. The Board shall by an absolute majority of votes of all the Directors for the time being, provided that an affirmative vote of at least one Independent Director is received (for so long as class A shares are in issue and are outstanding), elect a Chairman; but if no such Chairman is elected, or if at any meeting the Chairman is not present within thirty (30) minutes after the time appointed for holding the same, the Directors present may choose one of them to chair the meeting provided that such temporary Chairman shall have no second or casting vote in case of a tie. The term of appointment of the Chairman shall be for a period from the date of his appointment until the first meeting of the Board on the second year after the date of his appointment. During the initial term of appointment of the Chairman, his appointment may not be terminated by the Board other than if he ceases to be a Director for any reason, including the reasons set out in Regulation 95, or if he is removed from office by an absolute majority of votes of all the Directors for the time being, provided that an affirmative vote of at least one Independent Director is received (for so long as class A shares are in issue and are outstanding).

103. The Board may delegate any of its powers to a committee or committees consisting of one or more Directors as the Board thinks fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board, as to its powers, constitution, proceedings, quorum or otherwise.

104. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting. No chairman of a committee shall have a second or casting vote. In case of deadlock on any matter at a committee level, such matter shall be referred by the relevant committee to the Board.

105. Subject to any regulations imposed on it by the Board, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of its members present.

106. All acts done by any meeting of the Board or of a committee of the Board or by any Person acting in his capacity as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

107. A resolution in writing signed or approved by letter, email or facsimile by each Director shall be as valid and effectual as if it had been passed at a meeting of the Board or a committee duly convened and held and when signed may consist of several documents each signed by one or more of the Persons aforesaid (save where these Regulations require unanimity in which case any such resolution must be signed by all of the Directors).

108. Subject to Regulation 87B, the Directors may participate in any meetings of the Directors or any duly authorized committee by means of telephone conference or conference or by similar communications equipment by means of which all persons participating in the conference can hear each other, and the participation by such means shall constitute presence in person at such meeting for which an appropriate minute shall be made.

CHIEF EXECUTIVE OFFICER

109. The Board may by an absolute majority of votes of all the Directors for the time being appoint a Person who shall also be a Director to be the Chief Executive Officer (the "**CEO**") of the Company for such period and on such terms as it thinks fit, and, subject to the terms of any agreement entered into in any particular case and Regulation 110 (if applicable), may revoke such appointment.

110. The term of appointment of the CEO shall be for a period from the date of his appointment until the first meeting of the Board on the second year after the date of its appointment. During the initial term of appointment of the CEO, his appointment may not be terminated by the Board other than if he ceases to be a Director for any reason, including the reasons set out in Regulation 95, or if his appointment is revoked by an absolute majority of votes of all the Directors for the time being. The provisions of this Regulation 110, shall come into effect on and from the moment the Company issues class A shares and shall only apply for so long as class A shares are in issue and are outstanding.

111. A CEO shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Board may determine. The remuneration of the Director appointed as CEO shall be independent of and additional to the remuneration fixed by virtue of Regulation 83.

112. The CEO shall be the person in charge and be responsible for all day-to-day affairs of the Group. The CEO shall have the power to decide upon all transactions which do not require approval of the Members or the Board pursuant to these Regulations or the Law as well as have such other duties and powers as may be delegated to him by the Board from time to time.

112B. The CEO may at his discretion delegate all or part of his duties and powers to a deputy of the CEO ("**Deputy CEO**") to be designated by him. In the event of revocation or termination of the appointment of the CEO the appointment of the Deputy CEO shall be simultaneously be deemed to be revoked and terminated.

SECRETARY

113. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Secretary so appointed may be removed by it.

114. No Person shall be appointed or hold office as Secretary who is:

(a) the sole Director of the Company; or

(b) a corporation the sole director of which is at the same time the sole Director of the Company; or

(c) the sole director of a corporation which is the sole Director of the Company.

115. A provision of the Law or these Regulations requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same Person acting both as Director and as, or in place of, the Secretary.

SEAL

116.

(a) The Board shall provide for the safe custody of the Seal, which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which the Seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other Person appointed by the Board for this purpose.

(b) The Company may have, in addition to the said Seal, an official seal under the provisions of section 36(1) of the Law and which shall be used for the purposes stated in the said section.

DIVIDENDS AND RESERVE

117. For so long as class A shares are in issue and are outstanding, the Board may, from time to time and subject to the provisions of section 169C of the Law, distribute to the Members such interim and final dividends as appear to the Board to be justified by the profits of the Company.

118. No dividend shall be declared otherwise than out of profits.

119. The Board may before declaring any final dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit. The Board may also without placing the same to the reserve carry forward any profits which it may think prudent not to distribute.

120. Subject to the rights of Persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and distributed according to the proportion of the total amounts that are required to be paid up on each share that have been paid up or credited as paid up on that share in respect whereof the dividend is distributed, but no amount distributed or credited as distributed on a share in advance of calls shall be treated for the purposes of this Regulation as distributed on the share. All dividends shall be apportioned and distributed proportionately to the proportion of the total amounts that are required to be paid up on each share that have been paid up or credited as paid up during any portion or portions of the period in respect of which the dividend is distributed; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

121. The Board may deduct from any dividend distributable to any Member all sums of money (if any) presently payable by him to the Company on account of calls in relation to the shares of the Company.

122. When the Company declares a dividend or bonus according to the present Regulations, it may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Board shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board.

123. Any dividend, interest or other moneys distributed in cash in respect of shares may be distributed by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the register of Members or to such Person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys distributable in respect of the shares held by them as joint holders.

124. No dividend shall bear interest against the Company.

ACCOUNTS

125. The Board shall cause proper books of account to be kept with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the Company; and

(c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

126. The books of account shall be kept at the registered office of the Company, or, subject to section 141(3) of the Law, at such other place or places as the Board thinks fit, and shall always be open to the inspection of the Directors.

127. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Board or by the Company in General Meeting.

128. Subject to Regulation 79A, the Board shall from time to time, in accordance with sections 142 and 151 of the Law, cause to be prepared and to be laid before the Company in General Meeting for its approval such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in the aforesaid sections.

129. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting, together with a copy of the Auditors' report shall, not less than twenty-one (21) days before the date of the General Meeting, be sent to every Member of, and every holder of debentures of the Company and to every Person registered under Regulation 40.

Provided that this Regulation shall not require a copy of those documents to be sent to any Person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

CAPITALISATION OF PROFITS

130. The Company in General Meeting may upon the recommendation of the Board resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution, amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such Members in the proportions aforesaid, or partly in the one way and partly in the other, and the Board shall give effect to such resolution.

Provided that the share premium account and the capital redemption reserve fund may, for the purposes of this Regulation, only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.

131. Whenever such a resolution as aforesaid shall have been passed, the Board shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid up shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Board to follow such provisions by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit for the case of shares or debentures becoming distributable in fractions and also to authorise any Person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

AUDIT

132. Subject to Regulation 79A, the Auditors shall be appointed by Ordinary Resolution. For so long as class A shares are in issue and are outstanding, the Board shall have the right to propose to the General Meeting candidacies of the Auditors and to make recommendation on their remuneration.

NOTICES

133. A notice may be given by the Company to its Members either personally or by sending it by post, email or facsimile to them or to their registered address. Where a notice is sent by post, service of the notice shall be deemed to be effected, provided that it has been properly mailed, addressed, and posted, at the expiration of twenty-four (24) hours after same is posted. Where a notice is sent by email or facsimile it 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 facsimile there will be the relevant transmission confirmation.

134. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of Members in respect of the share.

135. A notice may be given by the Company to the Persons entitled to a share in consequence of the death or bankruptcy of a Member 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.

136. Notice of every General Meeting shall be given in any manner herein-before authorised to:

(a) every Member except those Members who have not supplied to the Company a registered address for the giving of notices to them;

(b) every Person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the General Meeting; and

(c) the Auditors.

No other Person shall be entitled to receive notices of General Meetings.

WINDING UP

137. Subject to Regulation 79B, if the Company shall be wound up the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems reasonable upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

138. Every Director or other officer for the time being of the Company shall be indemnified out of the assets of the Company against any losses or liabilities which he may sustain or incur in or about the execution of his duties including liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 383 of the Law in which relief is granted to him by the Court and no Directors or officers of the Company shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Regulation shall only have effect insofar as its provisions are not avoided by section 197 of the Law.

DESCRIPTION OF SECURITIES

The following description of the capital stock of QIWI Plc ("us," "our," "we" or the "Company") is a summary of the rights of our ordinary shares and certain provisions of our articles of association in effect as of April 29, 2022. This summary does not purport to be complete and is qualified in its entirety by the provisions of our articles of association filed with the Securities and Exchange Commission as an exhibit to our Annual Report on Form 20-F for the year ended December 31, 2021, as well as to the applicable provisions of Cypriot legislation on stock corporations. We encourage you to read our articles of association and applicable Cypriot legislation on stock corporations carefully.

Share Capital

As of April 29, 2022, our issued share capital consists of 10,413,522 class A shares and 52,299,453 class B shares outstanding, each with a par value of €0.0005 per share.

American depositary shares, or ADSs, each representing one class B share, have been listed on the Nasdaq Stock Market LLC since May 3, 2013 and have been admitted to trading on the Moscow Stock Exchange since May 20, 2013, under the symbol "QIWI."

Rights Attaching to Shares

Voting rights. For so long as class A shares are in issue and are outstanding, each class A share has the right to ten votes at a meeting of our shareholders; and each class B share has the right to one vote at a meeting of our shareholders.

Issue of shares and pre-emptive rights. Subject to the Cypriot law and our articles of association, already authorized but not yet issued shares are at the disposal of our board of directors, which may allot or otherwise dispose of any unissued shares as it may decide. All new shares and/or other securities giving right to the purchase of our shares or which are convertible into our shares must be offered before their issue to our shareholders on a pro rata basis. If the new securities are of the same class as existing shares, the offer must first be made on a pro rata basis to the shareholders of the relevant class and, if any such new securities are not taken up by those shareholders, an offer to purchase the excess will be made to all other shareholders on a pro rata basis (provided that such pre-emption rights have not been removed). On May 8, 2018 the disapplication of pre-emptive rights in connection with the issues of up to an additional 52,000,000 class B shares, including in the form of ADSs, previously authorized by our shareholders, has expired and since then any issuance and allotment of class B shares by the Company for cash consideration is subject to pre-emptive rights.

Conversion. At the irrevocable request of any class A shareholder, all or part of the class A shares held by such shareholder will convert into class B shares, on the basis that each class A share shall convert into one class B share, and the class B shares resulting from such conversion shall rank pari passu in all respects with the existing class B shares in issue.

In addition, class A shares will be automatically converted into class B shares, on a one-to-one basis, in the following circumstances: (1) all class A shares which are transferred by a holder, except in circumstances permitted under our articles of association, shall, immediately upon such transfer, be automatically converted into class B shares; (2) all class A shares held by a shareholder will be automatically converted into class B shares on the occurrence of a change of control (as defined in our articles of association) of that class A shareholder; and (3) all class A shares will be automatically converted into class B shares in the event that the aggregate number of class A shares constitute less than 10% of the aggregate number of class A and class B shares outstanding.

For so long as class A shares are in issue and are outstanding, class A shares will not convert into class B shares where: (1) the transfer is to one or more of the transferor's directly or indirectly controlled affiliates (as defined in our articles of association); (2) 10% or more of the total number of class A shares in issue are transferred as a single transaction or a series of related transactions by a shareholder or a group of shareholders; (3) the transfer is to one or more of the existing class A shareholders; and (4) the transfer is to the person(s) that was (were) the ultimate beneficial owner(s) of class A shareholder at the time of Listing. In the case of (2) above the transfer of A shares is permitted if: (a) it is approved in writing by the shareholders holding in aggregate at least 75% of the total number of class A shares in issue; or (b) the shareholder (or a group of shareholders) transferring class A shares has (or have) offered such shares to the other then existing shareholders holding class A shares in accordance with the procedure set out in the articles of association.

Dividend. For so long as class A shares are in issue and are outstanding, our board may declare dividend, including final dividend, but no dividend will be paid except out of our profits. Our board of directors may set aside out of our profits such sums as it thinks proper as a reserve. The board of directors may also, without establishing a reserve, carry forward to the next year any profits it may think prudent not to distribute as a dividend. The class A shares and the class B shares have the right to an equal share in any dividend or other distribution we pay. Please see "Dividend Policy" for more details.

Winding Up. If our company is wound up, the liquidator may, upon a special resolution and any other procedure prescribed by the Cypriot law, (i) divide in specie or kind all or part of our assets among the shareholders; and (ii) vest the whole or any part of such assets in trustees for the benefit of the contributories as the liquidator shall think fit, but so that no shareholder is compelled to accept any shares or other securities with any attached liability.

Form and transfer of shares. The instrument of transfer of any share must be executed by or on behalf of the transferor and the transferee, and the transferor will be deemed to be the holder of the share until the name of the transferee is entered into the register of shareholders. Except as set out above and in our articles of association, shareholders are entitled to transfer all or any of their shares by instrument of transfer in writing in any usual or common form or in any other form, including electronic form, which the directors may approve.

There is no limitation under Cypriot law or our articles of association on the right of non-Cypriot residents or nationals to own or vote our shares.

Convening Shareholders' Meetings

An annual general meeting must be held not more than 15 months after the prior annual general meeting, and at least one annual general meeting must be held in each calendar year.

Our board of directors, at its discretion, may convene an extraordinary general meeting. Extraordinary general meetings must also be convened by the board of directors at the request of shareholders holding in aggregate at the date of the deposit of the requisition either (a) not less than 10% of our outstanding share capital or (b) not less than 10% of the voting rights attached to our issued shares, or, in case the board of directors fails to do so within 21 days from the date of the deposit of the requisition notice, such requisitioning shareholders, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting, but any meeting so convened may not be held after the expiration of 3 months from the date that is 21 days from the date of the deposit of the requisition notice.

The annual general meeting and a shareholders' general meeting called for the election of directors or for a matter for which Cypriot law requires a special resolution, which means a resolution passed by a majority of not less than 75% of the voting rights attached to our issued shares present and voting at a duly convened and quorate general meeting, must be called with no less than 45 days' written notice or such longer notice as is required by the Companies Law (not counting the day in which it was served or deemed to be served and the date for which it is given). Other shareholders' general meetings must be called with no less than 30 days' written notice.

A notice convening a shareholders' general meeting shall be served within 5 days after the record date for determining the shareholders entitled to receive notice of attend and vote at such General Meeting, which is fixed by the Board and is not more than 60 days and not less than 45 days prior to an Annual General Meeting, or a General Meeting called for the passing of a Special Resolution, or for the election of Directors, and not more than 45 days and not less than 30 days prior to any other General Meeting. A notice convening a shareholders' general meeting must be sent to each of the shareholders, provided that the accidental failure to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice will invalidate the proceedings at that meeting to which such notice refers in the event that a shareholder holding not less than 5% of our outstanding share capital is not in attendance as a result of the accidental failure to give notice or non-receipt thereof.

All shareholders are entitled to attend the shareholders' general meeting or be represented by a proxy authorized in writing. The quorum for a shareholders' general meeting will consist of shareholders representing 50.01% of the voting rights attached to our issued shares, whether present in person or by proxy.

The agenda of the shareholders' general meeting is determined by our board of directors or by whoever else is calling the meeting.

Voting

Matters determined at shareholders' general meetings require an ordinary resolution, which requires a simple majority of the votes cast at any particular general meeting duly convened and quorate, unless our articles of association and the Companies Law specify differently. It is within the powers of the shareholders to have a resolution executed in writing by all shareholders and in such event no meeting needs to take place or notice to be given.

Reserved Matters

Our articles of association provide for special majorities for resolutions concerning, among other things, the following matters (for so long as class A shares are in issue and outstanding): (i) any variance to the rights attached to any class of shares requires approval of the holders of 75% of the shares of the affected class, passed at a separate meeting of the holders of the shares of the relevant class, as well as a special resolution of the general meeting; and (ii) approval of the total number of shares and classes of shares to be reserved for issuance under any of our or our subsidiaries' employee stock option plan or any other equity-based incentive compensation program requires approval of a majority of not less than 75% of the voting rights attached to all issued shares present and voting at a duly convened and quorate general meeting.

Relevant Provisions of Cypriot law

The liability of our shareholders is limited. Under the Cypriot 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 this annual report, Cypriot 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.

Cypriot 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% in value 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 Cypriot courts not to permit the acquisition. If the offeror company already holds more than 10%, in 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 the bidder holds more than 90%, it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of receiving such notice, require the offeror company to acquire their shares and the offeror company shall be bound to do so upon the same terms on which the shares were acquired or on such other terms as may be agreed between them or upon such terms as the court may order.

American Depositary Shares

The Bank of New York Mellon, as depositary, registers and delivers our ADSs. Each ADS will represent one class B share (or a right to receive one class B share) deposited with the principal London office of The Bank of New York Mellon, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286. The depository's principal executive office is located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the Direct Registration System, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. 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.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, or DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

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 class B shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and all other persons indirectly 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.

Dividends and Other Distributions

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on class B shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of class B shares your ADSs represent.

- Cash. The depositary will convert any cash dividend or other cash distribution we pay on the class B shares underlying the ADSs 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. It 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 or all of the value of the distribution.

- Distribution of Class B Shares. The depositary may distribute additional ADSs representing any class B shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will try to sell class B shares which would require it to deliver a fractional ADS 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 class B shares. The depositary may sell a portion of the distributed class B shares sufficient to pay its fees and expenses in connection with that distribution.
- Rights to Purchase Additional Class B Shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to ADS holders. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

If the depositary makes rights available to ADS holders, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the class B shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by class B shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

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.

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 Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, class B shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our class B 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 deposit class B shares or evidence of rights to receive class B 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 at the depositary's corporate trust office. 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 class B 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 corporate trust office, if feasible.

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. Alternatively, 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 to vote the number of deposited class B shares their ADSs represent. The depositary will notify ADS holders of shareholders' meetings and arrange to deliver our voting materials to them if we ask it to. Those materials will describe the matters to be voted on and explain how ADS holders must 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 of our articles of association or similar documents, to vote or to have its agents vote class B shares or other deposited securities as instructed by ADS holders. The depositary 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 class B 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 your right to vote 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 not less than 45 days prior to the meeting date.

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 such 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.

Reclassifications, Recapitalizations and Mergers

If we:	Then:
• Change the nominal or par value of our class B shares	The cash, class B shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.
• Reclassify, split up or consolidate any of the deposited securities • Distribute securities on class B shares that are not distributed to you • Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	The depositary may distribute some or all of the cash, class B shares or other securities it received. It may also deliver new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Amendment of the Deposit Agreement

We may agree 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 of the Deposit Agreement

The depositary will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the termination date included in such notice. The depositary may also terminate the deposit agreement by mailing notice of termination to us and the ADS holders 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.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver class B shares and other deposited securities upon cancellation of ADSs. Four months after termination, the depositary may sell any remaining deposited securities by public or private sale. 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 for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary shall be discharged from all obligations under the deposit agreement, except to account for the net proceeds of such sale and other cash (after deducting fees and expenses and applicable taxes and governmental charges). The depositary's only obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

Limitations on Obligations and Liability

The deposit agreement expressly limits our obligations, as well as those of our directors, officers, employees, agents and affiliates, 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;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our control 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.

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 an ADS, make a distribution on an ADS, or permit withdrawal of class B 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 class B 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 generally 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.

Your Right to Receive Class B Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying class B 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 class B shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our class B shares.
- When you owe money to pay fees, taxes and similar charges.
- 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 class B shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying class B shares. This is called a pre-release of the ADSs. The depositary may also deliver class B shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying class B shares are delivered to the depositary. The depositary may receive ADSs instead of class B shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns class B shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; (3) the depositary must be able to close out the pre-release on not more than five business days' notice and (4) the pre-release is subject to such further indemnities and credit regulations as the depositary deems appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership will be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of 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 verify, determine or otherwise ascertain that the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery 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 shall 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 any reports, notices and other communications, including any proxy soliciting material 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 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.

SHARES SALE AND PURCHASE Agreement

___ _____ 2021

(1) QIWI PLC, hereinafter referred to as the ***"Seller"***, represented by Deputy CEO Philios Yiangou, acting under the Articles of Association and resolution of the CEO dated 7 June 2021, on the one part, and

(2) Public Joint-Stock Company Bank Otkritie Financial Corporation (PJSC Bank FC Otkritie), hereinafter referred to as the ***"Buyer"***, represented by President – Chairman of the Management Board Mikhail Zadornov, acting under the Charter, on the other part,

collectively referred to as the "***Parties***" and individually a "***Party***", have made this Agreement as follows:

1. TERMS AND DEFINITIONS

"Shares" means the following shares of JSC Tochka:

class (type) of Shares	ordinary shares
issuer of Shares	Joint-Stock Company Tochka (JSC Tochka)
state registration number of the Shares issue	1-01-85836-N
par value of a single Share	one hundred roubles (RUB 100)
number of Shares to be transferred under the Agreement	four thousand (4,000) Shares

class (type) of Shares	preference shares
issuer of Shares	Joint-Stock Company Tochka (JSC Tochka)
state registration number of the Shares issue	2-01-85836-N
par value of a single Share	one rouble (RUB 1)
number of Shares to be transferred under the Agreement	forty-five (45) Shares

"Affiliate" shall mean, with respect to any person, any person that is Controlling, Controlled by, or under common Control with such person, or an affiliate of such person pursuant to Law of the RSFSR No. 948-1 On Competition and Restriction of Monopolistic Activity in Commodity Markets dated 22 March 1991 (with amendments and additions) (persons that are under common control of the Russian Federation or another foreign state shall not be considered Affiliates), and in respect to an individual, an Affiliate shall mean their relatives who are first, second and third category heirs in accordance with Articles 1142–1144 of the Russian Civil Code, guardian (conservator) and ward (conservatee), person managing a trust established by, or for the benefit of such individual).

"Base Deal Price" shall have the meaning set forth in clause 3.1 hereof.

"Share Rights Transfer Date" shall mean the date when the Shares are credited hereunder to the Buyer's depository account.

"Agreement" shall mean this shares sale and purchase agreement.

"Buyer's Representations" shall have the meaning set forth in clause 7.4 hereof.

"Seller's Representations" shall have the meaning set forth in clause 7.1 hereof.

"Prohibited Actions" shall have the meaning set forth in clause 3.2.1 hereof.

“Control” shall mean in respect to a legal entity:

a) the possession of a majority of the votes at the general meeting of shareholders/members of such legal entity (or a similar governing body) when voting on all or a significant part of agenda items; or

b) the possession of the right to appoint or remove from office most members of the board of directors or another collegial body of such legal entity or any number of members of the board of directors or another collegial body of such legal entity holding a majority of the votes at meetings of the board of directors (or another collegial body) of such legal entity; or

c) the possession of the right to appoint or remove from office the sole executive body of such legal entity (or one of the persons exercising the powers of the sole executive body of the legal entity); or

d) the possession of the right to directly or indirectly define or have a significant influence on the financial and operational management of such legal entity,

in each case, through the ownership of shares and stakes in such legal entity, under a management, consultancy services or any other agreement, through agency or on any other grounds (and the terms “**Controlling**” and “**Controlled**” shall be construed correspondingly).

“Confidential Information” shall have the meaning set forth in clause 11.1 hereof.

“Price Adjustment” shall have the meaning set forth in clause 3.1 hereof.

“Courier Service” shall mean a courier delivery service (an express delivery service or another organisation delivering written correspondence) other than a postal service.

“ICAC” shall mean the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation.

“IFRS” shall mean the International Financial Reporting Standards.

“Tax Authority” shall mean any tax or other government body authorised by the laws of the Russian Federation to monitor tax compliance and verify that taxes, levies and insurance contributions are calculated accurately and paid (made)to the Russian budgeting system in full and in due time, including the Federal Tax Service and its local offices.

“Company” shall mean Joint-Stock Company Tochka (JSC Tochka, OGRN 1187746637143, INN 9705120864).

“2021 Profit Before Tax (Estimated)” shall have the meaning set forth in clause 3.1 hereof.

“2021 Profit Before Tax (Actual)” shall have the meaning set forth in clause 3.1 hereof.

“Clause” shall mean a clause hereof.

“Business Day” shall mean a calendar day other than a Saturday, a Sunday or a non-business day (public holiday) in Moscow, Russian Federation.

“RAS” shall mean the Russian Accounting Standards.

“Rouble” shall mean the Russian rouble, the official currency of the Russian Federation.

“Notice” shall have the meaning set forth in clause 8.1 hereof.

"Disagreement Notice" shall mean a written notice sent by the Seller to the Buyer if the former disagrees with the amount of the Price Adjustment specified in the Price Adjustment Notice.

"Material Adverse Event" shall have the meaning set forth in clause 3.3 hereof.

"Price Adjustment Notice" shall mean a Notice sent by the Buyer to the Seller that contains information about the amount of the Price Adjustment and its calculation procedure and is accompanied by documents substantiating the calculation of the Price Adjustment.

"Share Transfer Terms" shall have the meaning set forth in clause 4.1 hereof.

"FAS Russia" shall mean the Federal Antimonopoly Service and its local offices.

"Shares Price" shall have the meaning set forth in clause 3.1 hereof.

"Fine" shall have the meaning set forth in clause 3.2.3 hereof.

2. AGREEMENT SCOPE

2.1. The Seller shall transfer the ownership of the Shares to the Buyer and the Buyer shall accept the Shares and pay for them as provided for herein.

3. AGREEMENT PRICE

3.1. The price of all Shares to be transferred by the Seller to the Buyer, including all applicable taxes and levies (the "***Shares Price***"), shall be made of the **Base Deal Price** and the **Price Adjustment**,

where:

the **Base Deal Price** shall be determined on the basis of JSC Tochka shares market value assessment report No. 909-BS-02\21 issued by JSC KPMG on 11 March 2021, and an additional calculation of the effect from exceeding the target indicators set for the Company for Q4 2020 and January-February 2021 as part of the valuation, while also taking into account the multiplier of 1.125 stipulated in clause 8.14 of the Company Shareholders' Agreement dated 8 August 2018, and shall amount to four billion nine hundred forty-seven million three hundred thousand Roubles (RUB 4,947,300,000);

the **Price Adjustment** shall be calculated as per the following formula:

$$\textbf{Price Adjustment} = \frac{\textbf{Base Deal Price} \times (\textbf{(2021 Profit Before Tax (Actual)} - \textbf{2021 Profit Before Tax 2021 (Estimated))}}{\textbf{2021 Profit Before Tax (Estimated)}}$$

where:

2021 Profit Before Tax (Actual) shall be the profit before tax reported in the Company's 2021 financial (accounting) statements under RAS assured by any of the following audit firms: KPMG, EY, PricewaterhouseCoopers, Deloitte. This indicator shall not include taxes additionally charged by a Russian tax authority no later than 31 December 2021 or any fines (penalties) against the Company and the Buyer for the period from the Company's incorporation date until the Share Rights Transfer Date in connection with its activities under the Contract for the Organisation and Functioning of a Unified Information and Technological Centre of Client Services dated 25 October 2018 and made between the Buyer and the Company

2021 Profit Before Tax (Estimated) – the Company's preliminarily estimated 2021 profit before tax, which shall amount to one billion seven hundred fifty-nine million Roubles (RUB 1,759,000,000).

3.2.1. The Buyer undertakes to ensure, for the purposes of Price Adjustment, that during 2021 the Buyer and the Company do not take the following actions (the ***"Prohibited Actions"***) unless agreed in writing with the Seller or its representative on the Company's Supervisory Board under the procedure specified in clause 8.1 hereof:

(a) make any changes to the Contracts for the Organisation and Functioning of a Unified Information and Technological Centre of Client Services (information and technology service (ITS) contracts) made between QIWI Bank (Joint-stock Company) and the Company, as well as between the Buyer and the Company, other than changes to the methodology for calculating transfer income (adjustment of the liquidity available on client accounts, adjustment of interest rates on client accounts in Roubles and foreign currency) taken into account when calculating the maximum fee under an ITS contract (as defined in the relevant ITS contract) made between the Buyer and the Company or between QIWI Bank (Joint-stock Company) and the Company;

(b) make any changes to the Company's business plan for 2021, providing for a decrease in the Company's 2021 profit before tax below one billion seven hundred fifty-nine million Roubles (RUB 1,759,000,000);

(c) make any changes to the Company's business plan for 2021, providing for an increase in the Company's expenses in excess of its 2021 expense budget approved by the Company's Supervisory Board (Minutes No. 2021-4 dated 25 May 2021) in the amount of seven billion six hundred eighty-two million Roubles (RUB 7,682,000,000).

3.2.2. The Seller or its representative on the Company's Supervisory Board shall send a response describing their reasoned position on the matters specified in sub-clauses (a)–(c) of clause 3.2.1 hereof no later than ten (10) Business Days from the date of receipt of the relevant request.

The Parties have agreed that, for the purposes of this clause, silence shall not constitute acceptance.

3.2.3. If any Prohibited Actions are taken by the Buyer and/or the Company, the Seller may seek that the Buyer pay, and the latter shall pay to the Seller upon its request a fine in the amount of one billion Roubles (1,000,000,000 RUB) (the "***Fine***"),
At the same time,

(a) if, the Prohibited Actions notwithstanding, the Price Adjustment calculated in accordance with clause 3.1 hereof is positive, the Seller may choose either the payment of the Price Adjustment by the Buyer or the payment of the Fine;

(b) if the Price Adjustment calculated in accordance with clause 3.1 hereof is negative in the event that Prohibited Actions are taken and the Buyer pays the Fine, the Price Adjustment shall be excluded from the formula for calculating the Shares Price specified in clause 3.1 hereof and shall not be paid.

3.3. The Parties have agreed, for the purposes of Price Adjustment, that any of the following events occurring between the date of the Agreement and 31 December 2021 shall constitute a ***"Material Adverse Event"***:

(a) the official exchange rate of the US dollar to the Rouble set by the Bank of Russia exceeds one hundred Roubles (RUB 100) for one US dollar (USD 1); and/or

(b) any restrictions are imposed on the Company's operations by instructions/decisions of regulatory authorities in relation to the Company or the Buyer, resulting in substantial expenses incurred by the Company or a substantial reduction in the Company's income;

(c) any changes in the legal regulation of the Company's operations or the banking operations of account banks of the Company's clients, resulting in substantial expenses incurred by the Company or a substantial reduction in the Company's income;

(d) the imposition of international sanctions resulting in substantial expenses incurred by the Company or a substantial reduction in the Company's income;

(e) the introduction of restrictions due to the epidemiological situation in Russia and/or a particular region of Russia, resulting in substantial expenses incurred by the Company or a substantial reduction in the Company's income.

For the purposes of determining whether a Material Adverse Event has occurred in accordance with sub-clauses (b)–(e) of this clause, the Parties agree that:

- a substantial reduction in the Company's income shall mean a reduction in the Company's client base and/or profitability per one (1) client by more than 20% as compared to the Company's approved business plan for 2021;

- substantial expenses of the Company shall mean an increase in the Company's 2021 expense budget for 2021 by 10% or more in 2H 2021 as compared to the Company's approved 2021 budget.

If a Material Adverse Event occurs, the Price Adjustment shall be excluded from the formula for calculating the Shares Price specified in clause 2.1 hereof and shall not be paid.

4. SHARE TRANSFER PROCEDURE AND TERMS

4.1. The Parties have agreed that the Transfer of Shares from the Seller to the Buyer shall be subject to the following terms and conditions being fully met (the "***Share Transfer Terms***"):

(a) all applicable corporate and other internal approvals of the Parties for the sale and purchase of the Shares have been obtained;

(b) the Buyer has obtained all the regulatory approvals, permits and/or consents and other external approvals required under the applicable law;

(c) the Seller has received dividends on the Shares for 2020 (has had dividends credited to the Seller's account). The termination of the Seller's rights with respect to the Shares and the Seller's withdrawal from the shareholding in the Company, as well as the removal of the Seller from the register of the Company's shareholders, shall only be possible after the date on which the Seller receives the dividends on the Shares for 2020;

(d) the Parties have made all the necessary arrangements to sign the Deed of Non-competition and Non-solicitation under the English law between the Seller, QIWI Bank (Joint-stock company), the Buyer and the Company.

4.2. The Parties shall make every effort to ensure that the Share Transfer Terms are met in full and no later than on 1 September 2021.

4.3. For the purpose of ascertaining compliance with the Share Transfer Terms, the Parties have agreed as follows:

(a) to ascertain the procurement of all applicable corporate and other internal approvals, each Party shall, within five (5) Business Days from the date of receipt of the respective approval, send the other Party a duly certified copy of a document confirming the procurement of such approval or an extract from such document in accordance with clause 8.1 hereof, while also forwarding a letter of assurance stating that all the necessary approvals are obtained and no other approvals are required no later than on 1 September 2021;

(b) to ascertain the procurement by the Buyer of all the regulatory approvals, permits and/or consents and other external approvals required under the applicable law, the Buyer shall, within five (5) Business Days from the date of receipt of the respective external approval, send the Seller a duly certified copy of such approval, while also forwarding a letter of assurance stating that all the necessary external approvals are obtained and no other external approvals are required no later than on 1 September 2021;

(c) to ascertain the receipt by the Seller of dividends on the Shares for 2020, the Seller shall, within five (5) Business Days from the date on which such dividends were credited to the Seller's account in the amount determined by the resolution of the Company's General Meeting of Shareholders, send the Buyer a written notice with assurances that the Seller has no claims with respect to the timing of the dividend payout and the amount of received dividends.

4.4. The Parties have agreed that the Share Transfer Terms shall be deemed fully met on the date when the last of the above terms and conditions is confirmed to have been met.

4.5. Within three (3) Business Days from the date on which the Share Transfer Terms are deemed to be fully met, the Seller shall send the registrar specified in section 18 hereof an order to debit the Shares from the Seller's account specified in section 18 hereof and credit such Shares to the Buyer's custody account specified in section 18 hereof, while also notifying the Buyer in writing of having sent the above order to the registrar.

4.6. Within three (3) Business Days from the date on which the Share Transfer Terms are deemed to be fully met, the Buyer shall submit to the Buyer's depository specified in section 18 hereof all the documents required to credit the Shares to the Buyer's custody account specified in section 18 hereof.

4.7. The Buyer shall become the owner of the Shares on the date on which a credit entry is made in the Buyer's custody account specified in section 18 hereof.

4.8. The expenses related to the registration of the Share rights transfer by the registrar and the depository shall be borne by the Buyer.

5. SETTLEMENT PROCEDURE

5.1. Within three (3) Business Days from the date of transfer of the title to all Shares, the Buyer shall pay the Base Deal Price set out in clause 3.1 hereof to the Seller using the Seller's bank account details provided in section 18 hereof.

5.2. No later than on 1 April 2022, the Buyer shall send a Price Adjustment Notice to the Seller as prescribed by clause 8.1 hereof specifying the Price Adjustment amount calculated in accordance with clause 3.1 hereof, and the procedure used to calculate such Price Adjustment amount and attaching the documents substantiating the Price Adjustment amount calculations.

5.3. If the Price Adjustment amount is positive, such Price Adjustment amount shall be paid by the Buyer to the Seller using the Seller's bank account details provided in section 18 hereof.

If the Price Adjustment amount is negative, such Price Adjustment amount shall be paid by the Seller to the Buyer using the Buyer's bank account details provided in section 18 hereof.

5.4. In case of the Seller's objection to the Price Adjustment amount indicated in the Price Adjustment Notice, the Seller shall have the right to send a Disagreement Notice to the Buyer within ten (10) Business Days from the date of receipt of the Price Adjustment Notice. The Disagreement Notice shall specify the Price Adjustment amount calculated by the Seller in accordance with clause 3.1 hereof, and the procedure used to calculate such Price Adjustment amount and shall be accompanied by the documents substantiating the Price Adjustment amount calculations made by the Seller.

5.5. Within fifteen (15) days from the receipt of the Seller's Disagreement Notice by the Buyer, the Parties shall hold negotiations to agree on the Price Adjustment amount. The Price Adjustment amount so negotiated by the Parties shall be formalised in the Minutes on approval of the Price Adjustment amount under the Agreement made by the Parties in writing in the Russian and English languages.

5.6. The Price Adjustment shall be paid to the respective Party in the amount specified in the Minutes on approval of the Price Adjustment amount under the Agreement within three (3) Business Days from the date on which such Minutes were signed.

5.7. Should the Buyer receive a Disagreement Notice from the Seller as prescribed by clause 5.4 hereof and the Parties fail to agree on the Price Adjustment amount or to sign the Minutes on approval of the Price Adjustment amount under the Agreement within thirty (30) days, the dispute with respect to the Price Adjustment amount shall be referred to the court in accordance with clause 17.2 hereof.

5.8. If the Buyer does not receive the Disagreement Notice from the Seller as prescribed by clause 5.4 hereof, the Price Adjustment amount shall be paid within ten (10) Business Days from the date on which the Seller received the Price Adjustment Notice.

6. OBLIGATIONS OF THE PARTIES

6.1. The Parties shall make every effort to ensure that the Shares are transferred to the Buyer on 10 September 2021 at the latest and to discharge all their obligations under the Agreement.

6.2. The Parties shall obtain all applicable corporate and other internal approvals of the Parties for the sale and purchase of the Shares.

6.3. The Buyer shall obtain an approval for the deal from the Federal Antimonopoly Service of Russia, as well as any other regulatory approvals, permits and/or consents and other external approvals required under the applicable law.

6.4. As a way to safeguard the interests of the Parties arising from this Agreement and related, among other things, to the procedure used for the Price Adjustment amount calculations, the Buyer and the Company shall:

(a) ensure the election of one representative from the Seller as a member of the Company's Supervisory Board until 31 December 2021;

(b) maintain the Seller's access to the information about the Company's operations, including but not limited to access to the Company's financial and management reporting and other reporting systems and the Company's information systems, to the same extent as before the date of the Seller's withdrawal from the shareholding in the Company until 31 March 2022;

(c) call for convening a meeting of the Company's Supervisory Board to pass resolutions, inter alia, as to instructing the Company's management to ensure that the Company's actual expenses in 2021 do not exceed RUB 7,682,000,000, and setting the accomplishment of this instruction as one of the criteria for paying a bonus to the Company's Chief Executive officer based on 2021 performance.

7. REPRESENTATIONS AND WARRANTIES

7.1. The Seller makes its representations and warranties to the Buyer (the "***Seller's Representations***") and warrants that the Seller's Representations are true, complete, correct and not misleading as at the date hereof.

7.2. The Seller further warrants and represents to the Buyer that the Seller's Representations will be true, complete, correct and not misleading as at the Share Rights Transfer Date.

7.3. The Seller makes representations to the Buyer about the circumstances set forth in this clause. The Seller is aware that by making this Agreement the Buyer is relying on the fairness of the Seller's Representations set forth in this clause and material to the Buyer.

The Seller represents and warrants to the Buyer that:

- it owns the Shares lawfully and has all the rights to transfer the title to the Shares to the Buyer;
- the Shares are fully paid;
- it acts in good faith when making this Agreement;
- it acts voluntarily, without external coercion or any pressure whatsoever, does not make this Agreement under extremely unfavourable conditions as a result of being affected by a combination of adverse circumstances, and this Agreement is not an onerous transaction for it;
- there are no circumstances prohibiting the Seller from disposing of the Shares or restricting its right to dispose of them, in particular: the Shares are not sold, donated, contributed to the authorised or share capital, are not assigned and/or otherwise disposed of, are not disputed and are not arrested (not subject to prohibition), are not subject to judicial or amicable sequestration, are not held in trust, not pledged, have no other encumbrances and are free from any rights of third parties;
- there are no obligations and the Seller is not aware of any circumstances other than those specified in the Shareholders' Agreement in relation to the Company dated 8 August 2018, which may in any way lead to the elimination and/or creation of encumbrances on the Shares, in particular: no agreements have been made in relation to the Shares on the granting of an option to conclude a sale and purchase agreement, a preliminary and other similar agreement;
- the conclusion and implementation of the Agreement does not violate any obligations of the Seller to third parties and no interests of third parties, the Seller has not received any notice of any claim by any person in relation to the rights to the disposable Shares and the Seller is not aware of any grounds on which any person could challenge the rights or make a claim in relation to the rights to the disposable Shares, except for those specified in the Shareholders' Agreement in relation to the Company dated 8 August 2018;
- the conclusion and implementation of the Agreement will not impair the property rights of the Seller's creditors and will not give rise to the signs of the Seller's insolvency (bankruptcy);

- the terms and conditions hereof are set forth by agreement of the Parties, and the Seller had equal bargaining power with the Buyer in reaching such an agreement;

- the obligations set forth herein are valid, legal and binding upon the Seller, and enforceable in case of non-performance;

- the Company's constituent documents and corporate agreements made in respect of the Company, to which the Seller is a party, contain no restrictions as to the making of the Agreement by the Seller;

- all resolutions of the Seller's governing bodies and all corporate procedures required for the conclusion of the Agreement in accordance with the applicable law and the Seller's constituent documents have been passed and observed;

7.4. The Buyer makes its representations and warranties to the Buyer (the "***Buyer's Representations***") and warrants that the Buyer's Representations are true, complete, correct and not misleading as at the date hereof.

7.5. The Buyer further warrants and represents to the Seller that the Buyer's Representations will be true, complete, correct and not misleading as at the Share Rights Transfer Date.

7.6. The Buyer makes representations to the Buyer about the circumstances set forth in this clause. The Buyer is aware that by making this Agreement the Seller is relying on the fairness of the Buyer's Representations set forth in this clause and material to the Seller.

The Buyer represents and warrants to the Seller that:

- it acts in good faith when making this Agreement;

- it acts voluntarily, without external coercion or any pressure whatsoever, does not make this Agreement under extremely unfavourable conditions as a result of being affected by a combination of adverse circumstances, and this Agreement is not an onerous transaction for it;

- as at the Share Rights Transfer Date, there are no circumstances prohibiting the Buyer from buying the Shares;

- all authorisations, consents, approvals, permits and decisions of regulatory bodies and other external approvals required in connection with the conclusion and implementation of the Agreement in accordance with the applicable law have been obtained by the Buyer and are in force and valid for the conclusion of the Agreement;

- the conclusion and implementation of the Agreement will not impair the property rights of the Buyer's creditors and will not give rise to the signs of the Buyer's insolvency (bankruptcy);

- the terms and conditions hereof are set forth by agreement of the Parties, and the Buyer had equal bargaining power with the Seller in reaching such an agreement;

- the obligations set forth herein are valid, legal and binding upon the Buyer, and enforceable in case of non-performance;

- the Company's constituent documents and corporate agreements made in respect of the Company, to which the Buyer is a party, contain no restrictions as to the making of the Agreement by the Buyer;

- all authorisations, consents, approvals, permits and decisions of the Buyer's governing bodies required in connection with the conclusion and implementation of the Agreement in accordance with the applicable law and the Buyer's constituent documents have been obtained and are in force and valid for the conclusion of the Agreement, with all the required corporate procedures complied with.

8. NOTICES

8.1. Any notice, requirement, consent or other communication (including a Price Adjustment Notice referred to in clause 5.2 hereof and a Disagreement Notice referred to in clause 5.4 hereof) sent by one Party to the other Party in connection with or in accordance with the Agreement (the "***Notice***") shall be made in writing in the Russian and English languages, signed by a duly authorised representative of the submitting Party (with the attachment of a duly executed document confirming the power of the Party's authorised representative to sign documents on behalf of the submitting Party) and sent to the other Party in the following order:

(a) by e-mail to the recipient's e-mail address specified in section 18 hereof; and

(b) by postal service with a list of enclosures and a return receipt or by courier service with a list of enclosures and a return receipt or either by being submitted directly to the authorised person/employee of the recipient or to the recipient's structural unit responsible for the acceptance and primary handling of documents sent to the recipient, at the addresses specified in section 18 hereof.

8.2. Any Notice delivered in person or by postal or courier service shall be deemed duly sent:

a) if delivered in person to the authorised person/employee of the recipient or to the recipient's structural unit responsible for the acceptance and primary handling of documents sent to the recipient, at the addresses specified in section 18 hereof, at the time when it is delivered;

b) if sent by the postal service with a list of enclosures and a return receipt or by the courier service with a list of enclosures and a return receipt, on the date of delivery specified in the respective return receipt.

If a Notice was submitted to the recipient but due to circumstances beyond the recipient's control was not delivered to the recipient or the recipient did not read it, the Notice shall be deemed to have been delivered to the recipient on the date determined by the postal or courier service organisation as the date on which the recipient (its legal representative) as the addressee of the Notice refused (evaded) to accept it, or the date on which the Notice was not delivered to the recipient due to the absence of the recipient as the addressee of the Notice at the address specified in clause 18 hereof.

8.3. A Party may notify the other Party of a change in its name, addressee, address and e-mail address for the purposes hereof, provided that such notice takes effect only:

a) from the date set in the notice as the date on which the change is to occur; or

b) if the date is not determined or such date is earlier than five (5) Business Days after the date of sending the notice, on the date falling five (5) Business Days after sending the notice.

9. LIABILITIES OF THE PARTIES

9.1. The Parties shall be held liable under provisions hereof and the applicable law for failure to perform or improper performance of their obligations under the Agreement.

9.2. In case of delay in payment of the Base Deal Price and/or Price Adjustment, the Party that delays the payment shall pay to the other Party a penalty for each day of delay in the aggregate amount of the refinancing rate set by the Bank of Russia and effective as at the first day of delay in payment of the Base Deal Price and/or Price Adjustment, respectively, and two percent (2%) per annum.

9.3. The payment of the penalty hereunder shall not relieve the defaulting Party of its obligations hereunder.

9.4. The Party demanding the payment of penalty pursuant to the terms and conditions hereof shall not be deprived of its right to claim damages from the defaulting Party.

10. PROHIBITION OF ASSIGNMENT OF RIGHTS AND TRANSFER OF OBLIGATIONS

10.1. No Party shall be entitled without the prior consent of the other Party to:

(a) assign rights it has under the Agreement; and/or

(b) transfer its obligations under the Agreement.

11. CONFIDENTIALITY

11.1. The Parties shall respect the confidentiality of any information disclosed or provided by any Party in connection herewith, as well as transactions and other actions performed hereunder, including information about activities of each other which became known to them in connection with the signing and implementation of the Agreement, as well as information about the fact of signing of the Agreement and its content (the "***Confidential Information***"). Except as provided in clause 11.2 hereof, no Party shall have the right without prior written consent of the other Party to disclose or cause to disclosure to any person or to otherwise make publicly available any Confidential Information and is not entitled to use or cause to use it in any way other than agreed upon when Confidential Information was provided.

11.2. Confidentiality obligation under the provisions of clause 11.1 hereof shall not apply to:

(a) information which, as at the date of its disclosure, is known to an unlimited number of persons (not as a result of a violation of the provisions of the Confidential Information Agreement);

(b) disclosure of information to the extent necessary in accordance with the laws of the Russian Federation or the applicable laws of a foreign state or requirements of government authorities;

(c) disclosure of information to the extent necessary in accordance with the disclosure requirements of IFRS;

(d) disclosure, within reasonable limits, by any Party (by decision of the sole executive body of the Party), subject to confidentiality, of information to its officers, employees, representatives, advisors or auditors that they reasonably require for the purposes of the Agreement;

(e) disclosure of information in accordance with requirements applicable to the Parties on the basis of their securities trading in a securities market, to the extent necessary to meet such requirements;

(f) disclosure of information to creditors in accordance with the Parties' existing obligations under loan agreements to the minimum extent necessary to honour such obligations and subject to creditors' confidentiality obligations;

(g) disclosure of information about signing or amending the Agreement, with the text of the respective document attached, to the Chief Executive Officer of the Company or persons specified by the Chief Executive Officer; and

(h) disclosure of information to rating agencies, auditors and advisors to the extent necessary for the disclosure of information or provision of services and subject to confidentiality obligations of such rating agencies, auditors and advisors.

11.3. Each Party shall keep the documents and business papers made available to it by the other Party and related to the scope of the Agreement in a place suitable for that purpose, not accessible by persons not authorised to work with such documents and papers, and shall ensure that only persons so authorised shall be working with such documents and papers. Each Party shall ensure compliance with the terms and conditions of the Confidential Information Agreement by all its employees, officers, representatives and advisors.

12. PUBLIC STATEMENTS

12.1. If a Party is required to make a public statement, publish a press release or disclose information in accordance with the requirements of the laws of the Russian Federation or the applicable laws of a foreign state, or requirements applicable to the Parties on the basis of their securities trading in a securities market, requirements of any government authorities, or IFRS requirements, the respective Party shall provide the other Party with a reasonable opportunity to make comments on any public statement or press release before it is made or published (provided that such comments do not prevent the Party making a public statement or publishing a press release from fulfilling its obligations under the above requirements).

13. ANTI-CORRUPTION CLAUSE

13.1. When performing obligations under the Agreement, the Parties, their affiliates, employees or intermediaries shall not pay, offer to pay, or authorise the payment of any funds or valuables, directly or indirectly, to any person to influence the actions or decisions of such persons in order to obtain any illegal benefits or achieve other illegal purposes. In the performance of their obligations under the Agreement, the Parties, their affiliates, employees or intermediaries shall not engage in actions that in accordance with the laws applicable for the purposes of the Agreement are deemed to be a payment/receipt of a bribe, commercial bribery, or actions that violate the requirements of the applicable laws and international laws and regulations on money laundering.

13.2. If a Party suspects that a violation of any of the provisions of the previous clause has occurred or may occur, such Party shall notify the other Party in writing. In such written notice, the Party is required to refer to facts or provide evidence reliably confirming or giving evidence to assume that there has been or may be a violation of any of the provisions of this section by the counterparty, its affiliates, employees or intermediaries in the form of actions that in accordance with the applicable laws are deemed a payment/receipt of a bribe, commercial bribery, and actions that violate the requirements of applicable laws and international laws and regulations on money laundering. Upon receipt of such written notice, the receiving Party shall provide written explanations of the facts and/or assumptions stated in the written notice within ten (10) Business Days after the receipt of the written notice.

14. COSTS AND TAXES

14.1. Each party shall pay its own taxes arising from the signing and implementation of the Agreement, except as otherwise explicitly required by the applicable law.

14.2. Any expenses, costs and charges related to the negotiation and preparation of the Agreement shall be borne by each Party independently.

15. APPLICABLE LAW

15.1. The Agreement shall be governed and construed in accordance with the laws of the Russian Federation.

16. TERM OF THE AGREEMENT

16.1. The Agreement shall come into force from the date of its signing by the Parties and remain effective until the Parties have fully discharged their obligations hereunder.

16.2. Unless otherwise agreed by the Parties, the Agreement shall be deemed terminated if no transfer of the Shares to the Buyer takes place until 10 September 2021 inclusively.

16.3. The Agreement may be terminated by consent of the Parties.

16.4. The Parties acknowledge and agree that the termination of the Agreement for any reason shall not result in the termination of the obligations set forth in and/or arising from sections 6, 8, 10, 11, 12 and 16 hereof. Such obligations shall survive the termination of the Agreement.

17. MISCELLANEOUS PROVISIONS

17.1. Any changes and amendments hereto shall be made in writing and signed by duly authorised representatives of the Parties.

17.2. Any disputes related to the conclusion, implementation, amendment, termination and invalidity of the Agreement shall be referred to the ICAC in accordance with its applicable rules and regulations.

There shall be three arbitrators. Each Party shall nominate one arbitrator, and the two arbitrators so nominated by the Parties (or, in the event that a Party fails to nominate an arbitrator within the time limit prescribed by the applicable ICAC rules, nominated in accordance with the applicable ICAC rules) shall nominate the third (presiding) arbitrator.

The arbitral award shall be final for the Parties. No application may be filed with a state court to obtain a judgement pronouncing that the arbitral tribunal has no competence due to the issuance by the arbitral tribunal of a separate ruling on competence as a preliminary matter. The appointment of arbitrators, or removal of arbitrators or termination of the powers thereof on any other grounds may not be referred to a state court.

17.3. The Agreement has been made in the Russian and English languages. In case of any discrepancies in the translation between the Russian and English versions of the Agreement, the Russian version shall prevail.

17.4. The Agreement has been made in three counterparts of equal legal force, one for each Party.

18. ADDRESSES AND BANK DETAILS OF THE PARTIES

SELLER

Address: 12-14 Kennedy Avenue, Kennedy Business Centre, 2nd Floor, Office 203 Nicosia, 1087, Cyprus
E-mail: a.protopopov@qiwi.com, ma.shevchenko@qiwi.com

Registration number: HE 193010

Bank account details:
Account No. 40807810900000004484
QIWI Bank (JSC)
Bank address: 1A Chertanovo Severnoye dstr.,

bld. 1, 117648 Moscow

RCBIC 044525416
Corr. account No. 30101810645250000416
Beneficiary: QIWI PLC

INN: 9909362043

KPP: 775087001

Beneficiary's address: 12 Kennedy Avenue,

Kennedy Business Centre, 2nd Floor, PO Box 1087,

Nicosia, Cyprus

Securities account details:
Registrar: Joint-Stock Company Registrar R.O.S.T.
Account type: owner's account
Account No. 9

BUYER

Address: 2 Letnikovskaya St., bld 4, 115114, Moscow
E-mail: cherkasovann@open.ru

OGRN 1027739019208
INN 7706092528
KPP 770501001

Bank account details:

RCBIC 044525985
Corr. account No. 30101810300000000985 with the Main Branch of the Central Bank of the Russian Federation for the Central Federal District, Moscow

Depository account details:
Depository: National Settlement Depository
Depository account No. MS9610080189
Depository subaccount 00000000000000000
Depositor code: MC0010100000

SIGNATURES:

SELLER:

QIWI PLC, a public limited company

Signature: _____
Full name, title: Philios Yiangou, Deputy CEO
Seal (if any)
Place of signing: Nicosia, Cyprus
Date of signing: _____ _____ 2021

BUYER:

Public Joint-Stock Company Bank Otkritie Financial Corporation

Signature: _____
Full name, title: Mikhail Zadornov, President – Chairman of the Management Board
Seal
Place of signing: Moscow, Russian Federation
Date of signing: _____ _____ 2021

Joint-Stock Company Tochka has read the terms of the Agreement.

Signature:	_____
Full name, title:	Andrey Zavadskikh, CEO
Seal	
Date:	_____ _____ 2021

Exhibit 8.1

Subsidiary	Main activity	Jurisdiction of incorporation	Ownership interest and voting power held as of December 31, 2021
JSC QIWI	Operation of electronic payment kiosks	Russia	100%
QIWI Bank JSC	Maintenance of electronic payment systems and Bank operations, inc.: money transfer, consumer and SME financial services	Russia	100%
QIWI Payments Services Provider Ltd	Operation of on-line payments	UAE	100%
QIWI International Payment System LLC	Operation of electronic payment kiosks	USA	100%
Qiwi Kazakhstan LP	Operation of electronic payment kiosks	Kazakhstan	100%
JLLC OSMP BEL	Operation of electronic payment kiosks	Belarus	51%
QIWI-M S.R.L.	Operation of electronic payment kiosks	Moldova	51%
Attenium LLC [1]	Management services	Russia	–
Postomatnye Tekhnologii LLC [1]	Logistic	Russia	–
Future Pay LLC [1]	Operation of on-line payments	Russia	–
QIWI Technologies LLC [2]	Software development	Russia	100%
Factoring PLUS LLC [3]	Factoring services to SME	Russia	51%
ContactPay Solution	Operation of on-line payments	United Kingdom	100%
Rocket Universe LLC	Software development	Russia	100%
Billing Online Solutions LLC	Software development	Russia	100%
Flocktory Ltd	Holding company	Cyprus	100%
Flocktory Spain S.L.	SaaS platform for customer lifecycle management and personalization	Spain	100%
FreeAtLast LLC	SaaS platform for customer lifecycle management and personalization	Russia	100%
SETTE FZ-LLC	Payment Services Provider	UAE	100%
LALIRA DMCC	Payment Services Provider	UAE	100%
MFC «Polet Finance» LLC[4]	Retail financial services	Russia	100%
QIWI Finance LLC	Financing management	Russia	100%
ROWI Tech LLC[5]	Software development	Russia	51%
QIWI Platform LLC	Software development	Russia	100%
Associate			
JSC Tochka (Russia) [6]	Digital services for banks		–

[1] The Entities were liquidated during 2021
[2] The Entity Qiwi Blockchain Technologies LLC was renamed during 2021 to QIWI Technologies LLC. Ownership interest as of April 29, 2022 is 80% due to the Taxiaggregator transaction.
[3] The Entity was renamed to ROWI Factoring Plus LLC. on the January 13, 2022
[4] The Entity was established during 2021
[5] The Entity was acquired during 2021 for insignificant consideration and renamed during 2021 from QPCD LLC to ROWI Tech LLC
[6] The Entity was sold during 2021

Exhibit 12.1

QIWI PLC

Sarbanes-Oxley Certification under Section 302 of the Act

I, Andrey Protopopov, Chief Executive Officer of QIWI plc (the "Company") certify that:

1. I have reviewed this annual report on Form 20-F (the "Annual Report") of the Company;

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

(d) Disclosed in this Annual Report any change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 29, 2022

By: /s/ Andrey Protopopov
Name: Andrey Protopopov
Title: Chief Executive Officer

Exhibit 12.2

QIWI PLC

Sarbanes-Oxley Certification under Section 302 of the Act

I, Alexey Mashchenkov, Chief Financial Officer of QIWI plc (the "Company") certify that:

1. I have reviewed this annual report on Form 20-F (the "Annual Report") of the Company;

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

(d) Disclosed in this Annual Report any change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 29, 2022

By: /s/ Alexey Mashchenkov
Name: Alexey Mashchenkov
Title: Chief Financial Officer

Exhibit 13.1

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 20-F (the "Report") of QIWI plc (the "Company") for the fiscal year ended December 31, 2021 as filed with the U.S. Securities and Exchange Commission on the date hereof, Andrey Protopopov, as Chief Executive Officer of the Company, and Alexey Mashchenkov, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the 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 issuer.

/s/ Andrey Protopopov
Name: Andrey Protopopov
Title: Chief Executive Officer
Date: April 29, 2022

/s/ Alexey Mashchenkov
Name: Alexey Mashchenkov
Title: Chief Financial Officer
Date: April 29, 2022

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

This certification accompanies the Report pursuant to section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of section 18 of the Securities Exchange Act of 1934.

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3 No. 333-235239) of QIWI plc,
2. Registration Statement (Form S-8 No. 333-212441) pertaining to the 2015 Employee Restricted Stock Units Plan of QIWI plc, and
3. Registration Statement (Form S-8 No. 333-190918) pertaining to the Amended and Restated Employee Stock Option Plan of QIWI plc;

of our reports dated April 29, 2022, with respect to the consolidated financial statements of QIWI plc and the effectiveness of internal control over financial reporting of QIWI plc included in this Annual Report (Form 20-F) of QIWI plc for the year ended December 31, 2021.

/s/ TSATR – Audit Services LLC

Moscow, Russia
April 29, 2022

Exhibit 15.2

April 29, 2022

Securities and Exchange Commission

100 F Street, N.E.

Washington, DC 20549

Ladies and Gentlemen:

We have read Item 16F of Form 20-F dated April 29, 2022 of Qiwi plc and are in agreement with the statements contained in paragraphs one and two therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

/s/ TSATR – Audit Services LLC