

## Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of UBS AG, acting through its London branch, the Certificates, or the Company (as defined below).

**12,000,000 European Style Cash Settled Long Certificates relating to  
the Class B ordinary shares of Kuaishou Technology  
with a Daily Leverage of 5x**

**UBS AG**

**(Incorporated with limited liability in Switzerland)**

**acting through its London Branch**

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**Issue Price: S\$0.75 per Certificate**

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This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by UBS AG (the “**Issuer**”) acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2021 (the “**Base Listing Document**”), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in the United States, the United Kingdom, the European Economic Area, Singapore and Hong Kong (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer and/or any of

its affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

For the purpose of section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

Prospective purchasers should therefore ensure that they understand the nature of the Certificates and carefully study the risk factors set out in the Base Listing Document and pages 5 to 10 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 21 April 2022.

As at the date hereof, the Issuer's long term credit rating by Standard & Poor's Credit Market Services Europe Limited is A+, by Moody's Deutschland GmbH is Aa3 and by Fitch Ratings Limited is AA-.

The Issuer is regulated by, among others, the Swiss Federal Banking Commission. In the United Kingdom, it is authorised by the Prudential Regulatory Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

20 April 2022

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<sup>1</sup> As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

<sup>2</sup> As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No persons have been authorised to give any information or to make any representation save as contained in this document or otherwise authorised by the Issuer in connection with the Certificates and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its subsidiaries and associates since the date hereof.

This document does not constitute an offer or solicitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

**Table of Contents**

	<i>Page</i>
<b>Risk Factors</b>	<b>5</b>
<b>Terms and Conditions of the Certificates</b>	<b>11</b>
<b>Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities</b>	<b>21</b>
<b>Summary of the Issue</b>	<b>32</b>
<b>Information relating to the European Style Cash Settled Long Certificates on Single Equities</b>	<b>34</b>
<b>Information relating to the Company</b>	<b>49</b>
<b>Information relating to the Designated Market Maker</b>	<b>50</b>
<b>Placing and Sale</b>	<b>52</b>
<b>Supplemental Information relating to the Issuer</b>	<b>57</b>
<b>Supplemental General Information</b>	<b>58</b>
<b>Appendix I</b>	
<b>Appendix II</b>	
<b>Appendix III</b>	

## RISK FACTORS

The following risk factors are relevant to the Certificates:-

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute direct, general and unsecured contractual obligations of the Issuer and if you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against the Company which has issued the Underlying Stock (as defined below). The Issuer has substantially no obligation to a Certificate Holder (as defined in the Conditions) other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Certificate. Any profit or loss realised by a Certificate Holder in respect of a Certificate upon exercise or otherwise due to changes in the value of such Certificate or the Underlying Stock is solely for the account of such Certificate Holder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Certificate or the Underlying Stock. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Certificates;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) the Company is controlled through weighted voting rights. Certain individuals who own shares of a class which is being given more votes per share will have considerable influence over matters requiring approval of the Company's shareholders. If the Company takes actions that the other shareholders do not view as beneficial, the market price of the Underlying Stock and hence the Certificates could be adversely affected;
- (e) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;
- (f) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;

- (g) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (h) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (i) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;
- (j) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (k) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;
- (l) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (m) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (n) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);
- (o) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;
- (p) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (q) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the

previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

- (r) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (s) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (t) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 42 to 43 of this document for more information;
- (u) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 29 to 30 of this document for more information;
- (v) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;
- (w) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

- (x) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;
- (y) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;
- (z) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (aa) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its



respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

- (bb) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;
- (cc) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences;
- (dd) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):-
  - (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
  - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
  - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
  - (iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (ee) Generally, investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally
 

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) ("**IBOR**") and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and
- (ff) Specifically, the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate (“**HIBOR**”) benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.*

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	12,000,000 European Style Cash Settled Long Certificates relating to the Class B ordinary shares of Kuaishou Technology (the “ <b>Underlying Stock</b> ” or the “ <b>Underlying</b> ”)
ISIN:	CH1169123697
Company:	Kuaishou Technology (RIC: 1024.HK)
Underlying Price <sup>3</sup> and Source:	HK\$61.35 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.75
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	9.00%, is a hedging cost against extreme market movements overnight.
Funding Cost <sup>6</sup> :	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	12 April 2022
Closing Date:	20 April 2022

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 20 April 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 20 April 2022.

<sup>4</sup> Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

<sup>5</sup> Please note that the Gap Premium is calculated on a 360-day basis.

<sup>6</sup> These costs are embedded within the Leverage Strategy.

Expected Listing Date:	21 April 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 21 February 2025
Expiry Date:	28 February 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	27 February 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to:  Closing Level multiplied by the Notional Amount per Certificate  Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$ , where:  “t” refers to “ <b>Observation Date</b> ” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and  
 ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 15 to 20 below.

Initial Exchange Rate<sup>3</sup>: 0.1740546881

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying

Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the "Air Bag Mechanism" section on pages 19 to 20 below and the "Description of Air Bag Mechanism" section on pages 40 to 41 of this document for further information of the Air Bag Mechanism.

Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar (" <b>HKD</b> ")
Settlement Currency:	Singapore Dollar (" <b>SGD</b> ")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (" <b>SGX-ST</b> ")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	A " <b>Business Day</b> " is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.  An " <b>Exchange Business Day</b> " is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited (" <b>CDP</b> ")

Clearing System:	CDP
Fees and Charges:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p> <p>Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.</p>
Further Information:	Please refer to the website at <a href="http://dlc.ubs.com">http://dlc.ubs.com</a> for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

In addition, the Conditions have been modified as follows:

- Condition 1(a)(i) is deleted and replaced with the following:
  - a master instrument by way of deed poll (the "**Master Instrument**") dated 7 January 2022, made by UBS AG (the "**Issuer**") acting through its London Branch; and
- All references to "Instrument" appearing therein are deleted and substituted with the word "Master Instrument".

### **Specific Definitions relating to the Leverage Strategy**

#### **Description of the Leverage Strategy**

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

**Leverage Strategy Formula**

**LSL<sub>t</sub>** means, the Leverage Strategy Level as at the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time (1):

$$LSL_1 = 1000$$

On each subsequent Leverage Reset Time (t):

$$LSL_t = \text{Max}\left[LSL_{r(t)} \times \left(1 + LR_{r(t),t} - FC_{r(t),t} - RC_{r(t),t}\right), 0\right]$$

**Leverage Reset** means

**Time (t)**

- 1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and
- 2) end of any Intraday Restrike Event Observation Period.

Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.

**Leverage Reset**  
**Time r(t)**

means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).

**LR<sub>r(t),t</sub>**

means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right)$$

**FC<sub>r(t),t</sub>**

means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$FC_{r(t),t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{r(t)} \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$$

Otherwise,  $FC_{r(t),t} = 0$

**RC<sub>r(t),t</sub>**

means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:

$$RC_{r(t),t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left| \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right| \right) \times \text{TC}$$



**TC** means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to :

0.13%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

**Leverage** 5

**S<sub>t</sub>** means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions:

If the Leverage Reset Time (t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

S<sub>t</sub> is the Closing Price of the Underlying Stock as of such Observation Date.

Otherwise,

S<sub>t</sub> is the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period.

**Rfactor<sub>t</sub>** means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions:

If in respect of the Leverage Reset Time (t), the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\text{Rfactor}_t = 1 - \frac{\text{Div}_t}{S_{r(t)}}$$

Otherwise,

$$\text{Rfactor}_t = 1$$

Where

Div<sub>t</sub> is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered net of any applicable withholding taxes.

**Rate<sub>t</sub>** means, in respect of the Observation Date of Leverage Reset Time (t), a rate calculated as of such day in accordance with the following formula:

$$\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$$

**CashRate<sub>t</sub>** means, in respect of the Observation Date of the Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

**%SpreadLevel<sub>t</sub>** means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel<sub>t</sub>** should be 0%.

**Benchmark Event** means:

- (a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or
- (c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to

restrictions or adverse consequences, either generally or in respect of the Certificates; or

- (e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**ACT(r(t),t)** ACT(r(t),t) means the number of calendar days between the Observation Date of the Leverage Reset Time r(t) (included) and the Observation Date of the Leverage Reset Time (t) (excluded).

**DayCountBasisRate** 365

### **Air Bag Mechanism**

**Intraday Restrike Event** means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of  $S_{r(t)} \times R_{factor_t}$  where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

**Calculation Time** means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

**TimeReferenceOpening** means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

**TimeReferenceClosing** means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

**Intraday Restrike Event Observation Period** means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2)

the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

**Intraday Restrike Event Time** means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

## TERMS AND CONDITIONS OF

### THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

#### 1. Form, Status, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) an instrument by way of deed poll (the "**Instrument**") dated the Closing Date, made by UBS AG (the "**Issuer**") acting through its London Branch; and
  - (ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status.* The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.
- (c) *Transfer.* The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

## 2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Final Reference Level or the relevant closing level by having regard to the manner in which futures contracts relating to the Underlying Stock are calculated.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange, if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

### 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

### 4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment to the Warrant Agent in accordance with the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* "*Potential Adjustment Event*" means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the



Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

- (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
  - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
  - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger

Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.
- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without

considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer or its related corporations may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Certificate Holders; Modification**

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the website of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the website of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## 10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## 11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates.

## 12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

## 13. Early Termination

- (a) *Early Termination for Illegality etc.* The Issuer shall have the right to terminate the Certificates if it shall have determined in its absolute discretion that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**").

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be

a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

**“Change in Law”** means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction).
- (c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by the Applicable Law, pay to each Certificate Holder in respect of each Certificate held by such Certificate Holder an amount calculated by it as the fair market value of the Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Certificate Holder in such manner as shall be notified to the Certificate Holder in accordance with Condition 9.

#### **14. Governing Law**

The Certificates, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

#### **15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

#### **16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore**

Unless otherwise expressly provided in the Global Warrant, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B

of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

## SUMMARY OF THE ISSUE

*The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.*

Issuer:	UBS AG acting through its London Branch
Company:	Kuaishou Technology
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	12,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 7 January 2022 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the “ <b>Master Warrant Agent Agreement</b> ”) and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to:  Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates



- Transfers of Certificates:** Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing:** Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 21 April 2022.
- Governing Law:** The laws of Singapore
- Warrant Agent:** The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues:** Further issues which will form a single series with the Certificates will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

**INFORMATION RELATING TO  
THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES**

**What are European Style Cash Settled Long Certificates on Single Equities?**

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

**A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry**

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

**B) Trading the Certificates before Expiry**

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost.

**Illustration of the Calculation of Hedging Fee Factor**

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	<b>Daily Management Fee Adjustment</b>
		1 – Management Fee x ACT (t-1;t) / 360
		x
		<b>Daily Gap Premium Adjustment</b>
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

**Illustration of the Calculation of Cash Settlement Amount**

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	t <sup>7</sup> =0	x	Leverage Strategy daily performance <sup>8</sup>	x	Daily Fees	x	Leverage Strategy daily performance	x	Daily Fees	x ...	Leverage Strategy Daily performance	x	Daily Fees
		Notional Amount												

Value of Certificates	=	t=0	x	<b>Product of the daily Leverage Strategy Performance</b>				x	<b>Product of the Daily Fees (Hedging Fee Factor)</b>			
		Notional Amount		Leverage Strategy daily performance	x	Leverage Strategy daily performance	Daily Fees		x	Daily Fees		

Final Value of Certificates	=	t=0	x	Final Reference Level x Final Exchange Rate				x	Hedging Fee Factor			
		Notional Amount		÷					Initial Reference Level x Initial Exchange Rate			

**Illustration of the applicable fees and charges for an intraday trading scenario**

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

<sup>7</sup> “t” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

<sup>8</sup> Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

### Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

*The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.*

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	<b>Class B ordinary shares of Kuaishou Technology</b>
Expected Listing Date:	<b>01/02/2021</b>
Expiry Date:	<b>16/02/2021</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>0.75 SGD</b>
Notional Amount per Certificate:	<b>0.75 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>9.00%</b>
Strike Level:	<b>Zero</b>

### Hedging Fee Factor

Hedging Fee Factor on the  $n^{\text{th}}$  Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 9.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9750\% \approx 99.9739\%$$

Assuming 2<sup>nd</sup> Underlying Stock Business Day falls 3 Calendar Days after 1<sup>st</sup> Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF (2)} = 99.9739\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 9.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9739\% \times 99.9967\% \times 99.9250\% \approx 99.8956\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n-1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6090% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9739%
2/3/2021	99.9478%
2/4/2021	99.9217%
2/5/2021	99.8956%
2/8/2021	99.8173%
2/9/2021	99.7913%
2/10/2021	99.7652%
2/11/2021	99.7392%
2/12/2021	99.7131%
2/15/2021	99.6350%
2/16/2021	99.6090%

### Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\text{Closing Level} = [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor}$$

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6090\%$$

$$= 119.53\%$$

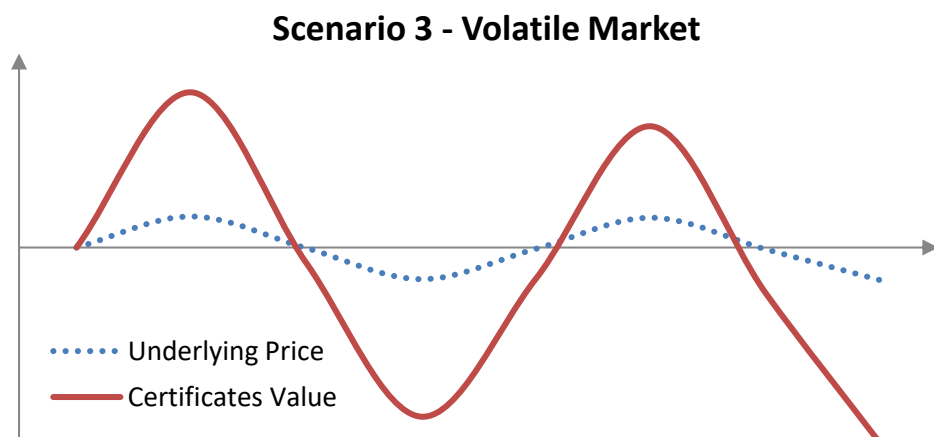
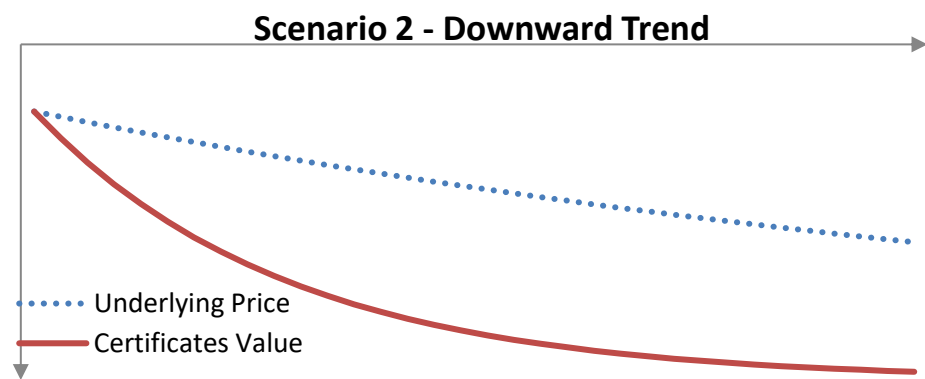
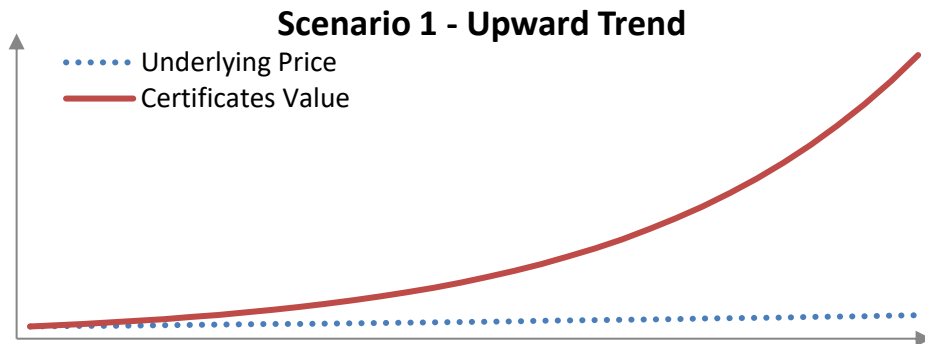
$$\text{Cash Settlement Amount} = \text{Closing Level} \times \text{Notional Amount per Certificate}$$

$$= 119.53\% \times 0.75 \text{ SGD}$$

$$= 0.896 \text{ SGD}$$

**Illustration on how returns and losses can occur under different scenarios**

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

## 2. Numerical Examples

**Scenario 1 – Upward Trend**

<b>Underlying</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	10.00%	10.00%	10.00%	10.00%
Price at end of day	0.75	0.83	0.91	1.00	1.10	1.21
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

**Scenario 2 – Downward Trend**

<b>Underlying</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Price at end of day	0.75	0.68	0.61	0.55	0.49	0.44
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

**Scenario 3 – Volatile Market**

<b>Underlying</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	-10.00%	-10.00%	10.00%	10.00%
Price at end of day	0.75	0.83	0.74	0.67	0.74	0.81
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

### Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

In accordance with the Air Bag Mechanism timeline below, when the Air Bag triggers, the following typically occurs:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and
- Reset Period: thereafter, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for **at least** 30 minutes of continuous trading after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period. The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST’s requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

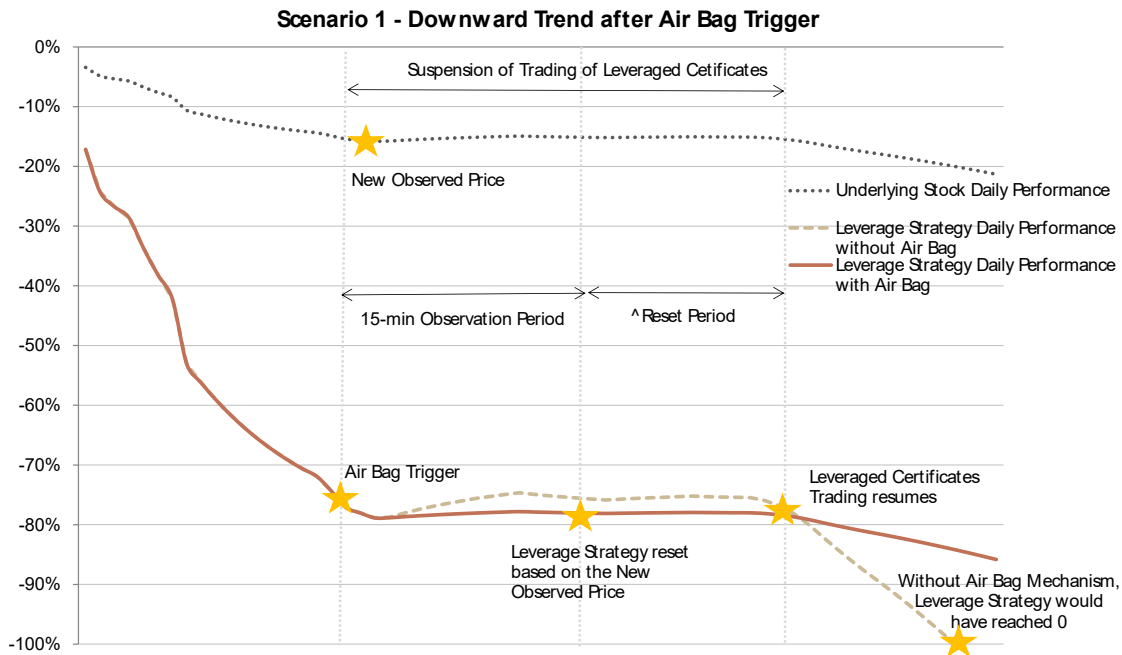
For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST’s approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes (or less) of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

With **Market Close** defined as:

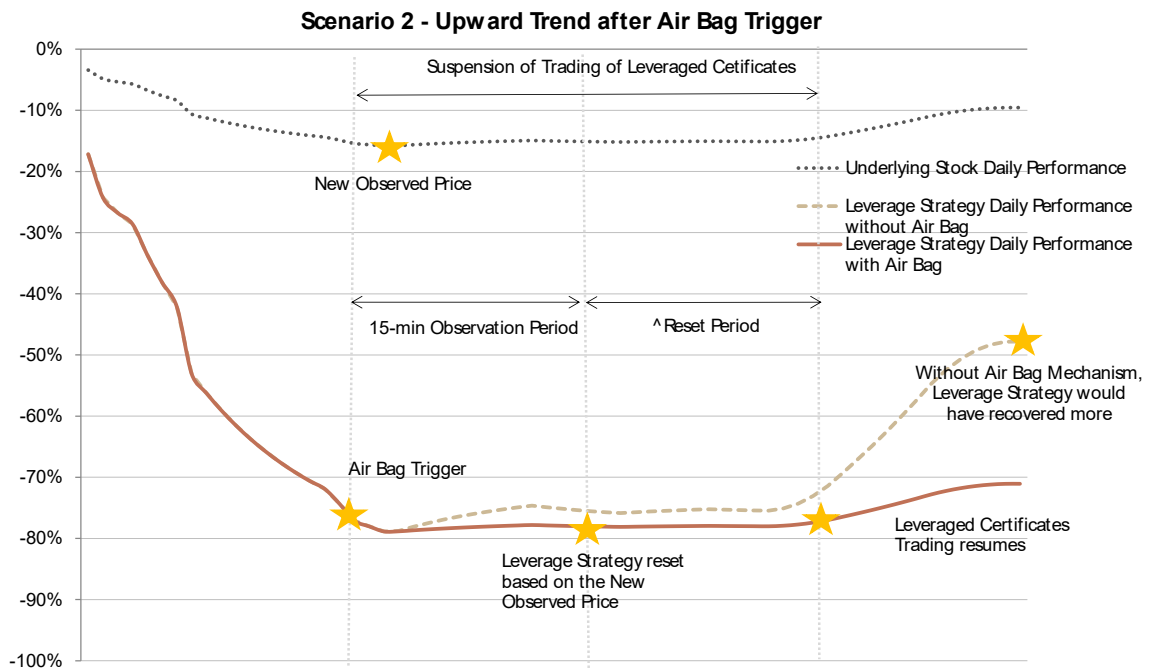
- Underlying Stock closing time with respect to the Observation Period including the closing auction session
- The sooner between Underlying Stock closing time of continuous trading and SGX-ST closing time of continuous trading with respect to the resumption of trading



Illustrative examples of the Air Bag Mechanism<sup>9</sup>



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

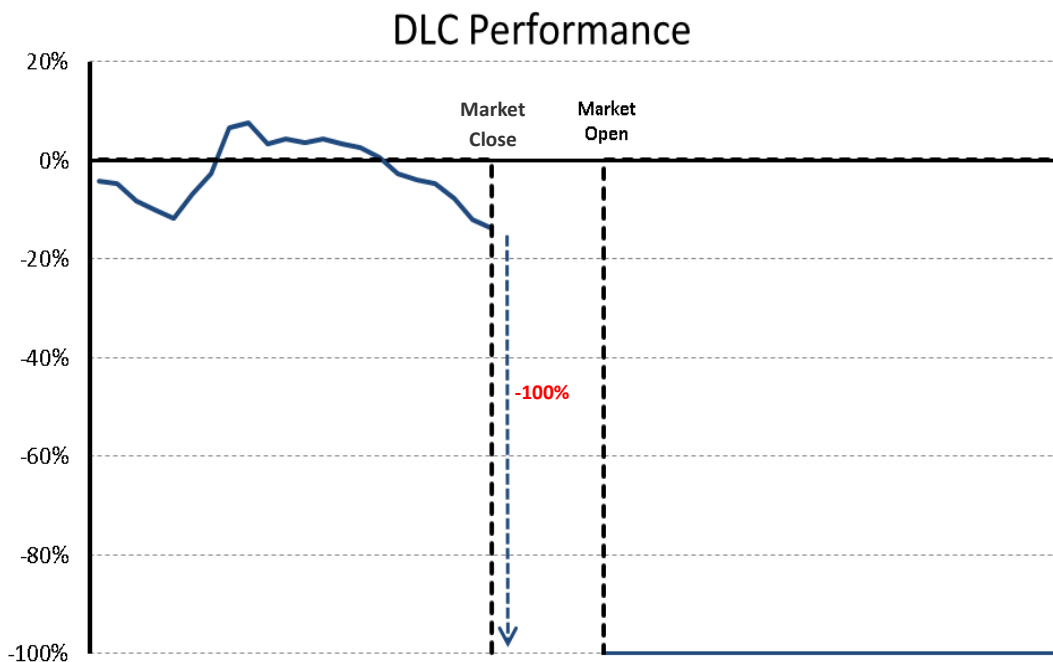
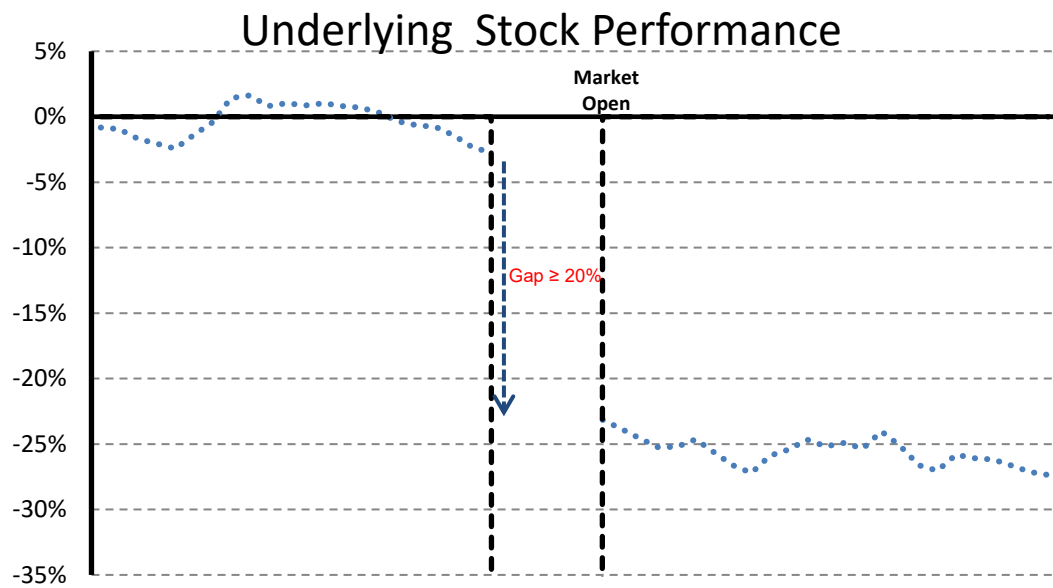
<sup>9</sup> The illustrative examples are not exhaustive.

### Scenarios where the investor may lose the entire value of the investment

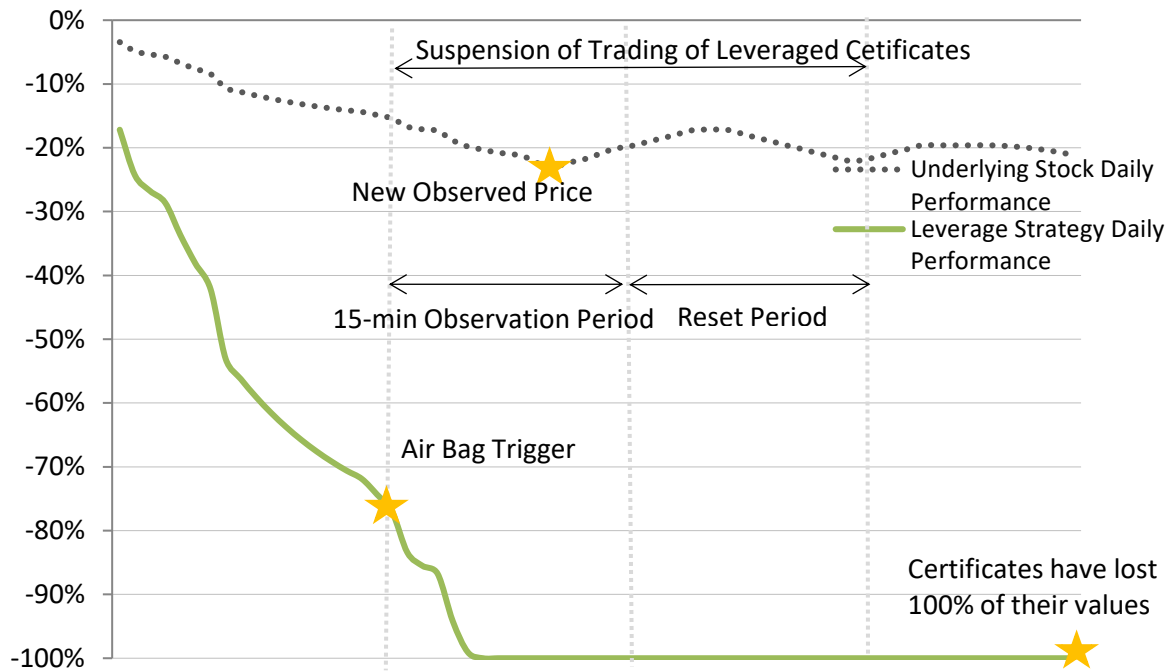
The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

#### Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.



Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



## Examples and illustrations of adjustments due to certain corporate actions

*The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.*

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event the Observation Date of the Leverage Reset Time (t), is an ex-date with respect to a corporate action related to the Underlying Stock and the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto), the Calculation Agent may, in its sole and absolute discretion, replace the  $Rfactor_t$  with respect to such Leverage Reset Time (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[ 1 - \frac{Div_t + DivExc_t - M \times R}{S_{r(t)}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of  $Rfactor_t$  would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$  is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

**M** is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

**R** is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

### 1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{r(t)} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$\text{DivExc}_t = \$0$$

$M = 1$  (i.e. 1 new Shares for 1 existing Share)

$R = \$0$  (no subscription price / redemption price)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.825	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

## 2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{r(t)} = \$100$$

$$S_t = \$202$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$M = -0.5$  (i.e. 0.5 Shares canceled for each 1 existing Share)

$R = \$0$  (no subscription price / redemption price)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.7875	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

### 3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{r(t)} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.9375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

#### 4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{r(t)} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

$S_{r(t)}$	$S_{t(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.825	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

#### 5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{r(t)} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[ 1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.9375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.



## INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <https://kuaishou.com/en>. The Issuer has not independently verified any of such information.*

Kuaishou Technology (the “**Company**” or “**Kuaishou**”) is a China-based investment holding company mainly engaged in the operation of content communities and social platforms. The Company mainly provides live streaming services, online marketing services and other services. The online marketing solutions include advertising services, Kuaishou fans headline services and other marketing services. Other services include e-commerce, online games and other value-added services. The Company mainly conducts business within the domestic market.

Kuaishou is a leading content community and social platform with its mission to be the most customer-obsessed company in the world. Kuaishou has relentlessly been focusing on serving its customers and creating value for them through the continual innovation and optimization of its products and services. At Kuaishou, any user can chronicle and share their life experiences through short videos and live streams and showcase their talents. Working closely with content creators and businesses together, Kuaishou provides product and service offerings that address various user needs that arise naturally, including entertainment, online marketing services, e-commerce, online games, online knowledge-sharing, and more.

The information set out in Appendix I of this document relates to the consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company dated 29 March 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

UBS AG, acting through its London Branch, has been appointed the designated market maker (“DMM”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and  
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (x) if the stock market experiences exceptional price movement and volatility;

- (xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX is not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

## PLACING AND SALE

### General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

### United Kingdom

In relation to each tranche of Certificates, the Issuer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Certificates having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Certificates other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;

(b) Financial Promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available such Certificates to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

- a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or
- d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any products in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

## United States of America

The Certificates have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. The Certificates will not be offered, sold or delivered within the United States or to U.S. persons. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, (ii) any estate or trust the income of which is subject to United States income taxation regardless of its source, (iii) "U.S. person" as such term is defined in (a) Regulation S under the Securities Act or (b) the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to the U.S. Commodity Exchange Act of 1936, as amended, or (iv) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7, in each case, as such definition is amended, modified or supplemented from time to time.

## Prohibition of Sales to European Economic Area

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");
  - (ii) a customer within the meaning of Directive 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

## PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", in relation to each member state of the European Economic

Area (each, a "**Relevant State**"), the Issuer has represented, warranted and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in that Relevant State except that it may make an offer of such Certificates to the public in that Relevant State:

(a) Approved listing document: if the Supplemental Listing Document in relation to the Certificates specifies that an offer of those Certificates may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a listing document in relation to such Certificates which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such listing document has subsequently been completed by the Supplemental Listing Document contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such listing document or Supplemental Listing Document, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) Fewer than 150 offered: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or

(d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a listing document pursuant to Article 3 of the Prospectus Regulation or supplement a listing document pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

### **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

### **Hong Kong**

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued, or had in its possession for the purposes of issue, or will issue, or have in its possession for the

purposes of issue any advertisement, invitation or document relating to the Certificates, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made thereunder.



**SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER**

The information set out in Appendix II of this document relates to the recent developments in the Issuer's business.

The information set out in Appendix III of this document is an extract of the audited consolidated financial statements of UBS AG and its subsidiaries for the full year ended 31 December 2021.

For more information on the Issuer, please see <http://www.ubs.com/>.

Queries regarding the Certificates may be directed to +852 2971 6668 or [OL-HKWarrants@ubs.com](mailto:OL-HKWarrants@ubs.com).

**SUPPLEMENTAL GENERAL INFORMATION**

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 281 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.
2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.
3. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 December 2021.
6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:
  - (a) the Master Instrument; and
  - (b) the Master Warrant Agent Agreement.

None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:
  - (a) the articles of association of the Issuer;

- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the Base Listing Document; and
- (d) this document.

**APPENDIX I**

**REPRODUCTION OF THE CONSOLIDATED ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 OF  
KUAISHOU TECHNOLOGY AND ITS SUBSIDIARIES**

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## Kuaishou Technology 快手科技

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1024)

### ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

The Board of Directors of Kuaishou Technology (快手科技) is pleased to announce the audited consolidated results of the Company for the year ended December 31, 2021. The consolidated financial statements for the year ended December 31, 2021 have been audited by PricewaterhouseCoopers, the independent auditor of the Company (the “**Auditor**”) in accordance with International Standards on Auditing. The results have been reviewed by the Audit Committee.

#### KEY HIGHLIGHTS

##### Financial Summary

	Year Ended December 31,				Year-over-year change
	2021	2020	As a percentage of revenues	As a percentage of revenues	
	Amount	Amount			
Revenues	81,081,513	58,776,097	100.0	100.0	37.9%
Gross profit	34,029,705	23,814,637	42.0	40.5	42.9%
Operating loss	(27,701,265)	(10,319,953)	(34.2)	(17.6)	168.4%
Loss before income tax	(79,102,256)	(117,200,790)	(97.6)	(199.4)	(32.5%)
Loss for the year	(78,077,101)	(116,635,242)	(96.3)	(198.4)	(33.1%)
<b>Non-IFRS Measures:</b>					
Adjusted net loss <sup>(1)</sup> (unaudited)	(18,851,769)	(7,863,818)	(23.3)	(13.4)	139.7%
Adjusted EBITDA <sup>(2)</sup> (unaudited)	(12,953,371)	(3,531,086)	(16.0)	(6.0)	266.8%

	Unaudited Three Months Ended December 31, 2021		2020		Year-over-year change
	Amount	As a percentage of revenues <i>(RMB thousands, except for percentages)</i>	Amount	As a percentage of revenues	
Revenues	24,430,260	100.0	18,098,656	100.0	35.0%
Gross profit	10,148,563	41.5	8,503,832	47.0	19.3%
Operating loss	(5,790,154)	(23.7)	(1,377,525)	(7.6)	320.3%
Loss before income tax	(5,871,655)	(24.0)	(19,081,735)	(105.4)	(69.2%)
Loss for the period	(6,202,743)	(25.4)	(19,263,780)	(106.4)	(67.8%)
<b>Non-IFRS Measures:</b>					
Adjusted net loss <sup>(1)</sup>	(3,568,768)	(14.6)	(459,271)	(2.5)	677.1%
Adjusted EBITDA <sup>(2)</sup>	(1,290,186)	(5.3)	1,172,504	6.5	(210.0%)

Notes:

- (1) We define “adjusted net loss” as loss for the year or period adjusted by adding back share-based compensation expenses, fair value changes of convertible redeemable preferred shares, and net fair value changes on investments.
- (2) We define “adjusted EBITDA” as adjusted net loss for the year or period adjusted by adding back income tax (benefits)/expenses, depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance (income)/expense, net.

## Operating Metrics

Unless otherwise specified, the following table sets forth certain of our key operating data on Kuaishou App for the periods indicated:

	Year Ended December 31, 2021		Three Months Ended December 31, 2021	
	2021	2020	2021	2020
Average DAUs <i>(in millions)</i>	308.2	264.6	323.3	271.3
Average MAUs <i>(in millions)</i>	544.2	481.1	578.0	475.7
Average daily time spent per DAU <i>(in minutes)</i>	111.5	87.3	118.9	89.9
Average online marketing services revenue per DAU <i>(in RMB)</i>	138.4	82.6	40.9	31.4
Total e-commerce GMV <sup>(1)</sup> <i>(in RMB millions)</i>	680,036.1	381,168.5	240,291.5	177,108.2

Note:

- (1) Placed on or directed to our partners through our platform.

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Review**

We ended the year of 2021 with a robust fourth quarter performance as well as exceptional user and traffic growth, setting new records in both metrics. In the fourth quarter of 2021, our total traffic grew at a vigorous pace, representing a year-over-year increase of 57.6% on Kuaishou App, while total revenues reached RMB24.4 billion, increasing by 35.0% year-over-year. For the full year of 2021, our total revenues grew by 37.9% year-over-year to RMB81.1 billion.

Enriched content and a close-knit and vibrant social community fortified our healthy ecosystem and closed-loop, virtuous business cycle, which along with our improved monetization capabilities, drove our consistent revenue growth throughout the year. Setting out to align with our strategic development, we completed a major organizational restructuring in September 2021, which has effectively transformed our organizational structure from a function-based system to a business unit-based system and significantly strengthened our core capabilities in operations, monetization and efficiency. In particular, we have continuously gained market share in online marketing services and e-commerce, which was demonstrated by the 95.2% and 78.4% year-over-year growth in revenue from online marketing services and e-commerce GMV in the year of 2021, respectively. In the fourth quarter of 2021, we continued to optimize our revenue and cost structure and enhance operating leverage, driving our adjusted net margin to improve by 7.9 percentage points, on a quarter-over-quarter basis.

### **Ecosystem**

In the fourth quarter of 2021, average DAUs and average MAUs on Kuaishou App reached new record highs of 323.3 million and 578.0 million, respectively, increasing by 19.2% and 21.5% year-over-year, respectively. These fourth quarter metrics marked our highest year-over-year growth rate in 2021 for both average DAUs and average MAUs on Kuaishou App, as well as demonstrated a quarter-over-quarter growth which outperformed our typical seasonal patterns. In the fourth quarter of 2021, average daily time spent per DAU on Kuaishou App increased by 32.3% year-over-year to 118.9 minutes. Our user and traffic growth was driven by the enhancement of our platform's differentiated social attributes, the expansion of our unique and immersive content, and our effective organizational restructuring.

Our efforts in strengthening social attributes have significantly enhanced our highly interactive and engaged one-stop digital community, which differentiates Kuaishou from other short video platforms as a social platform. Pairs of mutual followers on Kuaishou App reached over 16.3 billion by the end of 2021, on a cumulative basis, representing a 68.2% year-over-year increase.

Our targeted content operations and recommendations across different user demographics have enabled us to better serve evolving user needs and acquire targeted new users, which resulted in growth in both user base and user time spent, as well as reinforced Kuaishou's featured content in users' share of mind and heart. For example, our distinctive ***Kuaishou Playlet (快手短劇)*** has been successful in attracting female users in higher-tier cities, further diversifying our massive user base. With more than 10,000 short plays on our platform at the end of 2021, we had become home to many blockbuster short plays.

Following our organizational restructuring, we focused on the implementation of a more efficient and higher-quality user growth strategy. Through our more dynamic and holistic operation of different users and our enhanced user management infrastructure, we successfully improved user growth efficiency and user retention rate with more disciplined spending on user acquisition and user maintenance.

### **Online marketing services**

Online marketing services led our revenue growth in the fourth quarter of 2021, reaching revenue of RMB13.2 billion, representing an increase of 55.5% year-over-year and 21.3% quarter-over-quarter, which was a strong demonstration of our increasing market share in the online marketing sector. For 2021, revenue of our online marketing services was RMB42.7 billion, increasing by 95.2% year-over-year.

The performance of our online marketing business was boosted by our consistent traffic growth, which has laid a solid foundation for our market share expansion. In addition, advertisements in short video and live streaming format are being increasingly adopted by more advertisers, providing tailwinds for our growth. Motivated by our characteristic combination of public and private traffic, an increasing number of advertisers came to our platform to capture the attention of our valuable and growing user community. Furthermore, with continued improvements in our product and operating capabilities, advertiser experience and ad performance on our platform were further optimized. As a result, in 2021, the number of advertisers increased by over 60% year-over-year and their monthly average spending on our platform increased by double digits year-over-year, leading to our further market share gain in the online marketing sector.

Our e-commerce business, as a natural extension to our platform, also contributed to the resilience of our online marketing business, which jointly empowered the closed-loop transactions within our ecosystem where merchants on our platform can implement integrated brand promotion and product sales strategies. Our one-stop service capability has further reinforced the merchants' bond with our platform.



Brand advertisement has been an additional growth driver to our online marketing services. Our massive and diverse user base, along with our enhanced service capabilities and creative marketing campaign format attracted an increasing number of brand advertisers to our platform. Revenue from our brand advertisement experienced a more than 150% year-over-year increase in 2021.

### **Live streaming**

Revenue from our live streaming was RMB8.8 billion in the fourth quarter of 2021, increasing by 14.3% quarter-over-quarter, and 11.7% year-over-year. By further expanding our collaboration with talent agencies, we attracted more creative talents and motivated them to create more high-quality content. As of December 31, 2021, the number of professional streamers engaged by talent agencies doubled year-over-year on our platform.

Our enhanced and enriched live streaming content encouraged more users to interact with streamers. For the fourth quarter of 2021, penetration of live streaming viewers and penetration of live streaming paying users both increased quarter-over-quarter, and average MPUs for live streaming increased by 5.2% quarter-over-quarter to 48.5 million. Talent agencies bring other benefits to our platform as well, including more efficient live streaming operations and higher monetization efficiency. Monthly ARPPU for live streaming grew to RMB60.7 in the fourth quarter of 2021, up 8.6% quarter-over-quarter and 17.2% year-over-year.

Supported by enhanced content quality and operating efficiency, we continue to sustain vigorous user activities and a highly engaged user community that is built on trust, while expanding use case scenarios for live streaming during the quarter. With content categories spanning entertainment, online games, sports and more, we are looking to introduce more genres of interest to our growing community.

### **Other services including e-commerce**

Our other services are also thriving with revenue of RMB2.4 billion in the fourth quarter of 2021, representing an increase of 40.2% year-over-year and 27.3% quarter-over-quarter, primarily driven by growth in e-commerce. In 2021, revenue of our other services reached RMB7.4 billion, increasing by 99.9% year-over-year.

Our unique trust-based e-commerce model has contributed to the significant growth of our live streaming e-commerce and boosted our market share in this segment. In the fourth quarter of 2021, we further optimized supply, content, services, technology and user experience to expand our growth potential. Our total e-commerce GMV reached RMB680.0 billion in 2021, representing an increase of 78.4% year-over-year. In December 2021, **Kwai Shop (快手小店)**, our closed-loop e-commerce marketplace, contributed to 98.8% of our total e-commerce GMV. In the fourth quarter of 2021, driven by our reinforced trust-based e-commerce model, the repeat purchase rate of our e-commerce business increased by over five percentage points year-over-year.

During the fourth quarter of 2021, we upgraded ***Kuaishou Selection*** (好物聯盟), our official platform for e-commerce product selection, to ***Kuaishou Distribution*** (快分銷), which lowers the threshold for brands and merchants to join our platform. ***Kuaishou Distribution*** features a more refined scoring system to direct traffic to better quality products and achieve more accurate matching between products and streamers. In recognition of our superior platform infrastructure and service capabilities, more brands and merchants have further enriched merchandise supply and improved product quality on our platform, boosting the growth of active buyers, purchasing frequency and average order value. In the fourth quarter of 2021, over 30% of our total e-commerce GMV was contributed by ***Kuaishou Distribution***.

Our unique positioning in the e-commerce sector has demonstrated our differentiated advantage to brand clients. Our Key Account team was established in the second half of 2021, which has become a strong addition to serve and empower brands. In the fourth quarter of 2021, the e-commerce GMV from self-operated live streaming of well-known brands was more than nine times of that in the first quarter of 2021 on our platform. At the same time, we provided support to the upgrade of many niche brands and regional brands, which together have driven the growth of branded GMV.

Empowered by our platform and our service providers, the number of active e-commerce streamers on our platform grew continuously throughout the year, leading to enriched e-commerce-related live streaming content. Total user time spent on e-commerce content increased by over 50% year-over-year on Kuaishou App in 2021.

As our traffic grows, we continuously iterate and optimize our technologies and services to enhance targeting accuracy and sales conversion rates for our merchants. As of December 31, 2021, more than 500 service partners had been attracted to our platform. Our collaborating service partners have enabled merchants on our platform to improve their professional and systematic operations and service capabilities.

## **Overseas**

We achieved successful user acquisition in the overseas market in 2021. Since mid-2021, we started to focus on optimizing local infrastructure and investing in content and products to improve user quality effectively. In particular, we increased investments in high-quality copyrights and content creator incentive plans to build our overseas content community, which are considered to be very important to short video platforms. In addition, we continuously refined our products and algorithms to emphasize our positioning as a social platform and improve user stickiness in the overseas market.

Through the enrichment of content creation and enhanced content consumption on the platform, we gradually formed a virtuous business cycle in some of our key overseas markets. Internally, we further enhanced our operating efficiency as our organizational restructuring in our international business unit started to show positive effects in the fourth quarter of 2021. We managed to continue to increase our DAUs, user time spent, and retention rates in our overseas market in the second half of 2021, while implementing a more disciplined budget plan.

## **Business Outlook**

Looking ahead, leveraging our unique business proposition and capabilities, we are committed to creating social value through promoting the development of digital economy and industrial upgrade. We expect short videos and live streams, as our fundamental infrastructure, to provide more users and industry participants with high-quality, efficient and convenient services and solutions.

We will continue to focus on and invest in four main areas. Firstly, we will continue to accentuate our inclusive and balanced traffic distribution and private domain strength that differentiate us from others. Secondly, we will further develop differentiated content and enhance our content operation capabilities to strengthen and emphasize our unique share of mind. Our third area of focus is algorithm improvement, which in turn will result in increased user consumption on our platform, leading to reinforcement of our recommendation mechanism. Lastly, we will continue to expand use case scenarios to better serve our user needs and further enrich offerings in our community.

The sustainable and healthy development of our core business paves the way for our future growth. At the same time, we remain committed to managing costs and improving efficiency. We will strive to effectively execute our initiatives to improve efficiency in key areas including organizational synergy, user growth, operation and monetization, driving sustainable growth of our ecosystem.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The following table sets forth the comparative figures for the years ended December 31, 2021 and 2020, respectively:

	Year Ended December 31,			
	2021		2020	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
<b>Revenues</b>	<b>81,081,513</b>	<b>100.0</b>	58,776,097	100.0
Cost of revenues	<u>(47,051,808)</u>	<u>(58.0)</u>	<u>(34,961,460)</u>	<u>(59.5)</u>
<b>Gross profit</b>	<b>34,029,705</b>	<b>42.0</b>	23,814,637	40.5
Selling and marketing expenses	(44,175,898)	(54.5)	(26,614,746)	(45.3)
Administrative expenses	(3,400,316)	(4.2)	(1,676,745)	(2.9)
Research and development expenses	(14,956,247)	(18.4)	(6,547,578)	(11.1)
Other income	1,026,742	1.3	527,996	0.9
Other (losses)/gains, net	<u>(225,251)</u>	<u>(0.4)</u>	<u>176,483</u>	<u>0.3</u>
<b>Operating loss</b>	<b>(27,701,265)</b>	<b>(34.2)</b>	(10,319,953)	(17.6)
Finance expense, net	(38,536)	(0.0)	(35,288)	(0.0)
Fair value changes of convertible redeemable preferred shares	(51,275,797)	(63.3)	(106,845,549)	(181.8)
Share of losses of investments accounted for using the equity method	<u>(86,658)</u>	<u>(0.1)</u>	<u>—</u>	<u>—</u>
<b>Loss before income tax</b>	<b>(79,102,256)</b>	<b>(97.6)</b>	(117,200,790)	(199.4)
Income tax benefits	<u>1,025,155</u>	<u>1.3</u>	<u>565,548</u>	<u>1.0</u>
<b>Loss for the year</b>	<b><u>(78,077,101)</u></b>	<b><u>(96.3)</u></b>	<b><u>(116,635,242)</u></b>	<b><u>(198.4)</u></b>
<b>Non-IFRS Measures:</b>				
Adjusted net loss (unaudited)	(18,851,769)	(23.3)	(7,863,818)	(13.4)
Adjusted EBITDA (unaudited)	(12,953,371)	(16.0)	(3,531,086)	(6.0)

## **Revenues**

Our revenues increased by 37.9% to RMB81.1 billion in 2021, from RMB58.8 billion in 2020. The increase was primarily attributable to the growth of our online marketing services and other services including e-commerce business.

The following table sets forth our revenues by business lines in absolute amounts and as percentages of our total revenues in 2021 and 2020, respectively:

	<b>Year Ended December 31,</b>			
	<b>2021</b>		<b>2020</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in thousands, except for percentages)</i>			
Online marketing services	<b>42,665,483</b>	<b>52.6</b>	21,854,539	37.2
Live streaming	<b>30,995,152</b>	<b>38.2</b>	33,209,115	56.5
Other services	<b>7,420,878</b>	<b>9.2</b>	3,712,443	6.3
<b>Total</b>	<b><u>81,081,513</u></b>	<b><u>100.0</u></b>	<b><u>58,776,097</u></b>	<b><u>100.0</u></b>

### *Online marketing services*

Revenue from our online marketing services increased by 95.2% to RMB42.7 billion in 2021 from RMB21.9 billion in 2020, primarily attributable to user traffic growth and the growing number of advertisers, driven by improvements in advertiser experience and ad performance.

### *Live streaming*

Revenue from our live streaming business decreased by 6.7% to RMB31.0 billion in 2021 from RMB33.2 billion in 2020, primarily attributable to the improvement in the containment of COVID-19 and more people returning to their normal routines in 2021, while the COVID-19 outbreak in early part of 2020 and the strict quarantine during that period caused more users to turn to online social and entertainment activities in 2020.

### *Other services*

Revenue from our other services increased by 99.9% to RMB7.4 billion in 2021 from RMB3.7 billion in 2020, primarily due to the growth of our e-commerce business, which is further attributable to our optimizing supply, content, services, technology and user experience.

## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues in 2021 and 2020, respectively:

	Year Ended December 31,			
	2021		2020	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
Revenue sharing costs and related taxes <sup>(1)</sup>	24,792,937	30.6	20,519,492	34.9
Bandwidth expenses and server custody costs <sup>(2)</sup>	7,638,475	9.4	5,735,392	9.8
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(2)</sup>	6,246,286	7.7	4,573,549	7.8
Employee benefit expenses	3,451,634	4.3	1,712,980	2.9
Payment processing costs	1,602,030	2.0	1,004,480	1.7
Other cost of revenues	3,320,446	4.0	1,415,567	2.4
<b>Total</b>	<b>47,051,808</b>	<b>58.0</b>	<b>34,961,460</b>	<b>59.5</b>

### Notes:

- (1) Revenue sharing costs and related taxes included related costs from online marketing services, live streaming and other services.
- (2) Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under the new standard of IFRS 16-Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues increased by 34.6% to RMB47.1 billion in 2021 from RMB35.0 billion in 2020, primarily attributable to (i) the increase in revenue sharing costs and related taxes in line with our revenue growth; (ii) increases in bandwidth expenses and server custody costs, depreciation of property and equipment and right-of-use assets, and amortization of intangible assets in line with the increase in user traffic attributable to the enlarged user base and the growth of our business including overseas business; (iii) the increase in employee benefit expenses as a result of the increase in the headcount of employees to support our business growth and the related share-based compensation expenses; and (iv) the increase in content costs as part of other cost of revenues, as a result of our continuous efforts to diversify content verticals and enrich content ecosystem.

## ***Gross Profit and Gross Profit Margin***

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, in 2021 and 2020, respectively:

	<b>Year Ended December 31,</b>			
	<b>2021</b>		<b>2020</b>	
	<b><i>RMB</i></b>	<b><i>%</i></b>	<b><i>RMB</i></b>	<b><i>%</i></b>
	<i>(in thousands, except for percentages)</i>			
Gross profit	<b>34,029,705</b>	<b>42.0</b>	23,814,637	40.5

As a result of the foregoing, our gross profit increased by 42.9% to RMB34.0 billion in 2021 from RMB23.8 billion in 2020. Our gross profit margin increased to 42.0% in 2021 from 40.5% in 2020, mainly due to the decreased cost of revenues as a percentage of our total revenues primarily driven by the decrease in revenue sharing costs and related taxes as a percentage of our total revenues as a result of change in revenue mix, partially offset by increases in employee benefit expenses, and content costs as part of other cost of revenues, both as a percentage of our total revenues.

## ***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 66.0% to RMB44.2 billion in 2021 from RMB26.6 billion in 2020, and increased to 54.5% in 2021 from 45.3% in 2020 as a percentage of our total revenues. The increase was primarily attributable to (i) an increase in promotion and advertising expenses as a result of the increased spending for promotion of our products, which to some extent was due to the intense competition surrounding traffic acquisition, and (ii) the increased spending for our brand marketing campaign and for overseas market business development.

## ***Administrative Expenses***

Our administrative expenses increased by 102.8% to RMB3.4 billion in 2021 from RMB1.7 billion in 2020, primarily due to an increase in employee benefits expenses as a result of the administrative personnel expansion to support our business growth and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, the administrative expenses as a percentage of revenues would have been 2.8% and 2.4% for 2021 and 2020, respectively.



### ***Research and Development Expenses***

Our research and development expenses increased by 128.4% to RMB15.0 billion in 2021 from RMB6.5 billion in 2020, primarily due to an increase in employee benefit expenses attributable to the research and development personnel expansion as we continue to invest in big data and other advanced technologies, and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, the research and development expenses as a percentage of revenues would have been 12.1% and 8.9% for 2021 and 2020, respectively.

### ***Other Income***

Our other income increased by 94.5% to RMB1.0 billion in 2021 from RMB528.0 million in 2020, primarily due to more government grants and value-added tax subsidies in 2021 as compared to 2020.

### ***Other (Losses)/Gains, Net***

We had other losses, net of RMB225.3 million in 2021, compared to other gains, net of RMB176.5 million in 2020, which was primarily due to the impairment provision for investments recorded in 2021.

### ***Operating Loss***

As a result of the foregoing, we had an operating loss of RMB27.7 billion and a negative operating margin of 34.2% in 2021, compared to an operating loss of RMB10.3 billion and a negative operating margin of 17.6% in 2020.

### ***Finance Expense, Net***

We had finance expense, net of RMB38.5 million and RMB35.3 million in 2021 and 2020, respectively, primarily attributable to interest expense from lease liabilities, which was partially offset by interest income from bank deposits. The interest expense from lease liabilities was in connection with the leasing of internet data centers to host additional servers to meet the growth of our user base and the leasing of office buildings.

### ***Fair Value Changes of Convertible Redeemable Preferred Shares***

Fair value changes of convertible redeemable preferred shares were negative RMB51.3 billion in 2021, compared to negative RMB106.8 billion in 2020, primarily due to changes in valuation of the Company, which was determined by the offering price of Shares in our initial public offering.



### ***Share of Losses of Investments Accounted for Using the Equity Method***

Our share of losses of investments accounted for using the equity method was RMB86.7 million in 2021, compared to nil in 2020, primarily due to the conversion of the Group's investment in certain investee from financial assets at fair value through profit or loss to investment accounted for using the equity method at the end of March 2021.

### ***Loss before Income Tax***

As a result of the foregoing, we had a loss before income tax of RMB79.1 billion and RMB117.2 billion in 2021 and 2020, respectively.

### ***Income Tax Benefits***

We had income tax benefits of RMB1.0 billion and RMB565.5 million in 2021 and 2020, respectively, primarily due to the recognition of deferred tax assets attributable to the net losses incurred by certain subsidiaries.

### ***Loss for the Year***

As a result of the foregoing, our loss for the year was RMB78.1 billion and RMB116.6 billion in 2021 and 2020, respectively.

## Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

The following table sets forth the comparative figures for the fourth quarter of 2021 and 2020, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended December 31,</b>		<b>2020</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in thousands, except for percentages)</i>			
<b>Revenues</b>	<b>24,430,260</b>	<b>100.0</b>	18,098,656	100.0
Cost of revenues	<u>(14,281,697)</u>	<u>(58.5)</u>	<u>(9,594,824)</u>	<u>(53.0)</u>
<b>Gross profit</b>	<b>10,148,563</b>	<b>41.5</b>	8,503,832	47.0
Selling and marketing expenses	<b>(10,229,580)</b>	<b>(41.9)</b>	(6,781,475)	(37.5)
Administrative expenses	<b>(919,756)</b>	<b>(3.8)</b>	(595,398)	(3.3)
Research and development expenses	<b>(4,016,063)</b>	<b>(16.4)</b>	(2,429,671)	(13.4)
Other income	<b>222,516</b>	<b>0.9</b>	131,845	0.7
Other losses, net	<u>(995,834)</u>	<u>(4.0)</u>	<u>(206,658)</u>	<u>(1.1)</u>
<b>Operating loss</b>	<b>(5,790,154)</b>	<b>(23.7)</b>	(1,377,525)	(7.6)
Finance expense, net	<b>(56,730)</b>	<b>(0.2)</b>	(8,717)	(0.0)
Fair value changes of convertible redeemable preferred shares	—	—	(17,695,493)	(97.8)
Share of losses of investments accounted for using the equity method	<u>(24,771)</u>	<u>(0.1)</u>	—	—
<b>Loss before income tax</b>	<b>(5,871,655)</b>	<b>(24.0)</b>	(19,081,735)	(105.4)
Income tax expenses	<u>(331,088)</u>	<u>(1.4)</u>	<u>(182,045)</u>	<u>(1.0)</u>
<b>Loss for the period</b>	<b><u>(6,202,743)</u></b>	<b><u>(25.4)</u></b>	<b><u>(19,263,780)</u></b>	<b><u>(106.4)</u></b>
<b>Non-IFRS Measures:</b>				
Adjusted net loss	<b>(3,568,768)</b>	<b>(14.6)</b>	(459,271)	(2.5)
Adjusted EBITDA	<b>(1,290,186)</b>	<b>(5.3)</b>	1,172,504	6.5

## **Revenues**

Our revenues increased by 35.0% to RMB24.4 billion for the fourth quarter of 2021, from RMB18.1 billion for the same period of 2020. The increase was primarily attributable to our online marketing services, e-commerce business and live streaming.

The following table sets forth our revenues by business lines in absolute amounts and as percentages of our total revenues for the fourth quarter of 2021 and 2020, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended December 31,</b>		<b>2020</b>	
	<b>2021</b>		<b>2020</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in thousands, except for percentages)</i>			
Online marketing services	<b>13,236,475</b>	<b>54.2</b>	8,511,345	47.0
Live streaming	<b>8,827,182</b>	<b>36.1</b>	7,899,803	43.6
Other services	<b>2,366,603</b>	<b>9.7</b>	1,687,508	9.4
<b>Total</b>	<b><u>24,430,260</u></b>	<b><u>100.0</u></b>	<b><u>18,098,656</u></b>	<b><u>100.0</u></b>

### *Online marketing services*

Revenue from our online marketing services increased by 55.5% to RMB13.2 billion for the fourth quarter of 2021, from RMB8.5 billion for the same period of 2020, primarily attributable to user traffic growth and the growing number of advertisers, driven by improvements in advertiser experience and ad performance.

### *Live streaming*

Revenue from our live streaming business increased by 11.7% to RMB8.8 billion for the fourth quarter of 2021, from RMB7.9 billion for the same period of 2020, as a result of 17.2% year-over-year growth in the monthly ARPPU, which was further supported by improved content quality and operating efficiency.

### *Other services*

Revenue from our other services increased by 40.2% to RMB2.4 billion for the fourth quarter of 2021, from RMB1.7 billion for the same period of 2020, primarily due to the growth of our e-commerce business.

## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues for the fourth quarter of 2021 and 2020, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended December 31,</b>		<b>2021</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in thousands, except for percentages)</i>			
Revenue sharing costs and related taxes <sup>(1)</sup>	<b>8,191,079</b>	<b>33.5</b>	5,137,058	28.4
Bandwidth expenses and server custody costs <sup>(2)</sup>	<b>1,808,818</b>	<b>7.4</b>	1,814,894	10.0
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(2)</sup>	<b>1,686,273</b>	<b>6.9</b>	1,338,734	7.4
Employee benefit expenses	<b>893,225</b>	<b>3.7</b>	560,532	3.1
Payment processing costs	<b>526,692</b>	<b>2.2</b>	317,145	1.8
Other cost of revenues	<b>1,175,610</b>	<b>4.8</b>	426,461	2.3
<b>Total</b>	<b><u>14,281,697</u></b>	<b><u>58.5</u></b>	<b><u>9,594,824</u></b>	<b><u>53.0</u></b>

### Notes:

- (1) Revenue sharing costs and related taxes included related costs from online marketing services, live streaming and other services.
- (2) Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under the new standard of IFRS 16-Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues increased by 48.8% to RMB14.3 billion for the fourth quarter of 2021, from RMB9.6 billion for the same period of 2020, primarily attributable to (i) the increase in revenue sharing costs and related taxes in line with our revenue growth; (ii) the increase in content costs as part of other cost of revenues, as a result of our continuous efforts to diversify content verticals and enrich content ecosystem; (iii) increases in depreciation of property and equipment and right-of-use assets, and amortization of intangible assets in line with the increase in user traffic attributable to the enlarged user base and the growth of our business including overseas business; and (iv) the increase in employee benefit expenses as a result of the increase in the headcount of employees to support our business growth and the related share-based compensation expenses.

## ***Gross Profit and Gross Profit Margin***

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the fourth quarter of 2021 and 2020, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended December 31,</b>		<b>2020</b>	
	<b>2021</b>		<b>2020</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in thousands, except for percentages)</i>			
Gross profit	<b>10,148,563</b>	<b>41.5</b>	8,503,832	47.0

As a result of the foregoing, our gross profit increased by 19.3% to RMB10.1 billion for the fourth quarter of 2021, from RMB8.5 billion for the same period of 2020. Our gross profit margin decreased to 41.5% for the fourth quarter of 2021, from 47.0% in the same period of 2020, mainly due to the increased cost of revenues as a percentage of our total revenues primarily driven by the increases in revenue sharing costs and related taxes, and content costs as part of other cost of revenues, both as a percentage of our total revenues, partially offset by a decrease in bandwidth expenses and server custody costs as a percentage of our total revenues.

## ***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 50.8% to RMB10.2 billion for the fourth quarter of 2021, from RMB6.8 billion for the same period of 2020, and increased to 41.9% from 37.5% as a percentage of our total revenues. The increase was primarily attributable to an increase in promotion and advertising expenses as a result of the increased spending for promotion of our products, for our brand marketing campaign and for overseas market business development.

## ***Administrative Expenses***

Our administrative expenses increased by 54.5% to RMB919.8 million for the fourth quarter of 2021, from RMB595.4 million for the same period of 2020, primarily due to an increase in employee benefits expenses as a result of the administrative personnel expansion to support our business growth and the related share-based compensation expenses.

### ***Research and Development Expenses***

Our research and development expenses increased by 65.3% to RMB4.0 billion for the fourth quarter of 2021, from RMB2.4 billion for the same period of 2020, primarily attributable to an increase in employee benefit expenses attributable to the research and development personnel expansion as we continue to invest in big data and other advanced technologies, and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, the research and development expenses as a percentage of revenues would have been 11.9% and 9.9% for the fourth quarter of 2021 and 2020, respectively.

### ***Other Income***

Our other income increased by 68.8% to RMB222.5 million for the fourth quarter of 2021, from RMB131.8 million for the same period of 2020, primarily due to more government grants and value-added tax subsidies for the fourth quarter of 2021 as compared to the same period of 2020.

### ***Other Losses, Net***

We recorded other losses, net of RMB995.8 million and RMB206.7 million for the fourth quarter of 2021 and 2020, respectively. The increase was primarily due to the impairment provision for investments recorded in 2021.

### ***Operating Loss***

As a result of the foregoing, we had an operating loss of RMB5.8 billion and a negative operating margin of 23.7% for the fourth quarter of 2021, compared to an operating loss of RMB1.4 billion and a negative operating margin of 7.6% for the same period of 2020.

### ***Finance Expense, Net***

Our finance expense, net was RMB56.7 million and RMB8.7 million for the fourth quarter of 2021 and 2020, respectively, primarily attributable to interest expense from lease liabilities, which was partially offset by interest income from bank deposits. The interest expense from lease liabilities was in connection with the leasing of internet data centers to host additional servers to meet the growth of our user base and the leasing of office buildings.

### ***Fair Value Changes of Convertible Redeemable Preferred Shares***

Fair value changes of convertible redeemable preferred shares were nil for the fourth quarter of 2021, as a result of the completion of our initial public offering in February 2021, compared to negative RMB17.7 billion for the same period of 2020.

### ***Share of Losses of Investments Accounted for Using the Equity Method***

Our share of losses of investments accounted for using the equity method was RMB24.8 million for the fourth quarter of 2021, compared to nil for the same period of 2020, primarily due to the conversion of the Group's investment in certain investee from financial assets at fair value through profit or loss to investment accounted for using the equity method at the end of March 2021.

### ***Loss before Income Tax***

As a result of the foregoing, we had a loss before income tax of RMB5.9 billion and RMB19.1 billion for the fourth quarter of 2021 and 2020, respectively.

### ***Income Tax Expenses***

We incurred income tax expenses of RMB331.1 million and RMB182.0 million for the fourth quarter of 2021 and 2020, respectively.

### ***Loss for the Period***

As a result of the foregoing, our loss was RMB6.2 billion for the fourth quarter of 2021, compared to RMB19.3 billion for the same period of 2020.

## Fourth Quarter of 2021 Compared to Third Quarter of 2021

The following table sets forth the comparative figures for the fourth and third quarter of 2021, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>December 31, 2021</b>		<b>September 30, 2021</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in thousands, except for percentages)</i>			
<b>Revenues</b>	<b>24,430,260</b>	<b>100.0</b>	20,492,977	100.0
Cost of revenues	<u>(14,281,697)</u>	<u>(58.5)</u>	<u>(11,984,377)</u>	<u>(58.5)</u>
<b>Gross profit</b>	<b>10,148,563</b>	<b>41.5</b>	8,508,600	41.5
Selling and marketing expenses	<b>(10,229,580)</b>	<b>(41.9)</b>	(11,016,923)	(53.8)
Administrative expenses	<b>(919,756)</b>	<b>(3.8)</b>	(913,050)	(4.5)
Research and development expenses	<b>(4,016,063)</b>	<b>(16.4)</b>	(4,217,699)	(20.6)
Other income	<b>222,516</b>	<b>0.9</b>	425,534	2.2
Other losses, net	<u>(995,834)</u>	<u>(4.0)</u>	<u>(190,052)</u>	<u>(0.9)</u>
<b>Operating loss</b>	<b>(5,790,154)</b>	<b>(23.7)</b>	(7,403,590)	(36.1)
Finance (expense)/income, net	<b>(56,730)</b>	<b>(0.2)</b>	23,420	0.1
Share of losses of investments accounted for using the equity method	<u>(24,771)</u>	<u>(0.1)</u>	<u>(36,995)</u>	<u>(0.2)</u>
<b>Loss before income tax</b>	<b>(5,871,655)</b>	<b>(24.0)</b>	(7,417,165)	(36.2)
Income tax (expenses)/benefits	<u>(331,088)</u>	<u>(1.4)</u>	<u>330,269</u>	<u>1.6</u>
<b>Loss for the period</b>	<u><b>(6,202,743)</b></u>	<u><b>(25.4)</b></u>	<u><b>(7,086,896)</b></u>	<u><b>(34.6)</b></u>
<b>Non-IFRS Measures:</b>				
Adjusted net loss	<b>(3,568,768)</b>	<b>(14.6)</b>	(4,616,262)	(22.5)
Adjusted EBITDA	<b>(1,290,186)</b>	<b>(5.3)</b>	(3,174,157)	(15.5)



## **Revenues**

Our revenues increased by 19.2% to RMB24.4 billion for the fourth quarter of 2021, from RMB20.5 billion for the third quarter of 2021, primarily attributable to our online marketing services, live streaming and e-commerce business.

The following table sets forth our revenues by business lines in absolute amounts and as percentages of our total revenues for the fourth and third quarter of 2021, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>December 31, 2021</b>		<b>September 30, 2021</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in thousands, except for percentages)</i>			
Online marketing services	<b>13,236,475</b>	<b>54.2</b>	10,909,035	53.2
Live streaming	<b>8,827,182</b>	<b>36.1</b>	7,724,141	37.7
Other services	<b>2,366,603</b>	<b>9.7</b>	1,859,801	9.1
<b>Total</b>	<b><u>24,430,260</u></b>	<b><u>100.0</u></b>	<b><u>20,492,977</u></b>	<b><u>100.0</u></b>

### *Online marketing services*

Revenue from our online marketing services increased by 21.3% to RMB13.2 billion for the fourth quarter of 2021, from RMB10.9 billion for the third quarter of 2021, primarily attributable to user traffic growth and the growing number of advertisers, driven by improvements in advertiser experience and ad performance.

### *Live streaming*

Revenue from our live streaming business was RMB8.8 billion for the fourth quarter of 2021, compared to RMB7.7 billion for the third quarter of 2021, as more audience were drawn to our live streaming by improved content quality and operating efficiency.

### *Other services*

Revenue from our other services increased by 27.3% to RMB2.4 billion for the fourth quarter of 2021, from RMB1.9 billion for the third quarter of 2021, primarily due to the growth of our e-commerce business.

## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues for the fourth and third quarter of 2021, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>December 31, 2021</b>		<b>September 30, 2021</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in thousands, except for percentages)</i>			
Revenue sharing costs and related taxes <sup>(1)</sup>	<b>8,191,079</b>	<b>33.5</b>	6,105,445	29.8
Bandwidth expenses and server custody costs <sup>(2)</sup>	<b>1,808,818</b>	<b>7.4</b>	1,945,954	9.5
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(2)</sup>	<b>1,686,273</b>	<b>6.9</b>	1,620,731	7.9
Employee benefit expenses	<b>893,225</b>	<b>3.7</b>	926,541	4.5
Payment processing costs	<b>526,692</b>	<b>2.2</b>	398,484	1.9
Other cost of revenues	<b>1,175,610</b>	<b>4.8</b>	987,222	4.9
<b>Total</b>	<b><u>14,281,697</u></b>	<b><u>58.5</u></b>	<b><u>11,984,377</u></b>	<b><u>58.5</u></b>

### Notes:

- (1) Revenue sharing costs and related taxes included related costs from online marketing services, live streaming and other services.
- (2) Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under the new standard of IFRS 16-Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues increased by 19.2% to RMB14.3 billion for the fourth quarter of 2021, from RMB12.0 billion for the third quarter of 2021, primarily attributable to the increase in revenue sharing costs and related taxes in line with our revenue growth.

## ***Gross Profit and Gross Profit Margin***

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the fourth and third quarter of 2021, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>December 31, 2021</b>		<b>September 30, 2021</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in thousands, except for percentages)</i>			
Gross profit	<b>10,148,563</b>	<b>41.5</b>	8,508,600	41.5

As a result of the foregoing, our gross profit increased by 19.3% to RMB10.1 billion for the fourth quarter of 2021, from RMB8.5 billion for the third quarter of 2021. Our gross profit margin was 41.5% for both the fourth and the third quarter of 2021.

## ***Selling and Marketing Expenses***

Our selling and marketing expenses decreased by 7.1% to RMB10.2 billion for the fourth quarter of 2021, from RMB11.0 billion for the third quarter of 2021, and decreased to 41.9% for the fourth quarter of 2021 from 53.8% for the third quarter of 2021 as a percentage of our total revenues. The decrease was primarily attributable to disciplined and more efficient spending on user acquisition and maintenance.

## ***Administrative Expenses***

Our administrative expenses slightly increased by 0.7% to RMB919.8 million for the fourth quarter of 2021, from RMB913.1 million for the third quarter of 2021.

## ***Research and Development Expenses***

Our research and development expenses decreased by 4.8% to RMB4.0 billion for the fourth quarter of 2021, from RMB4.2 billion for the third quarter of 2021.

## ***Other Income***

Our other income was RMB222.5 million for the fourth quarter of 2021, compared to RMB425.5 million for the third quarter of 2021, mainly attributable to less government grants in the fourth quarter of 2021 as compared to the third quarter of 2021.

### ***Other Losses, Net***

We recorded other losses, net of RMB995.8 million for the fourth quarter of 2021, compared to other losses, net of RMB190.1 million for the third quarter of 2021. The increase was primarily due to the impairment provision for investments recorded in the fourth quarter of 2021.

### ***Operating Loss***

As a result of the foregoing, we had operating loss of RMB5.8 billion for the fourth quarter of 2021, and operating loss of RMB7.4 billion for the third quarter of 2021, and our operating margin was negative 23.7% for the fourth quarter of 2021, compared to negative 36.1% for the third quarter of 2021.

### ***Finance (Expense)/Income, Net***

We had finance expense, net of RMB56.7 million in the fourth quarter of 2021, compared to finance income, net of RMB23.4 million in the third quarter of 2021. The change was primarily due to the increase in interest expense from lease liabilities, partially offset by the increase in interest income from bank deposits.

### ***Share of Losses of Investments Accounted for Using the Equity Method***

Our share of losses of investments accounted for using the equity method were RMB24.8 million for the fourth quarter of 2021 and RMB37.0 million for the third quarter of 2021.

### ***Loss before Income Tax***

As a result of the foregoing, we had a loss before income tax of RMB5.9 billion for the fourth quarter of 2021, compared to RMB7.4 billion for the third quarter of 2021.

### ***Income Tax (Expenses)/Benefits***

We had income tax expenses of RMB331.1 million for the fourth quarter of 2021, compared to income tax benefits of RMB330.3 million for the third quarter of 2021, because more current income tax expenses were incurred than deferred income tax benefits for the fourth quarter of 2021.

### ***Loss for the Period***

As a result of the foregoing, our loss was RMB6.2 billion for the fourth quarter of 2021, compared to RMB7.1 billion for the third quarter of 2021.

## Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures

We believe that the presentation of non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

The following table sets forth the reconciliations of our non-IFRS financial measures for the years ended December 31, 2021 and 2020, respectively, to the nearest measures prepared in accordance with IFRS:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(in RMB thousands)</i>	
<b>Loss for the year</b>	<b>(78,077,101)</b>	(116,635,242)
Add:		
Share-based compensation expenses	<b>7,830,249</b>	1,840,886
Fair value changes of convertible redeemable preferred shares	<b>51,275,797</b>	106,845,549
Net fair value changes on investments <sup>(1)</sup>	<b>119,286</b>	84,989
<b>Adjusted net loss (unaudited)</b>	<b><u>(18,851,769)</u></b>	<b><u>(7,863,818)</u></b>
<b>Adjusted net loss (unaudited)</b>	<b>(18,851,769)</b>	(7,863,818)
Add:		
Income tax benefits	<b>(1,025,155)</b>	(565,548)
Depreciation of property and equipment	<b>3,985,910</b>	3,077,674
Depreciation of right-of-use assets	<b>2,735,442</b>	1,656,457
Amortization of intangible assets	<b>163,665</b>	128,861
Finance expense, net	<b>38,536</b>	35,288
<b>Adjusted EBITDA (unaudited)</b>	<b><u>(12,953,371)</u></b>	<b><u>(3,531,086)</u></b>

Note:

- (1) Net fair value changes on investments represents net fair value (gains)/losses on financial assets at fair value through profit or loss of our investments in listed and unlisted entities and impairment provision for investments, which is unrelated to our core business and operating performance and subject to market fluctuations, and exclusion of which provides investors with more relevant and useful information to evaluate our performance.

The following table sets forth the reconciliations of our non-IFRS financial measures for the fourth quarter of 2021, the third quarter of 2021 and the fourth quarter of 2020, respectively, to the nearest measures prepared in accordance with IFRS:

	<b>Unaudited</b>		
	<b>Three Months Ended</b>		
	<b>December 31,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<i>(in RMB thousands)</i>		
<b>Loss for the period</b>	<b>(6,202,743)</b>	(7,086,896)	(19,263,780)
Add:			
Share-based compensation expenses	<b>1,742,471</b>	2,264,622	863,799
Fair value changes of convertible redeemable preferred shares	—	—	17,695,493
Net fair value changes on investments <sup>(1)</sup>	<b>891,504</b>	206,012	245,217
<b>Adjusted net loss</b>	<b><u>(3,568,768)</u></b>	<b><u>(4,616,262)</u></b>	<b><u>(459,271)</u></b>
<b>Adjusted net loss</b>	<b>(3,568,768)</b>	(4,616,262)	(459,271)
Add:			
Income tax expenses/(benefits)	<b>331,088</b>	(330,269)	182,045
Depreciation of property and equipment	<b>1,077,220</b>	1,030,724	903,482
Depreciation of right-of-use assets	<b>776,990</b>	721,717	499,239
Amortization of intangible assets	<b>36,554</b>	43,353	38,292
Finance expense/(income), net	<b>56,730</b>	(23,420)	8,717
<b>Adjusted EBITDA</b>	<b><u>(1,290,186)</u></b>	<b><u>(3,174,157)</u></b>	<b><u>1,172,504</u></b>

Note:

- (1) Net fair value changes on investments represents net fair value (gains)/losses on financial assets at fair value through profit or loss of our investments in listed and unlisted entities and impairment provision for investments, which is unrelated to our core business and operating performance and subject to market fluctuations, and exclusion of which provides investors with more relevant and useful information to evaluate our performance.

## Liquidity and Capital Resources

Other than the funds raised through our global offering in February 2021, we historically met our working capital and other capital requirements primarily through capital contributions from shareholders, cash generated from issuance of convertible redeemable preferred shares and cash generated from our operating activities. We had cash and cash equivalents of RMB32.6 billion as of December 31, 2021, compared to RMB20.4 billion as of December 31, 2020.

The following table sets forth a summary of our cash flows for the years ended December 31, 2021 and 2020, respectively:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(in RMB thousands)</i>	
Net cash (used in)/generated from operating activities	<b>(5,519,291)</b>	2,288,640
Net cash used in investing activities	<b>(18,361,335)</b>	(4,867,465)
Net cash generated from financing activities	<b>36,500,187</b>	19,290,120
Net increase in cash and cash equivalents	<b>12,619,561</b>	16,711,295
Cash and cash equivalents at the beginning of the year	<b>20,391,545</b>	3,996,236
Effects of exchange rate changes on cash and cash equivalents	<b>(398,687)</b>	(315,986)
Cash and cash equivalents at the end of the year	<b><u>32,612,419</u></b>	<b><u>20,391,545</u></b>

### ***Net Cash (Used in)/Generated from Operating Activities***

Net cash (used in)/generated from operating activities represents the cash used in or generated from our operations minus the income tax paid. Cash used in or generated from our operations primarily consists of our loss before income tax, adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2021, our net cash used in operating activities was RMB5.5 billion, which was primarily attributable to our loss before income tax of RMB79.1 billion, adjusted by non-cash items, primarily comprising fair value changes of convertible redeemable preferred shares of RMB51.3 billion, share-based compensation expenses of RMB7.8 billion, depreciation of property and equipment of RMB4.0 billion, depreciation of right-of-use assets of RMB2.7 billion, partially offset by net fair value gains on financial assets at fair value through profit or loss of RMB1.0 billion. The amount was further adjusted by changes in working capital, which primarily comprised increases in accounts payables of RMB8.0 billion and other payables and accruals of RMB3.4 billion, partially offset by increase in trade receivables of RMB2.0 billion and increase in prepayments, other receivables and other current assets of RMB907.2 million. We also paid income tax of RMB1.5 billion.

### ***Net Cash Used in Investing Activities***

For the year ended December 31, 2021, our net cash used in investing activities was RMB18.4 billion, which was primarily attributable to purchase of investments in current financial assets at fair value through profit or loss of RMB72.4 billion, purchase of time deposits with initial terms of over three months of RMB12.9 billion, purchase of property, equipment and intangible assets of RMB7.8 billion and purchase of investments in non-current financial assets at fair value through profit or loss of RMB1.0 billion, partially offset by proceeds from disposal of investments in current financial assets at fair value through profit or loss of RMB67.4 billion and proceeds from maturity of time deposits with initial terms over three months of RMB8.2 billion.

### ***Net Cash Generated from Financing Activities***

For the year ended December 31, 2021, our net cash generated from financing activities was RMB36.5 billion, which was primarily attributable to net proceeds from issuance of ordinary shares relating to the initial public offering of RMB39.2 billion, partially offset by payments for principal elements of lease and the related interest of RMB2.7 billion.



## **Impact of the Coronavirus Outbreak**

During the outbreak of COVID-19, including the emergence of the Delta and Omicron virus variants, the PRC government adopted various social distancing initiatives in response to the pandemic, and many people turned to online social and entertainment activities in lieu of physical gatherings. Consequently, there was a surge in demand for internet and mobile services. However, the surge in demand was offset by certain factors, including (i) decreased advertising spending from certain of our advertisers who experienced uncertainties in their business operations due to the further spread of COVID-19 and its multiple variants, which in turn affected our online marketing service revenue; (ii) reduced incomes and declined consumption of our users as a result of the economic disruption caused by the COVID-19 pandemic, which had an impact on the revenue from our live streaming business and the growth of our e-commerce GMV; and (iii) supply chain disruptions and logistics challenges that had limited our merchants' capabilities to provide merchandise and services to our users, affecting our e-commerce GMV.

While there has been improvement in the COVID-19 situation in China, we are uncertain as to when the outbreak of COVID-19 will continue to be contained, and we also cannot predict if the impact will be long-lasting. In particular, the recent emergence of the Omicron virus variant, a COVID-19 virus variant that is significantly more infectious than its predecessors, could affect the overall business sentiment. We took a series of measures in response to the outbreak to protect our employees in compliance with governments' measures, including, among others, remote working arrangements for our employees and travel restrictions or suspension. These measures temporarily reduced the capacity and efficiency of our operations.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT

		Year ended December 31,	
		2021	2020
	Note	RMB'000	RMB'000
<b>Revenues</b>	3	<b>81,081,513</b>	58,776,097
Cost of revenues	5	<b>(47,051,808)</b>	(34,961,460)
<b>Gross profit</b>		<b>34,029,705</b>	23,814,637
Selling and marketing expenses	5	<b>(44,175,898)</b>	(26,614,746)
Administrative expenses	5	<b>(3,400,316)</b>	(1,676,745)
Research and development expenses	5	<b>(14,956,247)</b>	(6,547,578)
Other income		<b>1,026,742</b>	527,996
Other (losses)/gains, net	4	<b>(225,251)</b>	176,483
<b>Operating loss</b>		<b>(27,701,265)</b>	(10,319,953)
Finance expense, net		<b>(38,536)</b>	(35,288)
Fair value changes of convertible redeemable preferred shares	16	<b>(51,275,797)</b>	(106,845,549)
Share of losses of investments accounted for using the equity method		<b>(86,658)</b>	—
<b>Loss before income tax</b>		<b>(79,102,256)</b>	(117,200,790)
Income tax benefits	6	<b>1,025,155</b>	565,548
<b>Loss for the year</b>		<b>(78,077,101)</b>	(116,635,242)
<b>Attributable to:</b>			
— Equity holders of the Company		<b>(78,073,643)</b>	(116,635,242)
— Non-controlling interests		<b>(3,458)</b>	—
		<b>(78,077,101)</b>	(116,635,242)
<b>Loss per share for the loss attributable to the equity holders of the Company (expressed in RMB per share)</b>			
Basic loss per share	7	<b>(20.37)</b>	(125.25)
Diluted loss per share		<b>(20.37)</b>	(125.25)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Year ended December 31,	
	2021	2020
	<i>Note</i> <b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the year</b>	<b>(78,077,101)</b>	<b>(116,635,242)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value change on convertible redeemable preferred shares due to own credit risk	16 —	2,404
Currency translation differences	282,560	9,816,967
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	740,239	819,897
<b>Other comprehensive income for the year, net of taxes</b>	<b>1,022,799</b>	<b>10,639,268</b>
<b>Total comprehensive loss for the year</b>	<b>(77,054,302)</b>	<b>(105,995,974)</b>
<b>Attributable to:</b>		
— Equity holders of the Company	(77,050,839)	(105,995,974)
— Non-controlling interests	(3,463)	—
	<b>(77,054,302)</b>	<b>(105,995,974)</b>

## CONSOLIDATED BALANCE SHEET

		As of December 31,	
		2021	2020
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	11,050,654	7,206,100
Right-of-use assets	9	12,561,745	5,199,712
Intangible assets		1,171,754	1,247,788
Investments accounted for using the equity method		1,411,141	—
Financial assets at fair value through profit or loss	10	3,300,623	3,843,315
Deferred tax assets		5,405,224	2,313,301
Long-term time deposits	12	4,000,000	500,000
Other non-current assets		603,367	308,982
		<u>39,504,508</u>	<u>20,619,198</u>
<b>Current assets</b>			
Trade receivables	11	4,450,092	2,428,039
Prepayments, other receivables and other current assets		3,278,318	2,285,420
Financial assets at fair value through profit or loss	10	8,842,203	3,690,448
Short-term time deposits	12	3,825,420	2,729,095
Restricted cash	12	2,415	3,698
Cash and cash equivalents	12	32,612,419	20,391,545
		<u>53,010,867</u>	<u>31,528,245</u>
<b>Total assets</b>		<u><u>92,515,375</u></u>	<u><u>52,147,443</u></u>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

		As of December 31,	
		2021	2020
	Note	RMB'000	RMB'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		142	30
Share premium		274,407,796	—
Other reserves		20,853,674	12,011,644
Accumulated losses		(250,172,236)	(172,061,513)
		<u>45,089,376</u>	<u>(160,049,839)</u>
<b>Non-controlling interests</b>		<u>6,595</u>	<u>—</u>
<b>Total equity</b>		<u><b>45,095,971</b></u>	<u><b>(160,049,839)</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	9	10,079,847	3,608,041
Deferred tax liabilities		28,477	31,601
Convertible redeemable preferred shares	16	—	185,372,816
Other non-current liabilities		55,560	—
		<u>10,163,884</u>	<u>189,012,458</u>
<b>Current liabilities</b>			
Accounts payables	14	20,021,082	11,544,297
Other payables and accruals		9,123,367	5,763,226
Advances from customers	15	3,502,642	3,290,098
Income tax liabilities		1,079,591	487,843
Lease liabilities	9	3,528,838	2,099,360
		<u>37,255,520</u>	<u>23,184,824</u>
<b>Total liabilities</b>		<u><b>47,419,404</b></u>	<u><b>212,197,282</b></u>
<b>Total equity and liabilities</b>		<u><b>92,515,375</b></u>	<u><b>52,147,443</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	(5,519,291)	2,288,640
Net cash used in investing activities	(18,361,335)	(4,867,465)
Net cash generated from financing activities	<u>36,500,187</u>	<u>19,290,120</u>
Net increase in cash and cash equivalents	12,619,561	16,711,295
Cash and cash equivalents at the beginning of the year	20,391,545	3,996,236
Effects of exchange rate changes on cash and cash equivalents	<u>(398,687)</u>	<u>(315,986)</u>
Cash and cash equivalents at the end of the year	<u><u>32,612,419</u></u>	<u><u>20,391,545</u></u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. General information

Kuaishou Technology (the “**Company**”) was incorporated in the Cayman Islands on February 11, 2014 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company completed the listing on the Main Board of The Stock Exchange of Hong Kong Limited on February 5, 2021 (“**IPO**”).

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”), provides online marketing services, live streaming services and other services to its customers.

Mr. Su Hua and Mr. Cheng Yixiao are the ultimate controlling shareholders of the Company as of the date of approval of the consolidated financial statements.

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

### 2. Summary of significant accounting policies

This note provides a list of the significant accounting policies applied in the preparation of the consolidated financial statements. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

#### 2.1 *Basis of preparation*

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) and interpretations issued by International Accounting Standards Board (“**IASB**”) applicable to companies reporting under IFRSs and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

## 2.2 *New and amended standards adopted by the Group*

The following new and amended standards are mandatory for the first time for the Group's financial year beginning on January 1, 2021 and are applicable for the Group:

- Interest Rate Benchmark Reform Phase 2 — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-related Rent Concessions — Amendments to IFRS 16

The adoption of the above new and amended standards did not have any significant financial impact on these consolidated financial statements.

## 2.3 *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments and interpretations have been issued but are not yet effective for the year beginning on January 1, 2021 and have not been early adopted by the Group during the year ended December 31, 2021. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

<b>Standards and amendments</b>	<b>Effective for annual years beginning on or after</b>
Classification of Liabilities as Current or Non-current — Amendments to IAS 1	January 1, 2023
Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023
Definition of Accounting Estimates — Amendments to IAS 8	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12	January 1, 2023
IFRS 17 Insurance Contracts	January 1, 2023
Reference to the Conceptual Framework — Amendments to IFRS 3	January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use — Amendments to IAS 16	January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28	To be determined



### 3. Revenues

The breakdown of revenues during the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Online marketing services	42,665,483	21,854,539
Live streaming	30,995,152	33,209,115
Other services	7,420,878	3,712,443
	<u>81,081,513</u>	<u>58,776,097</u>

### 4. Other (losses)/gains, net

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net (losses)/gains on disposal of property and equipment, intangible assets and right-of-use assets	(43,373)	90
Net fair value gains/(losses) on financial assets at fair value through profit or loss		
— Investments in listed and unlisted entities	802,747	(84,989)
— Wealth management products and others	242,978	357,733
Net foreign exchange (losses)/gains	(90,773)	35,884
Impairment provision for investments	(922,033)	—
Others	(214,797)	(132,235)
	<u>(225,251)</u>	<u>176,483</u>

## 5. Expenses by nature

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue sharing costs and related taxes	24,792,937	20,519,492
Employee benefit expenses	21,870,107	9,616,960
Promotion and advertising expenses	41,216,431	25,491,328
Bandwidth expenses and server custody costs	7,638,475	5,735,392
Depreciation of property and equipment	3,985,910	3,077,674
Depreciation of right-of-use assets	2,735,442	1,656,457
Amortization of intangible assets	163,665	128,861
Outsourcing and other labor costs	1,498,304	583,084
Payment processing costs	1,602,030	1,004,480
Auditor's remuneration		
— Audit services	30,000	32,524
— Non-audit services	23,126	3,641
Other professional fees	284,508	164,047
Tax surcharges	378,263	377,097
Credit loss allowances on financial assets	27,550	12,424
Others ( <i>Note a</i> )	3,337,521	1,397,068
	<u>109,584,269</u>	<u>69,800,529</u>

*Note:*

- (a) Others mainly comprise content-related costs, office facilities fees, travelling and communication fees.

## 6. Income tax

### (a) *Cayman Islands*

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) *British Virgin Islands (“BVI”)*

The Group’s entities established under the International Business Companies Acts of the BVI are exempted from BVI income tax.

(c) *Hong Kong Income Tax*

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during the year ended December 31, 2021 (2020: Nil).

(d) *PRC Enterprise Income Tax*

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the year ended December 31, 2021 based on the existing legislation, interpretation and practices in respect thereof (2020: 25%).

Beijing Dajia Internet Information Technology Co., Ltd. (“**Beijing Dajia**”) was accredited as High and New Technology Enterprises enabling it to enjoy a preferential tax rate of 15% from 2020 to 2022. In addition, Beijing Dajia was granted as “Software Enterprise”, which entitled it to an income tax exemption for two years beginning with its first profitable year and a 50% reduction to a rate of 12.5% for the subsequent three years from 2017 to 2021. In 2020, Beijing Dajia also obtained the qualification of “Key National Software Enterprise” which entitled it to a further reduced preferential income tax rate of 10% for the year of 2019.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expense so incurred as tax deductible expense when determining their assessable profit for that year (“**Super Deduction**”). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018. The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the year.

(e) *Withholding Tax in Mainland China (“WHT”)*

According to the New Corporate Income Tax Law, beginning January 1, 2008, distribution of profits earned by companies in mainland China since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

The income tax benefits of the Group during the years ended December 31, 2021 and 2020 are analysed as follows:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB’000</i></b>	<b><i>RMB’000</i></b>
Current income tax	<b>(2,072,167)</b>	(893,467)
Deferred income tax	<b>3,097,322</b>	1,459,015
	<hr/>	<hr/>
Income tax benefits	<b><u>1,025,155</u></b>	<b><u>565,548</u></b>

## 7. Loss per share

### (a) *Basic loss per share*

Basic loss per share for the year are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss attributable to equity holders of the Company	(78,073,643)	(116,635,242)
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<u>3,833,009</u>	<u>931,245</u>
Basic loss per share ( <i>expressed in RMB per share</i> )	<u>(20.37)</u>	<u>(125.25)</u>

### (b) *Diluted loss per share*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the years ended December 31, 2021 and 2020, the Company had three categories of potential ordinary shares: convertible redeemable preferred shares ("**Preferred Shares**"), share options and restricted share units. As the Company incurred losses for the years ended December 31, 2021 and 2020, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amounts of diluted loss per share for the years ended December 31, 2021 and 2020 were the same as basic loss per share of the respective years.

## 8. Property and equipment

The detailed information of property and equipment during the years ended December 31, 2021 and 2020 is as below:

	Buildings <i>RMB'000</i>	Servers, computers and equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At January 1, 2021</b>						
Cost	—	12,315,894	29,566	253,481	25,173	12,624,114
Accumulated depreciation	—	(5,311,475)	(10,199)	(96,340)	—	(5,418,014)
<b>Net book amount</b>	<b>—</b>	<b>7,004,419</b>	<b>19,367</b>	<b>157,141</b>	<b>25,173</b>	<b>7,206,100</b>
<b>Year ended December 31, 2021</b>						
Opening net book amount	—	7,004,419	19,367	157,141	25,173	7,206,100
Currency translation differences	—	(4,537)	(10)	(564)	—	(5,111)
Additions	2,541,793	4,576,165	36,424	103,445	636,205	7,894,032
Transfer from construction in progress to leasehold improvements	—	—	—	141,666	(141,666)	—
Disposal	—	(5,176)	(125)	(609)	(52,671)	(58,581)
Depreciation charge	—	(3,827,465)	(11,295)	(147,150)	—	(3,985,910)
Business combination	—	24	1	99	—	124
<b>Closing net book amount</b>	<b>2,541,793</b>	<b>7,743,430</b>	<b>44,362</b>	<b>254,028</b>	<b>467,041</b>	<b>11,050,654</b>
<b>At December 31, 2021</b>						
Cost	2,541,793	16,851,672	65,172	488,604	467,041	20,414,282
Accumulated depreciation	—	(9,108,242)	(20,810)	(234,576)	—	(9,363,628)
<b>Net book amount</b>	<b>2,541,793</b>	<b>7,743,430</b>	<b>44,362</b>	<b>254,028</b>	<b>467,041</b>	<b>11,050,654</b>

	Buildings <i>RMB'000</i>	Servers, computers and equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At January 1, 2020</b>						
Cost	—	8,401,480	15,945	122,734	34,029	8,574,188
Accumulated depreciation	—	(2,312,079)	(4,972)	(24,832)	—	(2,341,883)
<b>Net book amount</b>	<b>—</b>	<b>6,089,401</b>	<b>10,973</b>	<b>97,902</b>	<b>34,029</b>	<b>6,232,305</b>
<b>Year ended December 31, 2020</b>						
Opening net book amount	—	6,089,401	10,973	97,902	34,029	6,232,305
Currency translation differences	—	(792)	(15)	—	—	(807)
Additions	—	3,916,919	14,394	32,973	88,918	4,053,204
Transfer from construction in progress to leasehold improvements	—	—	—	97,774	(97,774)	—
Disposal	—	(691)	(237)	—	—	(928)
Depreciation charge	—	(3,000,418)	(5,748)	(71,508)	—	(3,077,674)
<b>Closing net book amount</b>	<b>—</b>	<b>7,004,419</b>	<b>19,367</b>	<b>157,141</b>	<b>25,173</b>	<b>7,206,100</b>
<b>At December 31, 2020</b>						
Cost	—	12,315,894	29,566	253,481	25,173	12,624,114
Accumulated depreciation	—	(5,311,475)	(10,199)	(96,340)	—	(5,418,014)
<b>Net book amount</b>	<b>—</b>	<b>7,004,419</b>	<b>19,367</b>	<b>157,141</b>	<b>25,173</b>	<b>7,206,100</b>

Depreciation expenses have been charged to the consolidated income statement as follows:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
Cost of revenues	3,790,217	2,980,192
Selling and marketing expenses	21,347	7,413
Administrative expenses	61,178	40,839
Research and development expenses	113,168	49,230
	<u>3,985,910</u>	<u>3,077,674</u>

## 9. Lease

### (a) *Items recognized in the consolidated balance sheet*

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Right-of-use assets</b>		
Internet data centers	10,101,628	4,435,397
Office buildings	2,431,689	764,315
Land use rights	28,428	—
	<u>12,561,745</u>	<u>5,199,712</u>
<b>Lease liabilities</b>		
Current	3,528,838	2,099,360
Non-current	10,079,847	3,608,041
	<u>13,608,685</u>	<u>5,707,401</u>

Additions to the right-of-use assets for the year ended December 31, 2021 was RMB10.4 billion (2020: RMB2.5 billion).



(b) *Items recognized in the consolidated income statement and consolidated statement of cash flows*

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation charge of right-of-use assets		
— Internet data centers	<b>2,220,689</b>	1,434,374
— Office buildings	<b>514,262</b>	222,083
— Land use rights	<b>491</b>	—
Interest expense (included in finance expense, net)	<b>562,344</b>	225,084
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	<b>118,065</b>	67,755
	<b><u>3,415,851</u></b>	<b><u>1,949,296</u></b>

The total cash outflows in financing activities for leases during the years ended December 31, 2021 and 2020 are as below:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Principal elements of lease payments	<b>2,185,593</b>	1,421,162
Related interest paid	<b>562,344</b>	225,084
	<b><u>2,747,937</u></b>	<b><u>1,646,246</u></b>

## 10. Financial assets at fair value through profit or loss

	As of December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>		
Investments in unlisted entities	2,844,187	3,843,315
Investments in listed entity		
— United States listed	146,165	—
Wealth management products and others	310,271	—
	<u>3,300,623</u>	<u>3,843,315</u>
<b>Current assets</b>		
Investments in listed entity		
— Hong Kong listed	30,738	82,646
Wealth management products and others	8,811,465	3,607,802
	<u>8,842,203</u>	<u>3,690,448</u>
<b>Total</b>	<u><u>12,142,826</u></u>	<u><u>7,533,763</u></u>

Movements in financial assets at fair value through profit or loss are as below:

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>At the beginning of the year</b>	7,533,763	11,160,542
Additions	73,569,288	48,657,244
Disposal	(67,426,383)	(52,084,645)
Transfer to investments accounted for using the equity method	(2,470,647)	—
Change in fair value through profit or loss	1,045,725	272,744
Deemed disposal due to business combination	(6,959)	—
Currency translation differences	(101,961)	(472,122)
<b>At the end of the year</b>	<u><u>12,142,826</u></u>	<u><u>7,533,763</u></u>

## 11. Trade receivables

The detailed information of trade receivables during the years ended December 31, 2021 and 2020 is as below:

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade receivables from contracts with customers	<b>4,476,135</b>	2,444,121
Less: credit loss allowances	<b>(26,043)</b>	(16,082)
	<b><u>4,450,092</u></b>	<b><u>2,428,039</u></b>

The Group generally grants a credit period of 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Up to 3 months	<b>4,358,887</b>	2,339,276
3 to 6 months	<b>117,248</b>	104,845
	<b><u>4,476,135</u></b>	<b><u>2,444,121</u></b>

Movements on the Group's allowance for credit loss of trade receivables are as follows:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
At the beginning of the year	<b>(16,082)</b>	(4,774)
Additional provision	<b>(9,961)</b>	(11,308)
At the end of the year	<b><u>(26,043)</u></b>	<b><u>(16,082)</u></b>

## 12. Cash and bank balances

### (a) Cash and cash equivalents

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Cash at bank and in hand	27,511,859	20,391,545
Time deposits with initial terms within three months	5,100,560	—
	<u>32,612,419</u>	<u>20,391,545</u>

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
RMB	15,441,937	8,710,497
USD	15,377,699	11,657,970
HKD	1,761,064	7
Others	31,719	23,071
	<u>32,612,419</u>	<u>20,391,545</u>

The weighted average effective interest rates on time deposits of the Group with initial terms within three months as of December 31, 2021 was 0.57% per annum (2020: Nil).

**(b) Restricted cash**

Restricted cash are denominated in the following currencies:

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
RMB	—	1,214
USD	<b>2,415</b>	<b>2,484</b>
	<b><u>2,415</u></b>	<b><u>3,698</u></b>

**(c) Time deposits**

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
RMB	<b>4,000,000</b>	610,000
USD	<b>3,825,420</b>	<b>2,619,095</b>
	<b><u>7,825,420</u></b>	<b><u>3,229,095</u></b>

The interest rates on time deposits of the Group with initial terms over three months as of December 31, 2021 were in the range of 0.78% to 3.85% per annum (2020: 0.57% to 4.18%).

**13. Dividends**

No dividends have been paid or declared by the Company during the year ended December 31, 2021 (2020: Nil).

#### 14. Accounts payables

Accounts payables and their aging analysis based on invoice date are as follows:

	As of December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	16,173,978	8,745,012
3 to 6 months	2,347,408	1,816,541
6 months to 1 year	1,145,454	898,262
Over 1 year	354,242	84,482
	<u>20,021,082</u>	<u>11,544,297</u>

#### 15. Advances from customers

The breakdown of advances from customers are as follows:

	As of December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Advances from live streaming customers	1,683,750	1,699,624
Advances from online marketing services customers	1,795,887	1,571,975
Others	23,005	18,499
	<u>3,502,642</u>	<u>3,290,098</u>

The above mentioned advances from customers represented the contract liability in connection with the advances for the purchase of virtual items and advanced cash receipt for services including online marketing services and others. Revenue recognized from the advances from customers balance as of January 1, 2021 in the year of 2021 was RMB2.3 billion (2020 : RMB1.4 billion was recognized from the advances from customers balance as of January 1, 2020).

## 16. Convertible redeemable preferred shares

The movements of the Preferred Shares are set out as below:

	<i>RMB'000</i>
<b>At January 1, 2021</b>	<b>185,372,816</b>
Change in fair value	51,275,797
— Includes: change in fair value due to own credit risk	—
Currency translation differences	(1,564,067)
Conversion into ordinary shares	<u>(235,084,546)</u>
<b>At December 31, 2021</b>	<u>—</u>
<b>At January 1, 2020</b>	69,444,163
Issuance of Series F-1 & F-2 Preferred Shares	20,956,542
Re-designation of Series F-1 & F-2 Preferred Shares from ordinary shares	163,809
Change in fair value	106,843,145
— Includes: change in fair value due to own credit risk	(2,404)
Currency translation differences	<u>(12,034,843)</u>
<b>At December 31, 2020</b>	<u>185,372,816</u>
Total unrealized gains and change in fair value for the year included in “Fair value changes of convertible redeemable preferred shares”	<u>106,845,549</u>

In February 2021, the Company completed its initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited. Upon listing, all the convertible redeemable preferred shares were automatically converted into ordinary shares and were reclassified from liabilities to equity accordingly.

## OTHER INFORMATION

### Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2021.

### Use of Proceeds from the Global Offering

The Class B Shares were listed on the Main Board of the Stock Exchange on the Listing Date. Based on the offer price of HK\$115.00 per offer share, the net proceeds from the Global Offering received by the Company, after deduction of the underwriting commission and other expenses payable by the Company in connection with the Global Offering, were approximately HK\$41,218.0 million.

On February 7, 2021, the underwriters of the Global Offering fully exercised the over-allotment option in respect of an aggregate of 54,782,700 Class B Shares, among which 50,737,300 Class B Shares were newly allotted and issued by the Company. The additional net proceeds of approximately HK\$5,746.4 million were received by the Company from the allotment and issuance of such 50,737,300 new Class B Shares, after deducting the underwriting commission and related expenses payable by the Company relating to the exercise of the over-allotment option.

There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. Please refer to “Future Plans and Use of Proceeds” in the Prospectus for details.

As of December 31, 2021, the Group has utilized the net proceeds as set out in the table below:

	Allocation of net proceeds from the Global Offering (HK\$ million)	Amount of net proceeds utilized as of December 31, 2021 (HK\$ million)	Balance of net proceeds as of December 31, 2021 (HK\$ million)	Expected timeline of full utilization of net proceeds
Approximately 35% to enhance and grow the ecosystem	16,437.5	9,409.6	7,027.9	Before December 31, 2023
Approximately 30% to strengthen research and development and technological capabilities	14,089.3	6,981.4	7,107.9	Before December 31, 2023
Approximately 25% to selectively acquire or invest in products, services and businesses	11,741.1	335.6	11,405.5	Before December 31, 2023
Approximately 10% for working capital and general corporate purposes	4,696.5	2,162.8	2,533.7	Before December 31, 2023
<b>Total</b>	<b>46,964.4</b>	<b>18,889.4</b>	<b>28,075.0</b>	



Since the Company is an offshore holding company, it will need to make capital contributions and loans to its PRC subsidiaries or through loans to the Consolidated Affiliated Entities such that the net proceeds can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under the PRC laws and regulations. There are no costs associated with registering loans or capital contributions with the relevant PRC authorities, other than nominal processing charges. The Company cannot assure that it can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use the net proceeds as described above, in each case on a timely basis, or at all. This is because the PRC regulation of loans and direct investment by offshore holding companies to the PRC entities may delay or prevent the Company from using the net proceeds to make loans or additional capital contributions to its PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect its liquidity and its ability to fund and expand its business.

### **Compliance with the Corporate Governance Code**

The Company is committed to maintaining and promoting high standard of corporate governance which is crucial to the Group's development and safeguard the interests of the Shareholders. The Company adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices during the period from the Listing Date to December 31, 2021.

Save for the deviation from code provision C.2.1, which is explained in the following paragraph, the Company complied with all applicable code provisions as set out in the Corporate Governance Code during the period from the Listing Date to December 31, 2021.

The code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Su Hua assumed the roles of both the chairman of the Board and the chief executive officer of the Company from the Listing Date and up to October 28, 2021, to ensure effective and efficient overall strategic planning of the Group.

With effect from October 29, 2021, Mr. Su Hua has ceased to serve as the chief executive officer of the Company, and Mr. Cheng Yixiao, the co-founder, an executive Director and chief product officer of the Company, has been appointed as the chief executive officer of the Company. The chairman of the Board and the chief executive officer of the Company are currently two separate positions with clear distinction in responsibilities. Mr. Su Hua is responsible for formulating the Group's long-term strategies and exploring new initiatives, while Mr. Cheng Yixiao is leading the day-to-day operations and business development of the Group. Following such change of the chief executive officer, the Company has duly complied with code provision C.2.1 of the Corporate Governance Code.

## **Compliance with the Model Code**

The Company has adopted the Model Code as its own code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiries of all Directors, each of the Directors has confirmed that he complied with the required standards as set out in the Model Code during the period from the Listing Date to December 31, 2021.

## **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries or Consolidated Affiliated Entities purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to December 31, 2021.

## **Audit Committee**

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules (with effect from the Listing Date) and with written terms of reference in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely Mr. Huang Sidney Xuande, Mr. Wang Huiwen and Mr. Ma Yin. The chairman of the Audit Committee is Mr. Huang Sidney Xuande, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee, after the discussion with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2021. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters in respect of risk management and internal control of the Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

The Company's audited consolidated financial statements for the year ended December 31, 2021 have been prepared in accordance with IFRS.

## **Auditor's Procedures Performed on this Results Announcement**

The figures in respect of the announcement of the Group's results for the year ended December 31, 2021 have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

## **Significant Events after December 31, 2021**

Save as disclosed in this announcement, there were no other significant events affecting the Group which occurred after December 31, 2021 and up to the date of this announcement.

## **Annual General Meeting**

The 2022 AGM of the Company will be held on Friday, June 17, 2022. A notice convening the 2022 AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

## **Closure of Register of Members**

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Tuesday, June 14, 2022 to Friday, June 17, 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2022 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, June 13, 2022.

## **Publication of the Annual Results and Annual Report**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kuaishou.com](http://www.kuaishou.com)), and the annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kuaishou.com](http://www.kuaishou.com)) and will be despatched to the Shareholders in accordance with the Listing Rules in due course.

## APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude to our conscientious and professional staff and management team for their hard work during the past year. I would also like to extend our thanks and appreciation to our Shareholders and stakeholders who continue to provide us with great support and confidence.

By order of the Board  
**Kuaishou Technology**  
**Mr. Su Hua**  
*Chairman*

Hong Kong, March 29, 2022

*As at the date of this announcement, the Board comprises Mr. Su Hua and Mr. Cheng Yixiao as executive Directors; Mr. Li Zhaohui, Mr. Zhang Fei, Dr. Shen Dou and Mr. Lin Frank as non-executive Directors; Mr. Wang Huiwen, Mr. Huang Sidney Xuande and Mr. Ma Yin as independent non-executive Directors.*

*Certain statements included in this announcement, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “might”, “can”, “could”, “will”, “would”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “seek”, or “timetable”. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include our business outlook, estimates of financial performance, forecast business plans, growth strategies and projections of anticipated trends in our industry. These forward-looking statements are based on information currently available to our Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, many of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this announcement or those that might reflect the occurrence of unanticipated events.*

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“AGM”</b>	annual general meeting of the Company
<b>“ARPPU”</b>	average revenue per paying user, calculated as revenue in a given period divided by the number of paying users during that period
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company adopted on January 18, 2021, which has become effective on the Listing Date, as amended from time to time
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Auditor”</b>	PricewaterhouseCoopers, the external auditor of the Company
<b>“Board” or “Board of Directors”</b>	the board of directors of the Company
<b>“Class A Shares”</b>	class A ordinary shares of the share capital of the Company with a par value of US\$0.0000053 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to 10 votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
<b>“Class B Shares”</b>	class B ordinary shares of the share capital of the Company with a par value of US\$0.0000053 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
<b>“Company”, “our Company”, “the Company”, “Kuaishou”, “we” or “us”</b>	Kuaishou Technology (快手科技), an exempted company incorporated in the Cayman Islands with limited liability on February 11, 2014

<b>“Consolidated Affiliated Entities”</b>	the entities that the Company controls through a set of contractual arrangements
<b>“Corporate Governance Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>“DAUs”</b>	refers to daily active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the day
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Global Offering”</b>	the global offering of the Class B Shares
<b>“GMV”</b>	gross merchandise value, the total value of all orders for products and services placed on, or directed to the Group’s partners through, the Group’s platform, regardless of whether the order is settled or returned, excluding single transactions of RMB100,000 or greater and any series of transactions from a single buyer totaling RMB1,000,000 or greater in a single day, unless they are settled
<b>“Group”, “our Group” or “the Group”</b>	the Company, its subsidiaries and its Consolidated Affiliated Entities, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of the Company at the time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“IFRS”</b>	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
<b>“Kuaishou App”</b>	collectively, Kuaishou Flagship, Kuaishou Express and Kuaishou Concept mobile apps
<b>“Kuaishou Concept”</b>	an app that we launched in November 2018 to explore different user needs and preferences

<b>“Kuaishou Express”</b>	a variant of Kuaishou Flagship that was officially launched in August 2019
<b>“Kuaishou Flagship”</b>	a mobile app that was derived from our original mobile app, <i>GIF Kuaishou</i> (launched in 2011)
<b>“Listing Date”</b>	February 5, 2021, on which the Class B Shares were listed and dealings in the Class B Shares were first permitted to take place on the Main Board of the Stock Exchange
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
<b>“Main Board”</b>	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
<b>“MAUs”</b>	refers to monthly active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the calendar month
<b>“Memorandum”</b>	the memorandum of association of the Company (as amended from time to time), adopted on January 18, 2021, which has become effective on the Listing Date
<b>“Model Code”</b>	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“MPUs”</b>	monthly paying users, which refers to the number of user accounts that purchase a particular service at least once in a given month
<b>“paying user”</b>	a user account that purchases a particular service at least once during a given period
<b>“PRC” or “China”</b>	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
<b>“Prospectus”</b>	the prospectus of the Company dated January 26, 2021



<b>“repeat purchase rate”</b>	the percentage of purchasing users in a given month that also make a purchase in the following month
<b>“Reserved Matters”</b>	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of the PRC
<b>“Shareholder(s)”</b>	holder(s) of the Shares
<b>“Share(s)”</b>	the Class A Shares and Class B Shares in the capital of the Company, as the context so requires
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it under the Companies Ordinance
<b>“US\$” or “USD”</b>	the lawful currency of the United States of America
<b>“%”</b>	per cent



## APPENDIX II

### RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

*This section supersedes in its entirety the section in the Base Listing Document entitled "Information Relating to UBS AG".*

#### 1. Overview

UBS AG ("**Issuer**") with its subsidiaries (together, "**UBS AG consolidated**", or "**UBS AG Group**"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "**UBS Group**", "**Group**", "**UBS**" or "**UBS Group AG consolidated**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Group Functions and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank.

On 31 December 2021, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 15.0%, the CET1 leverage ratio was 4.24%, the total loss-absorbing capacity ratio was 34.7%, and the total loss-absorbing capacity leverage ratio was 9.8%.<sup>1</sup> On the same date, invested assets stood at USD 4,596 billion, equity attributable to shareholders was USD 60,662 million and market capitalisation was USD 61,230 million. On the same date, UBS employed 71,385 people.<sup>2</sup>

On 31 December 2021, UBS AG consolidated CET1 capital ratio was 13.9%, the CET1 leverage ratio was 3.90%, the total loss-absorbing capacity ratio was 33.3%, and the total loss-absorbing capacity leverage ratio was 9.3%.<sup>1</sup> On the same date, invested assets stood at USD 4,596 billion and equity attributable to UBS AG shareholders was USD 58,102 million. On the same date, UBS AG Group employed 47,067 people.<sup>2</sup>

The rating agencies S&P Global Ratings Europe Limited ("**S&P**"), Moody's Deutschland GmbH ("**Moody's**"), and Fitch Ratings Limited ("**Fitch**") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch and S&P may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ from S&P, long-term senior debt rating of Aa3 from Moody's, and long-term issuer default rating of AA- from Fitch.

An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The ratings of UBS AG should be evaluated independently from similar ratings of other entities, and from the rating, if any, of its securities. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**") and currently appears on the list of credit rating agencies registered or certified with the Financial Conduct Authority published on its website [www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras](http://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras). Ratings given by Fitch are endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") and

<sup>1</sup> All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2021 for more information.

<sup>2</sup> Full-time equivalents.

currently appears on the list of credit ratings agencies published by ESMA on its website [www.esma.europa.eu](http://www.esma.europa.eu) in accordance with the EU CRA Regulation. S&P and Moody's are established in the European Union and registered under the EU CRA Regulation and currently appear on the list of credit ratings agencies published by ESMA on its website in accordance with the EU CRA Regulation. Ratings given by S&P and Moody's are endorsed by Standard & Poor's Global Ratings UK Limited and Moody's Investors Service Ltd, respectively, which are established in the UK and registered under the UK CRA Regulation and currently appear on the list of credit rating agencies registered or certified with the FCA published on its website.

No profit forecasts or estimates are included in this document.

No recent events particular to the Issuer have occurred which are to a material extent relevant to the evaluation of the Issuer's solvency.

## **2. Information about the Issuer**

### **2.1 Corporate Information**

The legal and commercial name of the Issuer is UBS AG.

The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the Issuer changed its name to UBS AG. The Issuer in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG's Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.

According to article 2 of the articles of association of UBS AG dated 26 April 2018 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

### **2.2 UBS's borrowing and funding structure and financing of UBS's activities**

For information on UBS's expected financing of its business activities, please refer to "*Liquidity and funding management*" in the "*Capital, liquidity and funding, and balance sheet*" section of the Annual Report 2021.

## **3. Business Overview**

### **3.1 Organisational Structure of the Issuer**

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS

Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and Group Functions.

In 2014, UBS began adapting its legal entity structure in response to too-big-to-fail requirements and other regulatory initiatives. First, UBS Group AG was established as the ultimate parent holding company for the Group. In 2015, UBS AG transferred its personal & corporate banking and Swiss-booked wealth management businesses to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. That same year, UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established and acts as the Group service company. In 2016, UBS Americas Holding LLC became the intermediate holding company for UBS's US subsidiaries and UBS's wealth management subsidiaries across Europe were merged into UBS Europe SE, UBS's German-headquartered European subsidiary. In 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE.

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2021, including interests in significant subsidiaries, are discussed in "Note 29 Interests in subsidiaries and other entities" to the UBS Group AG's consolidated financial statements included in the UBS Group AG and UBS AG Annual Report 2021 published on 07 March 2022 ("**Annual Report 2021**").

UBS AG's interests in subsidiaries and other entities as of 31 December 2021, including interests in significant subsidiaries, are discussed in "Note 29 Interests in subsidiaries and other entities" to the UBS AG's consolidated financial statements included in the Annual Report 2021.

UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.

### **3.2 Principal activities**

UBS businesses are organised globally into four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, and the Investment Bank. All four business divisions are supported by Group Functions. Each of the business divisions and Group Functions are described below. A description of the businesses, organisational structures, products and services and targeted markets of the business divisions and Group Functions can be found under "*Our businesses*" in the "*Our strategy, business model and environment*" section of the Annual Report 2021.

- *Global Wealth Management* provides financial services, advice and solutions to private clients, in particular in the ultrahigh net worth and high net worth segments. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management products and services. The business division is managed globally across the regions.
- *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from basic banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.
- Asset Management is a large-scale and diversified global asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients globally.
- The *Investment Bank* provides a range of services to institutional, corporate and wealth management clients globally, to help them raise capital, grow their businesses, invest and

manage risks. Its offerings include advisory services, facilitating clients raising debt and equity from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.

- *Group Functions* is made up of the following major areas: Group Services (which consists of Technology, Corporate Services, Human Resources, Finance, Legal, Risk Control, Compliance, Regulatory & Governance, Communications & Branding and Group Sustainability and Impact), Group Treasury and Non-core and Legacy Portfolio.

### 3.3 Competition

The financial services industry is characterized by intense competition, continuous innovation, restrictive, detailed, and sometimes fragmented regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase.

Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this document are made on the basis of the opinion of UBS AG or the Group.

### 3.4 Recent Developments

#### 3.4.1 UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2021, 2020 and 2019 from the Annual Report 2021, except where noted.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

Information for the years ended 31 December 2021, 2020 and 2019 which is indicated as being unaudited in the table below was included in the Annual Report 2021, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2021 and should not rely solely on the summarized information set out below.

	As of or for the year ended		
<i>USD million, except where indicated</i>	31.12.21	31.12.20	31.12.19
	<i>audited, except where indicated</i>		
<b>Results</b>			
<b>Income statement</b>			
Operating income	35,976	32,780	29,307
Net interest income	6,605	5,788	4,415
Net fee and commission income	22,438	19,207	17,460
Credit loss (expense) / release	148	(695)	(78)
Other net income from financial instruments measured at fair value through profit or loss	5,844	6,930	6,833
Operating expenses	27,012	25,081	24,138
Operating profit / (loss) before tax	8,964	7,699	5,169

Net profit / (loss) attributable to shareholders	7,032	6,196	3,965
<b>Balance sheet <sup>1</sup></b>			
Total assets	1,116,145	1,125,327	971,927
Total financial liabilities measured at amortized cost	744,762	732,364	617,429
<i>of which: customer deposits</i>	544,834	527,929	450,591
<i>of which: debt issued measured at amortized cost</i>	82,432	85,351	62,835
<i>of which: subordinated debt</i>	5,163	7,744	7,431
Total financial liabilities measured at fair value through profit or loss	300,916	325,080	291,452
<i>of which: debt issued designated at fair value</i>	71,460	59,868	66,592
Loans and advances to customers	398,693	380,977	327,992
Total equity	58,442	58,073	53,896
Equity attributable to shareholders	58,102	57,754	53,722
<b>Profitability and growth</b>			
Return on equity (%) <sup>2</sup>	12.3*	10.9*	7.4*
Return on tangible equity (%) <sup>3</sup>	13.9*	12.4*	8.5*
Return on common equity tier 1 capital (%) <sup>4</sup>	17.6*	16.6*	11.3*
Return on risk-weighted assets, gross (%) <sup>5</sup>	12.3*	11.9*	11.2*
Return on leverage ratio denominator, gross (%) <sup>6,7</sup>	3.4*	3.4*	3.2*
Cost / income ratio (%) <sup>8</sup>	75.4*	74.9*	82.1*
Net profit growth (%) <sup>9</sup>	13.5*	56.3*	(3.4)*
<b>Resources</b>			
Common equity tier 1 capital <sup>10</sup>	41,594	38,181	35,233*
Risk-weighted assets <sup>10</sup>	299,005*	286,743*	257,831*
Common equity tier 1 capital ratio (%) <sup>10</sup>	13.9*	13.3*	13.7*
Going concern capital ratio (%) <sup>10</sup>	18.5*	18.3*	18.3*
Total loss-absorbing capacity ratio (%) <sup>10</sup>	33.3*	34.2*	33.9*
Leverage ratio denominator <sup>6, 10</sup>	1,067,679*	1,036,771*	911,228*
Common equity tier 1 leverage ratio (%) <sup>6, 10</sup>	3.90*	3.68*	3.87*
Going concern leverage ratio (%) <sup>6, 10</sup>	5.2*	5.1*	5.2*
Total loss-absorbing capacity leverage ratio (%) <sup>10</sup>	9.3*	9.5*	9.6*
<b>Other</b>			
Invested assets (USD billion) <sup>11</sup>	4,596	4,187	3,607
Personnel (full-time equivalents)	47,067*	47,546*	47,005*

\* unaudited

<sup>1</sup> Except for *Total assets*, *Total equity* and *Equity attributable to shareholders*, balance sheet information for year ended 31 December 2019 is derived from the Annual Report 2020.

<sup>2</sup> Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders. This measure provides information about the profitability of the business in relation to equity.

<sup>3</sup> Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders less average goodwill and intangible assets. This measure provides information about the profitability of the business in relation to tangible equity.

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<sup>4</sup> Calculated as net profit attributable to shareholders (annualized as applicable) divided by average common equity tier 1 capital. This measure provides information about the profitability of the business in relation to common equity tier 1 capital.

<sup>5</sup> Calculated as operating income before credit loss expense or release (annualized as applicable) divided by average risk-weighted assets. This measure provides information about the revenues of the business in relation to risk-weighted assets.

<sup>6</sup> Leverage ratio denominators and leverage ratios for year 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19.

<sup>7</sup> Calculated as operating income before credit loss expense or release (annualized as applicable) divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to leverage ratio denominator.

<sup>8</sup> Calculated as operating expenses divided by operating income before credit loss expense or release (annualized as applicable). This measure provides information about the efficiency of the business by comparing operating expenses with gross income.

<sup>9</sup> Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of comparison period. This measure provides information about profit growth in comparison with the prior period.

<sup>10</sup> Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.

<sup>11</sup> Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.

### 3.4.2 *Regulatory, legal and other developments*

Refer to “*Our environment*” and “*Regulatory and legal developments*” in the Annual Report 2021, for information on key regulatory, legal and other developments.

## 3.5 **Trend Information**

For information on trends, refer to the “*Our environment*” section, and to “*Top and emerging risks*” and “*Country risk*” in the “*Risk management and control*” section of the Annual Report 2021. In addition, please refer to the “*Risk factors*” and the “*Recent Developments*” sections of this document for more information.

## 4. **Administrative, Management and Supervisory Bodies of the Issuer**

UBS AG complies with all relevant Swiss legal and regulatory corporate governance requirements. As a foreign private issuer with debt securities listed on the New York Stock Exchange (“**NYSE**”), UBS AG also complies with the relevant NYSE corporate governance standards applicable to foreign private issuers.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors (“**BoD**”) exercises the ultimate supervision over management, whereas the Executive Board (“**EB**”), headed by the President of the Executive Board (“**President of the EB**”), has executive management responsibility. The functions of Chairman of the BoD and President of the EB are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the executive management of UBS AG Group, for which responsibility is delegated to the EB under the leadership of the President of the EB. No member of one board may simultaneously be a member of the other.

Supervision and control of the EB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the Articles of Association and the Organization Regulations of UBS AG.

### 4.1 **Board of Directors**

The BoD consists of between 5 and 12 members. All the members of the BoD are elected individually by the shareholders at the Annual General Meeting (“**AGM**”) for a term of office of one year, which expires after the completion of the next AGM. Shareholders also elect the Chairman upon proposal of the BoD.

The BoD meets as often as business requires, and at least six times a year.

#### 4.1.1 Members of the Board of Directors

The current members of the BoD are listed below. In addition, UBS announced that at the next AGM Colm Kelleher will be nominated for election to the BoD as Chairman and Lukas Gähwiler will be nominated for election to the BoD as Vice Chairman.

<b>Member</b>	<b>Title</b>	<b>Term of office</b>	<b>Current principal activities outside UBS AG</b>
Axel A. Weber	Chairman	2022	Chairman of the Board of Directors of UBS Group AG; vice chairman of the Swiss Bankers Association; Trustees Board member of Avenir Suisse; board member of the Swiss Finance Council; chairman of the board of the Institute of International Finance; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Councils of the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Advisory Board member of the Department of Economics, University of Zurich; member of the Trilateral Commission.
Jeremy Anderson	Vice Chairman	2022	Vice-Chairman and Senior Independent Director of the Board of Directors of UBS Group AG; board member of Prudential plc; trustee of the UK’s Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
Claudia Böckstiegel	Member	2022	Member of the Board of Directors of UBS Group AG; General Counsel and member of the Enlarged Executive Committee of Roche Holding AG.
William C. Dudley	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Treliant LLC; senior advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; chair of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education.
Patrick Firmenich	Member	2022	Member of the Board of Directors of UBS Group AG; chairman of the board of Firmenich International SA; member of the board of Jacobs Holding AG; member of the Board of INSEAD and INSEAD World Foundation;

			member of the Advisory Council of the Swiss Board Institute.
Reto Francioni	Member	2022	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG (Senior Independent Non-Executive Director, chair of the nomination committee); chairman of the board of Swiss International Air Lines AG; board member of economiessuisse.
Fred Hu	Member	2022	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings (chair of the nomination and governance committee); board member of Industrial and Commercial Bank of China; chairman of Primavera Capital Ltd and of Primavera Capital Group; member of the Board of Ant Group; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School in Hong Kong; co-chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Studies (IAS).
Mark Hughes	Member	2022	Member of the Board of Directors of UBS Group AG; chair of the Board of Directors of the Global Risk Institute; visiting lecturer at the University of Leeds; senior advisor to McKinsey & Company.
Nathalie Rachou	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Euronext N.V. (chair of the remuneration committee); member of the board of Veolia Environnement SA (chair of the audit committee); member of the board of the African Financial Institutions Investment Platform.
Julie G. Richardson	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Yext (chair of the audit committee); member of the board of Datalog (chair of the audit committee).
Dieter Wemmer	Member	2022	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S (chair of the audit and risk committee); chairman of Marco Capital Holdings Limited and Marco Insurance, Malta; member of the Berlin Center of Corporate Governance.
Jeanette Wong	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Prudential plc; member of the board of Singapore Airlines Limited; member of the Board Risk Committee of GIC Pte Ltd; board member of Jurong Town Corporation; board member of PSA International; chairman of the CareShield Life Council; member of the Securities Industry Council; member of



the Board of Trustees of the National University of Singapore.

## 4.2 Executive Board (“EB”)

Under the leadership of the President of the EB, the EB has executive management responsibility for UBS AG and its business. All EB members (with the exception of the President of the EB) are proposed by the President of the EB. The appointments are made by the BoD.

### 4.2.1 Members of the Executive Board

The current members of the EB are listed below. In addition, Sarah Youngwood joined the GEB at the beginning of March 2022, and will take over as Group Chief Financial Officer in May succeeding Kirt Gardner, who will retire from the firm.

<b>Member and business address</b>	<b>Function</b>	<b>Current principal activities outside UBS AG</b>
Ralph Hamers  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President of the Executive Board	Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; member of the Board of the Swiss-American Chamber of Commerce; member of the Institut International D'Etudes Bancaires; member of the IMD Foundation Board; member of the McKinsey Advisory Council; member of the World Economic Forum International Business Council; Governor of the World Economic Forum (Financial Services).
Christian Bluhm  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Risk Officer	Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; board member of UBS Switzerland AG; member of the Foundation Board of the UBS Pension Fund; member of the Foundation Board – International Financial Risk Institute.
Mike Dargan  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Digital and Information Officer	Member of the Group Executive Board and Chief Digital and Information Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of Directors of Done Next Holdings AG; member of the Board of Trustees of the Inter-Community School Zurich.
Kirt Gardner  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; board member of UBS Business Solutions AG.

<p>Suni Harford</p> <p>UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA</p>	<p>President Asset Management</p>	<p>Member of the Executive Board and President Asset Management of UBS Group AG; chairman of the Board of Directors of UBS Asset Management AG; chair of the Board of UBS Optimus Foundation; member of the Leadership Council of the Bob Woodruff Foundation.</p>
<p>Robert Karofsky</p> <p>UBS AG, 1285 Avenue of the Americas, New York, NY 10019, USA</p>	<p>President Investment Bank</p>	<p>Member of the Group Executive Board and President Investment Bank of UBS Group AG; president of UBS Securities LLC; member of the board of UBS Americas Holding LLC; member of the board of UBS Optimus Foundation; trustee of the UBS Americas Inc. Political Action Committee.</p>
<p>Iqbal Khan</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	<p>Co-President Global Wealth Management and President UBS Europe, Middle East and Africa</p>	<p>Member of the Executive Board, co-President Global Wealth Management and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; member of the board of UBS Optimus Foundation; board member of Room to Read Switzerland.</p>
<p>Edmund Koh</p> <p>UBS AG, One Raffles Quay North Tower, Singapore 048583</p>	<p>President UBS Asia Pacific</p>	<p>Member of the Group Executive Board and President UBS Asia Pacific of UBS Group AG; member of a sub-committee of the Singapore Ministry of Finance's Committee on the Future Economy; member of the Financial Centre Advisory Panel of the Monetary Authority of Singapore; council member of the Asian Bureau of Finance and Economic Research; member of the Board of Trustees of the Wealth Management Institute, Singapore; board member of Next50 Limited, Singapore; board member of Medico Suites (S) Pte Ltd; Council member of the KidSTART program of the Early Childhood Development Agency Singapore; trustee of the Cultural Matching Fund, Singapore; member of University of Toronto's International Leadership Council for Asia.</p>
<p>Barbara Levi</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	<p>General Counsel</p>	<p>Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Employers' Board of the Global Institute for Women's Leadership, King's College London; member of the Board of Directors of the European General Counsel Association.</p>

Tom Naratil  UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	Co-President Global Wealth Management and President UBS Americas	Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; CEO and board member of UBS Americas Holding LLC; board member of the American Swiss Foundation.
Markus Ronner  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Compliance and Governance Officer	Member of the Group Executive Board and Group Chief Compliance and Governance Officer of UBS Group AG.
Sarah Youngwood  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Designated Chief Financial Officer as of May 2022	Member of the Group Executive Board of UBS Group AG, and Designated Group Chief Financial Officer as of May 2022; Advisory Board Member – Wall Street Women’s Alliance.

#### 4.3 Potential Conflicts of Interest

Members of the BoD and the EB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD and EB members, please see sections 4.1.1 and 4.2.1 above, respectively) and may have economic or other private interests that differ from those of UBS AG. Conflicts of interest may potentially arise from these positions or interests. For example, it cannot be excluded that a member of the BoD or EB has or will have a function within a company, the shares of which are or will be traded by UBS AG or which has or will have a business relationship with UBS AG. UBS AG is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

Other than as indicated above, UBS is not aware of potential conflicts of interests between any duties to the Issuer of the members of the BoD and the EB and their private interests or other duties.

#### 5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs of 18 April 2019, 27 April 2020 and 7 April 2021, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel, Switzerland ("**Ernst & Young**") was elected as auditor for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. Ernst & Young is also registered with the Swiss Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

#### 6. Major Shareholders of the Issuer

UBS Group AG owns 100% of the outstanding shares of UBS AG. UBS AG is a wholly owned subsidiary of UBS Group AG. While UBS has no specific corporate measures intended to prevent abuse of control to the detriment of minority shareholders, UBS has adopted a comprehensive and integrated

governance framework which takes into account the specific requirements of each relevant jurisdiction. This governance framework includes separate articles of association and organizational regulations for UBS Group AG and UBS AG. In addition, as UBS AG is regulated as a bank in Switzerland, it is subject to capital regulation and close supervisory oversight. This includes the general requirement under Swiss law that contracts of UBS AG with affiliates are subject to an arm's length principle of negotiation.

## **7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses**

### **7.1 Historical Annual Financial Information**

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial year 2021 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2021 and in the UBS AG's standalone financial statements for the year ended 31 December 2021 (the "**Standalone Financial Statements 2021**"), respectively; and for financial year 2020 it is available in the "*UBS AG consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2020, published on 5 March 2021 ("**Annual Report 2020**") and in the UBS AG's standalone financial statements for the year ended 31 December 2020 published on 5 March 2021 (the "**Standalone Financial Statements 2020**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

The annual financial reports form an essential part of UBS AG's reporting. They include the audited consolidated financial statements of UBS AG, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The annual reports also include discussions and analysis of the consolidated financial and business results of UBS, its business divisions and Group Functions. In addition, UBS AG prepares and publishes standalone financial statements in accordance with Swiss GAAP, as well as certain additional disclosures required under US Securities and Exchange Commission regulations.

### **7.2 Auditing of Historical Annual Financial Information**

The consolidated financial statements and the standalone financial statements of UBS AG for the financial years 2021 and 2020 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 422-428 (inclusive) of the Annual Report 2021 and on pages 417-428 (inclusive) of the Annual Report 2020. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 37-42 (inclusive) of the Standalone Financial Statements 2021 and on pages 34-39 (inclusive) of the Standalone Financial Statements 2020.

There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2021 and 31 December 2020.

### **7.3 Litigation, Regulatory and Similar Matters**

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain

waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

Specific litigation, regulatory and other matters, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects, are described in "*Note 18 Provisions and contingent liabilities*" of the Annual Report 2021. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

#### **7.4 Material Contracts**

Except as otherwise disclosed in this document (including the documents incorporated herein by reference), no material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

#### **7.5 Significant Changes in the Financial Position and Performance; Material Adverse Change in Prospects**

Except as otherwise indicated in this document (including the documents incorporated herein by reference), no material changes have occurred in UBS AG's assets and liabilities, financial position or profits and losses since 31 December 2021.

### **8. Share Capital**

As reflected in the Articles of Association most recently registered with the Commercial Register of the Canton of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of CHF 0.10 each (article 4), and (ii) conditional capital in the amount of CHF 38,000,000, comprising 380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a).

### **9. Documents Available**

The most recent Articles of Association of UBS AG are available on UBS's Corporate Governance website, at [www.ubs.com/governance](http://www.ubs.com/governance). Save as otherwise indicated herein, information on or accessible through the Group's corporate website, [www.ubs.com](http://www.ubs.com), does not form part of and is not incorporated into this document.

**APPENDIX III**

**EXTRACT OF  
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
UBS AG AND ITS SUBSIDIARIES  
FOR THE FULL YEAR ENDED 31 DECEMBER 2021**

# UBS Group AG interim consolidated financial information (unaudited)

## Income statement

<i>USD million</i>	For the quarter ended			For the year ended	
	31.12.21	30.9.21	31.12.20	31.12.21	31.12.20
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	2,152	2,178	2,111	8,533	8,810
Interest expense from financial instruments measured at amortized cost	(768)	(822)	(857)	(3,259)	(4,247)
Net interest income from financial instruments measured at fair value through profit or loss	387	338	368	1,431	1,299
Net interest income	1,770	1,693	1,622	6,705	5,862
Other net income from financial instruments measured at fair value through profit or loss	1,365	1,697	1,453	5,850	6,960
Credit loss (expense) / release	27	14	(66)	148	(694)
Fee and commission income	6,042	6,119	5,543	24,372	20,961
Fee and commission expense	(513)	(510)	(459)	(1,985)	(1,775)
Net fee and commission income	5,529	5,610	5,084	22,387	19,186
Other income	40	115	24	452	1,076
Total operating income	8,732	9,128	8,117	35,542	32,390
Personnel expenses	4,216	4,598	3,989	18,387	17,224
General and administrative expenses	2,212	1,148	1,515	5,553	4,885
Depreciation, amortization and impairment of non-financial assets	574	518	627	2,118	2,126
Total operating expenses	7,003	6,264	6,132	26,058	24,235
Operating profit / (loss) before tax	1,729	2,865	1,985	9,484	8,155
Tax expense / (benefit)	370	576	341	1,998	1,583
Net profit / (loss)	1,359	2,289	1,645	7,486	6,572
Net profit / (loss) attributable to non-controlling interests	11	9	9	29	15
<b>Net profit / (loss) attributable to shareholders</b>	<b>1,348</b>	<b>2,279</b>	<b>1,636</b>	<b>7,457</b>	<b>6,557</b>

## Earnings per share (USD)

Basic	0.39	0.66	0.46	2.14	1.83
Diluted	0.38	0.63	0.44	2.06	1.77

## Statement of comprehensive income

USD million	For the quarter ended			For the year ended	
	31.12.21	30.9.21	31.12.20	31.12.21	31.12.20
<b>Comprehensive income attributable to shareholders<sup>1</sup></b>					
Net profit / (loss)	1,348	2,279	1,636	7,457	6,557
<b>Other comprehensive income that may be reclassified to the income statement</b>					
<b>Foreign currency translation</b>					
Foreign currency translation movements related to net assets of foreign operations, before tax	315	(392)	1,143	(1,076)	2,103
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(183)	175	(539)	498	(936)
Foreign currency translation differences on foreign operations reclassified to the income statement	0	7	0	(2)	(7)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	3	0	0	10	2
Income tax relating to foreign currency translations, including the impact of net investment hedges	(24)	53	(52)	35	(67)
Subtotal foreign currency translation, net of tax	111	(156)	552	(535)	1,095
<b>Financial assets measured at fair value through other comprehensive income</b>					
Net unrealized gains / (losses), before tax	(49)	(44)	0	(203)	223
Net realized gains / (losses) reclassified to the income statement from equity	0	0	(3)	(9)	(40)
Income tax relating to net unrealized gains / (losses)	13	11	3	55	(48)
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(37)	(33)	0	(157)	136
<b>Cash flow hedges of interest rate risk</b>					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(250)	(112)	(191)	(992)	2,012
Net (gains) / losses reclassified to the income statement from equity	(269)	(282)	(256)	(1,073)	(770)
Income tax relating to cash flow hedges	98	77	87	390	(231)
Subtotal cash flow hedges, net of tax	(421)	(316)	(360)	(1,675)	1,011
<b>Cost of hedging</b>					
Cost of hedging, before tax	(14)	5	(1)	(32)	(13)
Income tax relating to cost of hedging	6	0	0	6	0
Subtotal cost of hedging, net of tax	(8)	5	(1)	(26)	(13)
<b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>	<b>(355)</b>	<b>(500)</b>	<b>191</b>	<b>(2,393)</b>	<b>2,230</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>					
<b>Defined benefit plans</b>					
Gains / (losses) on defined benefit plans, before tax	149	10	37	2	(327)
Income tax relating to defined benefit plans	(25)	(9)	49	(7)	109
Subtotal defined benefit plans, net of tax	124	2	86	(5)	(218)
<b>Own credit on financial liabilities designated at fair value</b>					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	55	(98)	(211)	46	(293)
Income tax relating to own credit on financial liabilities designated at fair value	0	0	0	0	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	55	(98)	(211)	46	(293)
<b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>	<b>178</b>	<b>(96)</b>	<b>(126)</b>	<b>42</b>	<b>(511)</b>
<b>Total other comprehensive income</b>	<b>(177)</b>	<b>(596)</b>	<b>65</b>	<b>(2,351)</b>	<b>1,719</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>1,171</b>	<b>1,683</b>	<b>1,701</b>	<b>5,106</b>	<b>8,276</b>
<b>Comprehensive income attributable to non-controlling interests</b>					
Net profit / (loss)	11	9	9	29	15
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(4)	(14)	18	(16)	21
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>7</b>	<b>(5)</b>	<b>27</b>	<b>13</b>	<b>36</b>
<b>Total comprehensive income</b>					
Net profit / (loss)	1,359	2,289	1,645	7,486	6,572
Other comprehensive income	(181)	(610)	83	(2,367)	1,740
<i>of which: other comprehensive income that may be reclassified to the income statement</i>	<i>(355)</i>	<i>(500)</i>	<i>191</i>	<i>(2,393)</i>	<i>2,230</i>
<i>of which: other comprehensive income that will not be reclassified to the income statement</i>	<i>175</i>	<i>(110)</i>	<i>(108)</i>	<i>26</i>	<i>(490)</i>
<b>Total comprehensive income</b>	<b>1,178</b>	<b>1,678</b>	<b>1,728</b>	<b>5,119</b>	<b>8,312</b>

<sup>1</sup> Refer to the "Group performance" section of this report for more information.



**Balance sheet**

<i>USD million</i>	31.12.21	30.9.21	31.12.20
<b>Assets</b>			
Cash and balances at central banks	192,817	174,478	158,231
Loans and advances to banks	15,480	16,378	15,444
Receivables from securities financing transactions	75,012	74,476	74,210
Cash collateral receivables on derivative instruments	30,514	31,654	32,737
Loans and advances to customers	397,761	390,369	379,528
Other financial assets measured at amortized cost	26,209	27,082	27,194
<b>Total financial assets measured at amortized cost</b>	<b>737,794</b>	<b>714,437</b>	<b>687,345</b>
Financial assets at fair value held for trading	130,821	125,471	125,397
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>	<i>43,397</i>	<i>47,683</i>	<i>47,098</i>
Derivative financial instruments	118,142	121,189	159,617
Brokerage receivables	21,839	20,746	24,659
Financial assets at fair value not held for trading	60,080	60,799	80,364
<b>Total financial assets measured at fair value through profit or loss</b>	<b>330,882</b>	<b>328,205</b>	<b>390,037</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>8,844</b>	<b>8,397</b>	<b>8,258</b>
Investments in associates	1,243	1,188	1,557
Property, equipment and software	12,888	12,827	13,109
Goodwill and intangible assets	6,378	6,401	6,480
Deferred tax assets	8,876	8,830	9,212
Other non-financial assets	10,277	8,489	9,768
<b>Total assets</b>	<b>1,117,182</b>	<b>1,088,773</b>	<b>1,125,765</b>
<b>Liabilities</b>			
Amounts due to banks	13,101	13,292	11,050
Payables from securities financing transactions	5,533	5,256	6,321
Cash collateral payables on derivative instruments	31,798	33,062	37,312
Customer deposits	542,007	517,697	524,605
Debt issued measured at amortized cost	139,155	133,662	139,232
Other financial liabilities measured at amortized cost	9,001	9,569	9,729
<b>Total financial liabilities measured at amortized cost</b>	<b>740,595</b>	<b>712,537</b>	<b>728,250</b>
Financial liabilities at fair value held for trading	31,688	34,650	33,595
Derivative financial instruments	121,309	121,162	161,102
Brokerage payables designated at fair value	44,045	45,557	38,742
Debt issued designated at fair value	73,799	71,898	61,243
Other financial liabilities designated at fair value	30,074	30,248	30,387
<b>Total financial liabilities measured at fair value through profit or loss</b>	<b>300,916</b>	<b>303,515</b>	<b>325,069</b>
Provisions	3,518	2,810	2,828
Other non-financial liabilities	11,151	9,359	9,854
<b>Total liabilities</b>	<b>1,056,180</b>	<b>1,028,221</b>	<b>1,066,000</b>
<b>Equity</b>			
Share capital	322	322	338
Share premium	15,928	15,828	16,753
Treasury shares	(4,675)	(3,847)	(4,068)
Retained earnings	43,851	42,330	38,776
Other comprehensive income recognized directly in equity, net of tax	5,236	5,586	7,647
<b>Equity attributable to shareholders</b>	<b>60,662</b>	<b>60,219</b>	<b>59,445</b>
Equity attributable to non-controlling interests	340	333	319
<b>Total equity</b>	<b>61,002</b>	<b>60,552</b>	<b>59,765</b>
<b>Total liabilities and equity</b>	<b>1,117,182</b>	<b>1,088,773</b>	<b>1,125,765</b>

## Provisions and contingent liabilities

### a) Provisions

The table below presents an overview of total provisions.

<i>USD million</i>	31.12.21	30.9.21	31.12.20
Provisions other than provisions for expected credit losses	3,322	2,607	2,571
Provisions for expected credit losses	196	203	257
<b>Total provisions</b>	<b>3,518</b>	<b>2,810</b>	<b>2,828</b>

The following table presents additional information for provisions other than provisions for expected credit losses.

<i>USD million</i>	Litigation, regulatory and similar matters <sup>1</sup>	Restructuring <sup>2</sup>	Other <sup>3</sup>	Total
<b>Balance as of 31 December 2020</b>	2,135	72	363	2,571
<b>Balance as of 30 September 2021</b>	2,084	170	352	2,607
Increase in provisions recognized in the income statement	856	78	25	959
Release of provisions recognized in the income statement	(30)	(14)	(18)	(62)
Provisions used in conformity with designated purpose	(101)	(64)	(17)	(181)
Capitalized reinstatement costs	0	0	4	4
Foreign currency translation / unwind of discount	(12)	1	6	(5)
<b>Balance as of 31 December 2021</b>	<b>2,798</b>	<b>172</b>	<b>352</b>	<b>3,322</b>

<sup>1</sup> Comprises provisions for losses resulting from legal, liability and compliance risks. <sup>2</sup> Includes personnel-related restructuring provisions of USD 125 million as of 31 December 2021 (30 September 2021: USD 122 million; 31 December 2020: USD 18 million) and provisions for onerous contracts of USD 47 million as of 31 December 2021 (30 September 2021: USD 48 million; 31 December 2020: USD 49 million). <sup>3</sup> Mainly includes provisions related to real estate, employee benefits and operational risks.

Restructuring provisions primarily relate to personnel-related provisions and onerous contracts. Personnel-related restructuring provisions are used within a short period of time but potential changes in amount may be triggered when natural staff attrition reduces the number of people affected by a restructuring event and therefore the estimated costs. Onerous contracts for property are recognized when UBS is committed to pay for non-lease

components, such as utilities, service charges, taxes and maintenance, when a property is vacated or not fully recovered from sub-tenants.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in part b). There are no material contingent liabilities associated with the other classes of provisions.

### b) Litigation, regulatory and similar matters

The Group operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS (which for purposes of this disclosure may refer to UBS Group AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where the Group may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which the Group believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. The Group makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that 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, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against the Group, but are nevertheless expected to be, based on the Group's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

## Provisions and contingent liabilities (continued)

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either: (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in part a) above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of this report.

### Provisions for litigation, regulatory and similar matters by business division and in Group Functions<sup>1</sup>

<i>USD million</i>	Global Wealth Manage- ment	Personal & Corporate Banking	Asset Manage- ment	Investment Bank	Group Functions	Total
<b>Balance as of 31 December 2020</b>	861	115	0	227	932	2,135
<b>Balance as of 30 September 2021</b>	765	98	8	275	938	2,084
Increase in provisions recognized in the income statement	709	83	0	39	24	856
Release of provisions recognized in the income statement	(29)	0	0	0	0	(30)
Provisions used in conformity with designated purpose	(98)	(1)	0	(2)	0	(101)
Foreign currency translation / unwind of discount	(9)	0	0	(3)	0	(12)
<b>Balance as of 31 December 2021</b>	<b>1,338</b>	<b>181</b>	<b>8</b>	<b>310</b>	<b>962</b>	<b>2,798</b>

<sup>1</sup> Provisions, if any, for the matters described in items 3 and 4 of this disclosure are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Group Functions. Provisions, if any, for the matters described in items 1 and 6 are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in item 5 are allocated between the Investment Bank and Group Functions.

## Provisions and contingent liabilities (continued)

### 1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that the implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration (FTA) to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France for alleged complicity in unlawful solicitation of clients on French territory, regarding the laundering of proceeds of tax fraud, and banking and financial solicitation by unauthorized persons. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1 billion and UBS (France) S.A. to post bail of EUR 40 million, which was reduced on appeal to EUR 10 million.

On 20 February 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7 billion on UBS AG and UBS (France) S.A. and awarded EUR 800 million of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. On 13 December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75 million, the confiscation of EUR 1 billion, and awarded civil damages to the French state of EUR 800 million. The court also found UBS (France) SA guilty of the aiding and abetting of unlawful solicitation and ordered it to pay a fine of EUR 1.875 million. UBS AG has filed an appeal with the French Supreme Court to preserve its rights. The appeal enables UBS AG to thoroughly assess the verdict of the Court of Appeal and to determine next steps in the best interest of its stakeholders. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The award of civil damages is payable upon request by the French state.

Our balance sheet at 31 December 2021 reflected provisions with respect to this matter in an amount of EUR 1.1 billion (USD 1.252 billion at 31 December 2021). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

In 2016, UBS was notified by the Belgian investigating judge that it was under formal investigation ("*inculpé*") regarding the allegations of laundering of proceeds of tax fraud, banking and financial solicitation by unauthorized persons, and serious tax fraud. In November 2021, the Council Chamber approved a settlement with the Brussels Prosecution Office for EUR 49 million without recognition of guilt with regard to the allegations of banking and financial solicitation by unauthorized persons and serious tax fraud. The allegation of laundering of proceeds of tax fraud was dismissed.

Our balance sheet at 31 December 2021 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (RMBS) and was a purchaser and seller of US residential mortgages.

In November 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint on 6 February 2019. On 10 December 2019, the district court denied UBS's motion to dismiss.

Our balance sheet at 31 December 2021 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

## Provisions and contingent liabilities (continued)

### 3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1 billion, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS (BMIS Trustee).

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125 million of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. In February 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

### 4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds (funds) that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico (UBS PR) led to multiple regulatory inquiries, which in 2014 and 2015, led to settlements with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico, the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority.

Since then, UBS clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans filed customer complaints and arbitration demands seeking aggregate damages of USD 3.4 billion, of which USD 3.1 billion have been resolved through settlements, arbitration or withdrawal of claims. Allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2021, the parties reached an agreement to settle this matter for USD 15 million, subject to court approval.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico (System) against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. In 2016, the court granted the System's request to join the action as a plaintiff. In 2017, the court denied defendants' motion to dismiss the complaint. In 2020, the court denied plaintiffs' motion for summary judgment.

Beginning in 2015, certain agencies and public corporations of the Commonwealth of Puerto Rico (Commonwealth) defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of certain creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge.

In May 2019, the oversight board filed complaints in Puerto Rico federal district court bringing claims against financial, legal and accounting firms that had participated in Puerto Rico municipal bond offerings, including UBS, seeking a return of underwriting and swap fees paid in connection with those offerings. UBS estimates that it received approximately USD 125 million in fees in the relevant offerings.

In August 2019, and February and November 2020, four US insurance companies that insured issues of Puerto Rico municipal bonds sued UBS and several other underwriters of Puerto Rico municipal bonds in three separate cases. The actions collectively seek recovery of an aggregate of USD 955 million in damages from the defendants. The plaintiffs in these cases claim that defendants failed to reasonably investigate financial statements in the offering materials for the insured Puerto Rico bonds issued between 2002 and 2007, which plaintiffs argue they relied upon in agreeing to insure the bonds notwithstanding that they had no contractual relationship with the underwriters. Defendants' motions to dismiss were granted in two of the cases; those decisions are being appealed by the plaintiffs. In the third case, defendants' motion to dismiss was denied, but on appeal that ruling was reversed and the motion to dismiss was granted.

## Provisions and contingent liabilities (continued)

Our balance sheet at 31 December 2021 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that we have recognized.

### 5. Foreign exchange, LIBOR and benchmark rates, and other trading practices

*Foreign exchange-related regulatory matters:* Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and United Kingdom regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses.

*Foreign exchange-related civil litigation:* Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141 million and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint.

*LIBOR and other benchmark-related regulatory matters:* Numerous government agencies conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS was granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission (WEKO), in connection with potential antitrust or

competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO, as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity.

*LIBOR and other benchmark-related civil litigation:* A number of putative class actions and other actions are pending in the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR, SGD SIBOR and SOR and Australian BBSW, and seek unspecified compensatory and other damages under varying legal theories.

*USD LIBOR class and individual actions in the US:* In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In December 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants based on allegations that at least one alleged co-conspirator undertook an overt act in the United States. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint in August 2019. On 26 March 2020 the court granted defendants' motion to dismiss the complaint in its entirety. Plaintiffs have appealed the dismissal. In August 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. Defendants moved to dismiss the complaint in September 2021.



## Provisions and contingent liabilities (continued)

### *Other benchmark class actions in the US:*

**Yen LIBOR / Euroyen TIBOR** – In 2014, 2015 and 2017, the court in one of the Yen LIBOR / Euroyen TIBOR lawsuits dismissed certain of the plaintiffs' claims, including the plaintiffs' federal antitrust and racketeering claims. In August 2020, the court granted defendants' motion for judgment on the pleadings and dismissed the lone remaining claim in the action as impermissibly extraterritorial. Plaintiffs have appealed. In 2017, the court dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In April 2020, the appeals court reversed the dismissal and in August 2020 plaintiffs in that action filed an amended complaint focused on Yen LIBOR. The court granted in part and denied in part defendants' motion to dismiss the amended complaint in September 2021 and plaintiffs and the remaining defendants have moved for reconsideration.

**CHF LIBOR** – In 2017, the court dismissed the CHF LIBOR action on standing grounds and failure to state a claim. Plaintiffs filed an amended complaint following the dismissal, and the court granted a renewed motion to dismiss in September 2019. Plaintiffs appealed. In September 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings.

**EURIBOR** – In 2017, the court in the EURIBOR lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs have appealed.

**SIBOR / SOR** – In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs filed an amended complaint following the dismissal, and the court granted a renewed motion to dismiss in July 2019. Plaintiffs appealed. In March 2021, the Second Circuit reversed the dismissal. Plaintiffs filed an amended complaint in October 2021, which defendants have moved to dismiss.

**BBSW** – In November 2018, the court in the BBSW lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Following that dismissal, plaintiffs filed an amended complaint in April 2019, which UBS and other defendants named in the amended complaint moved to dismiss. In February 2020, the court in the BBSW action granted in part and denied in part defendants' motions to dismiss the amended complaint. In August 2020, UBS and other BBSW defendants joined a motion for judgment on the pleadings, which the court denied in May 2021.

**GBP LIBOR** – The court dismissed the GBP LIBOR action in August 2019. Plaintiffs have appealed.

**Government bonds:** Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and

asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint was granted in March 2021. Plaintiffs filed an amended complaint, which defendants moved to dismiss in June 2021. Similar class actions have been filed concerning European government bonds and other government bonds.

In May 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules in 2007–2011 relating to European government bonds. The European Commission fined UBS EUR 172 million. UBS is appealing the amount of the fine.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 31 December 2021 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 6. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver. FINMA issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and continues to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

Our balance sheet at 31 December 2021 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

# UBS AG interim consolidated financial information (unaudited)

This section contains a comparison of selected financial and capital information between UBS Group AG consolidated and UBS AG consolidated. Information for UBS AG consolidated does not differ materially from UBS Group AG on a consolidated basis.

## **Comparison between UBS Group AG consolidated and UBS AG consolidated**

The accounting policies applied under International Financial Reporting Standards (IFRS) to both the UBS Group AG and the UBS AG consolidated financial statements are identical. However, there are certain scope and presentation differences as noted below.

- Assets, liabilities, operating income, operating expenses and operating profit before tax relating to UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG, are reflected in the consolidated financial statements of UBS Group AG but not in those of UBS AG. UBS AG's assets, liabilities, operating income and operating expenses related to transactions with UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG and other shared services subsidiaries, are not subject to elimination in the consolidated financial statements of UBS AG, but are eliminated in the consolidated financial statements of UBS Group AG. UBS Business Solutions AG and other shared services subsidiaries of UBS Group AG charge other legal entities within the UBS AG consolidation scope for services provided, including a markup on costs incurred.
- The equity of UBS Group AG consolidated was USD 2.6 billion higher than the equity of UBS AG consolidated as of 31 December 2021. This difference was mainly driven by higher dividends paid by UBS AG to UBS Group AG compared with the dividend distributions of UBS Group AG, as well as higher retained earnings in the consolidated financial statements of UBS Group AG, largely related to the aforementioned markup charged by shared services subsidiaries of UBS Group AG to other legal entities in the UBS AG scope of consolidation. In addition, UBS Group AG is the grantor of the majority of the compensation plans of the Group and recognizes share premium for equity-settled awards granted. These effects were partly offset by treasury shares acquired as part of our share repurchase programs and those held to hedge share delivery obligations associated with Group compensation plans, as well as additional share premium recognized at the UBS AG consolidated level related to the establishment of UBS Group AG and UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG.
- The going concern capital of UBS Group AG consolidated was USD 5.1 billion higher than the going concern capital of UBS AG consolidated as of 31 December 2021, reflecting higher common equity tier 1 (CET1) capital of USD 3.7 billion and going concern loss-absorbing additional tier 1 (AT1) capital of USD 1.4 billion.
- The CET1 capital of UBS Group AG consolidated was USD 3.7 billion higher than that of UBS AG consolidated as of 31 December 2021. The higher CET1 capital of UBS Group AG consolidated was primarily due to higher UBS Group AG consolidated IFRS equity of USD 2.6 billion, as described above, and lower UBS Group AG accruals for future capital returns to shareholders, partly offset by compensation-related regulatory capital accruals at the UBS Group AG level.
- The going concern loss-absorbing AT1 capital of UBS Group AG consolidated was USD 1.4 billion higher than that of UBS AG consolidated as of 31 December 2021, mainly reflecting deferred contingent capital plan awards granted at the Group level to eligible employees for the performance years 2016 to 2020, partly offset by two loss-absorbing AT1 capital instruments on-lent by UBS Group AG to UBS AG.



**Comparison between UBS Group AG consolidated and UBS AG consolidated**

	As of or for the quarter ended 31.12.21		
	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
<i>USD million, except where indicated</i>			
<b>Income statement</b>			
Operating income	8,732	8,846	(114)
Operating expenses	7,003	7,227	(224)
Operating profit / (loss) before tax	1,729	1,619	109
<i>of which: Global Wealth Management</i>	563	541	22
<i>of which: Personal &amp; Corporate Banking</i>	365	362	3
<i>of which: Asset Management</i>	334	328	6
<i>of which: Investment Bank</i>	713	710	3
<i>of which: Group Functions</i>	(246)	(321)	75
Net profit / (loss)	1,359	1,266	93
<i>of which: net profit / (loss) attributable to shareholders</i>	1,348	1,255	93
<i>of which: net profit / (loss) attributable to non-controlling interests</i>	11	11	0
<b>Statement of comprehensive income</b>			
Other comprehensive income	(181)	(197)	16
<i>of which: attributable to shareholders</i>	(177)	(194)	16
<i>of which: attributable to non-controlling interests</i>	(4)	(4)	0
Total comprehensive income	1,178	1,069	109
<i>of which: attributable to shareholders</i>	1,171	1,062	109
<i>of which: attributable to non-controlling interests</i>	7	7	0
<b>Balance sheet</b>			
Total assets	1,117,182	1,116,145	1,037
Total liabilities	1,056,180	1,057,702	(1,522)
Total equity	61,002	58,442	2,559
<i>of which: equity attributable to shareholders</i>	60,662	58,102	2,559
<i>of which: equity attributable to non-controlling interests</i>	340	340	0
<b>Capital information</b>			
Common equity tier 1 capital	45,281	41,594	3,687
Going concern capital	60,488	55,434	5,054
Risk-weighted assets	302,209	299,005	3,204
Common equity tier 1 capital ratio (%)	15.0	13.9	1.1
Going concern capital ratio (%)	20.0	18.5	1.5
Total loss-absorbing capacity ratio (%)	34.7	33.3	1.3
Leverage ratio denominator	1,068,862	1,067,679	1,183
Common equity tier 1 leverage ratio (%)	4.24	3.90	0.34
Going concern leverage ratio (%)	5.7	5.2	0.5
Total loss-absorbing capacity leverage ratio (%)	9.8	9.3	0.5

As of or for the quarter ended 30.9.21			As of or for the quarter ended 31.12.20		
UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
9,128	9,224	(95)	8,117	8,220	(103)
6,264	6,512	(248)	6,132	6,324	(192)
2,865	2,712	152	1,985	1,896	89
1,516	1,500	16	864	855	9
478	479	(1)	353	353	(1)
214	214	0	401	401	0
837	833	4	529	528	1
(180)	(314)	134	(161)	(241)	79
2,289	2,163	125	1,645	1,572	73
2,279	2,154	125	1,636	1,563	73
9	9	0	9	9	0
(610)	(598)	(12)	83	54	29
(596)	(584)	(12)	65	36	29
(14)	(14)	0	18	18	0
1,678	1,565	113	1,728	1,626	102
1,683	1,570	113	1,701	1,599	102
(5)	(5)	0	27	27	0
1,088,773	1,088,246	528	1,125,765	1,125,327	438
1,028,221	1,030,828	(2,607)	1,066,000	1,067,254	(1,254)
60,552	57,418	3,134	59,765	58,073	1,691
60,219	57,085	3,134	59,445	57,754	1,691
333	333	0	319	319	0
45,022	41,356	3,665	39,890	38,181	1,709
60,369	55,334	5,035	56,178	52,610	3,567
302,426	299,612	2,814	289,101	286,743	2,358
14.9	13.8	1.1	13.8	13.3	0.5
20.0	18.5	1.5	19.4	18.3	1.1
34.0	32.6	1.4	35.2	34.2	1.0
1,044,916	1,044,438	479	1,037,150	1,036,771	379
4.31	3.96	0.35	3.85	3.68	0.16
5.8	5.3	0.5	5.4	5.1	0.3
9.8	9.4	0.5	9.8	9.5	0.3

**UBS AG consolidated key figures**

<i>USD million, except where indicated</i>	As of or for the quarter ended			As of or for the year ended	
	<b>31.12.21</b>	30.9.21	31.12.20	31.12.21	31.12.20
<b>Results</b>					
Operating income	<b>8,846</b>	9,224	8,220	35,976	32,780
Operating expenses	<b>7,227</b>	6,512	6,324	27,012	25,081
Operating profit / (loss) before tax	<b>1,619</b>	2,712	1,896	8,964	7,699
Net profit / (loss) attributable to shareholders	<b>1,255</b>	2,154	1,563	7,032	6,196
<b>Profitability and growth</b>					
Return on equity (%)	<b>8.7</b>	15.3	10.9	12.3	10.9
Return on tangible equity (%)	<b>9.8</b>	17.3	12.2	13.9	12.4
Return on common equity tier 1 capital (%)	<b>12.1</b>	21.1	16.3	17.6	16.6
Return on risk-weighted assets, gross (%)	<b>11.8</b>	12.5	11.7	12.3	11.9
Return on leverage ratio denominator, gross (%) <sup>1</sup>	<b>3.3</b>	3.5	3.3	3.4	3.4
Cost / income ratio (%)	<b>81.9</b>	70.7	76.3	75.4	74.9
Net profit growth (%)	<b>(19.7)</b>	6.8	151.3	13.5	56.3
<b>Resources</b>					
Total assets	<b>1,116,145</b>	1,088,246	1,125,327	1,116,145	1,125,327
Equity attributable to shareholders	<b>58,102</b>	57,085	57,754	58,102	57,754
Common equity tier 1 capital <sup>2</sup>	<b>41,594</b>	41,356	38,181	41,594	38,181
Risk-weighted assets <sup>2</sup>	<b>299,005</b>	299,612	286,743	299,005	286,743
Common equity tier 1 capital ratio (%) <sup>2</sup>	<b>13.9</b>	13.8	13.3	13.9	13.3
Going concern capital ratio (%) <sup>2</sup>	<b>18.5</b>	18.5	18.3	18.5	18.3
Total loss-absorbing capacity ratio (%) <sup>2</sup>	<b>33.3</b>	32.6	34.2	33.3	34.2
Leverage ratio denominator <sup>1,2</sup>	<b>1,067,679</b>	1,044,438	1,036,771	1,067,679	1,036,771
Common equity tier 1 leverage ratio (%) <sup>1,2</sup>	<b>3.90</b>	3.96	3.68	3.90	3.68
Going concern leverage ratio (%) <sup>1,2</sup>	<b>5.2</b>	5.3	5.1	5.2	5.1
Total loss-absorbing capacity leverage ratio (%) <sup>2</sup>	<b>9.3</b>	9.4	9.5	9.3	9.5
<b>Other</b>					
Invested assets (USD billion) <sup>3</sup>	<b>4,596</b>	4,432	4,187	4,596	4,187
Personnel (full-time equivalents)	<b>47,067</b>	47,293	47,546	47,067	47,546

<sup>1</sup> Leverage ratio denominators and leverage ratios for the respective periods in 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19. Refer to the "Regulatory and legal developments" section of our Annual Report 2020 for more information. <sup>2</sup> Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of this report for more information. <sup>3</sup> Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Refer to "Note 32 Invested assets and net new money" in the "Consolidated financial statements" section of our Annual Report 2020 for more information.

**Currency translation rates**

The following table shows the rates of the main currencies used to translate the financial information of UBS's operations with a functional currency other than the US dollar into US dollars.

	Closing exchange rate			Average rate <sup>1</sup>				
	As of			For the quarter ended			For the year ended	
	<b>31.12.21</b>	30.9.21	31.12.20	<b>31.12.21</b>	30.9.21	31.12.20	31.12.21	31.12.20
1 CHF	<b>1.10</b>	1.07	1.13	<b>1.09</b>	1.09	1.11	1.09	1.07
1 EUR	<b>1.14</b>	1.16	1.22	<b>1.14</b>	1.17	1.19	1.18	1.15
1 GBP	<b>1.35</b>	1.35	1.37	<b>1.35</b>	1.37	1.33	1.37	1.29
100 JPY	<b>0.87</b>	0.90	0.97	<b>0.88</b>	0.90	0.96	0.91	0.94

<sup>1</sup> Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a quarter or a year represent an average of three month-end rates or an average of twelve month-end rates, respectively, weighted according to the income and expense volumes of all operations of the Group with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for the Group.

**REGISTERED OFFICE OF THE ISSUER**

**UBS AG, London Branch**  
5 Broadgate  
London  
EC2M 2QS  
United Kingdom

**ISSUER'S AUDITORS**

**Ernst & Young Ltd**  
Aeschengraben 9  
P.O. Box 2149 CH-4002 Basel  
Switzerland

**LEGAL ADVISERS**

*(as to Singapore law)*

**Allen & Gledhill LLP**

One Marina Boulevard #28-00  
Singapore 018989

**WARRANT AGENT**

**The Central Depository (Pte) Limited**

11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589