

## **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).

**30,000,000 European Style Cash Settled Short Certificates relating to  
the Class B ordinary shares of Meituan  
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\$0.80 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 an inverse 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.

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## 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 risen 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 may have the ability to determine the outcome of most matters. Depending on the action taken by the Company, the market price of 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 Inverse Strategy (as described below) including the Stock Borrowing 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 an inverse 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 inverse 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 Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall 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 rise 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 rise 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 Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse 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 Inverse 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:	30,000,000 European Style Cash Settled Short Certificates relating to the Class B ordinary shares of Meituan (the “ <b>Underlying Stock</b> ” or the “ <b>Underlying</b> ”)
ISIN:	CH1169123564
Company:	Meituan (RIC: 3690.HK)
Underlying Price <sup>3</sup> and Source:	HK\$144.9 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.80
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	7.50%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost <sup>6</sup> :	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily inverse 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 Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days’ notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

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 Short 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 “**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; 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 Short 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 Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the “Specific Definitions relating to the Leverage Inverse Strategy” section on pages 16 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 Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times inverse leverage),

the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall 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 Inverse 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 “**Exchange Business Day**” 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 (“**CDP**”)

Clearing System: CDP

Fees and Charges: 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.

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 Inverse Strategy including the Stock Borrowing 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.

Further Information: Please refer to the website at <http://dlc.ubs.com> 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:

1. Condition 1(a)(i) is deleted and replaced with the following:
  - “(i) 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”
2. All references to “Instrument” appearing therein are deleted and substituted with the word “Master Instrument”.

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

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

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

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse 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 Inverse 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 Inverse Strategy Formula**

**LSL<sub>t</sub>** means the Leverage Inverse Strategy Level as of 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):

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

Leverage Reset Time (t) means

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, $FC_{r(t),t} = 0$
<b>SB<sub>r(t),t</sub></b>	<p>means the Stock Borrowing Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:</p> <p>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,</p> $SB_{r(t),t} = -\text{Leverage} \times \frac{CB \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$ <p>Otherwise, <math>SB_{r(t),t} = 0</math></p>
<b>CB</b>	means the Cost of Borrowing applicable that is equal to: 3.00%
<b>RC<sub>r(t),t</sub></b>	<p>means the Rebalancing Cost of the Leverage Inverse Strategy as at Leverage Reset Time (t), calculated as follows :</p> $RC_{r(t),t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right  \right) \times TC$
<b>TC</b>	<p>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 :</p> <p>0.13%</p> <p>“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.</p>
<b>Leverage</b>	-5
<b>S<sub>t</sub></b>	<p>means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions:</p> <p>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,</p> <p>S<sub>t</sub> is the Closing Price of the Underlying Stock as of such Observation Date.</p> <p>Otherwise,</p> <p>S<sub>t</sub> is the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period.</p>
<b>Rfactor<sub>t</sub></b>	<p>means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions:</p> <p>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</p>

thereto) on any Observation Date,

$$Rfactor_t = 1 - \frac{Div_t}{S_{r(t)}}$$

Otherwise,

$$Rfactor_t = 1$$

where

$Div_t$  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 gross of any applicable withholding taxes.

**Rate<sub>t</sub>**

means, in respect of the Observation Date of Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKHDOND= or any successor page, being the rate as of day (t), provided that if such rate is not available, then the 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.

**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 increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of  $S_{r(t)} \times Rfactor_t$  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 Inverse 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:	Meituan
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	30,000,000 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 SHORT CERTIFICATES ON SINGLE EQUITIES**

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

European style cash settled short 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 Inverse 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 decrease and are seeking short-term leveraged inverse 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 Inverse Strategy including the Stock Borrowing 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	=	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><b>Daily Management Fee Adjustment</b></td> </tr> <tr> <td style="text-align: center;">1 – Management Fee x ACT (t-1;t) / 360</td> </tr> </table>	<b>Daily Management Fee Adjustment</b>	1 – Management Fee x ACT (t-1;t) / 360
		<b>Daily Management Fee Adjustment</b>		
1 – Management Fee x ACT (t-1;t) / 360				
x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><b>Daily Gap Premium Adjustment</b></td> </tr> <tr> <td style="text-align: center;">1 – Gap Premium (t-1) x ACT (t-1;t) / 360</td> </tr> </table>	<b>Daily Gap Premium Adjustment</b>	1 – Gap Premium (t-1) x ACT (t-1;t) / 360	
<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	=	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">t'=0</td> </tr> <tr> <td style="text-align: center;">Notional Amount</td> </tr> </table>	t'=0	Notional Amount	x	x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">t=1</td> </tr> <tr> <td style="text-align: center;">Leverage Inverse Strategy daily performance<sup>8</sup></td> </tr> </table>	t=1	Leverage Inverse Strategy daily performance <sup>8</sup>	x	x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">t=2</td> </tr> <tr> <td style="text-align: center;">Leverage Inverse Strategy daily performance</td> </tr> </table>	t=2	Leverage Inverse Strategy daily performance	x ...	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">t=i</td> </tr> <tr> <td style="text-align: center;">Leverage Inverse Strategy Daily performance</td> </tr> </table>	t=i	Leverage Inverse Strategy Daily performance
		t'=0																
Notional Amount																		
t=1																		
Leverage Inverse Strategy daily performance <sup>8</sup>																		
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Leverage Inverse Strategy daily performance																		
t=i																		
Leverage Inverse Strategy Daily performance																		
x	x	x	x	x	x	x	x	x	x									

Value of Certificates	=	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">t=0</td> </tr> <tr> <td style="text-align: center;">Notional Amount</td> </tr> </table>	t=0	Notional Amount	x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><b>Product of the daily Leverage Inverse Strategy Performance</b></td> </tr> <tr> <td style="text-align: center;">Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance</td> </tr> </table>	<b>Product of the daily Leverage Inverse Strategy Performance</b>	Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance	x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><b>Product of the Daily Fees (Hedging Fee Factor)</b></td> </tr> <tr> <td style="text-align: center;">Daily Fees x Daily Fees</td> </tr> </table>	<b>Product of the Daily Fees (Hedging Fee Factor)</b>	Daily Fees x Daily Fees
		t=0										
Notional Amount												
<b>Product of the daily Leverage Inverse Strategy Performance</b>												
Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance												
<b>Product of the Daily Fees (Hedging Fee Factor)</b>												
Daily Fees x Daily Fees												
x	x	x	x									

Final Value of Certificates	=	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">t=0</td> </tr> <tr> <td style="text-align: center;">Notional Amount</td> </tr> </table>	t=0	Notional Amount	x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">Final Reference Level x Final Exchange Rate</td> </tr> <tr> <td style="text-align: center;">÷</td> </tr> <tr> <td style="text-align: center;">Initial Reference Level x Initial Exchange Rate</td> </tr> </table>	Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate	x	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">Hedging Fee Factor</td> </tr> </table>	Hedging Fee Factor
		t=0										
Notional Amount												
Final Reference Level x Final Exchange Rate												
÷												
Initial Reference Level x Initial Exchange Rate												
Hedging Fee Factor												
x	x	x										

**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 Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Level on Business Day (t) divided by the Leverage Inverse 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 Meituan</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>0.80 SGD</b>
Notional Amount per Certificate:	<b>0.80 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>7.50%</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):

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 7.50\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9792\% \approx 99.9781\%$$

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

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

$$\text{HFF (2)} = 99.9781\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 7.50\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9781\% \times 99.9967\% \times 99.9375\% \approx 99.9122\%$$

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 99.6713% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9781%
2/3/2021	99.9561%
2/4/2021	99.9342%
2/5/2021	99.9123%
2/8/2021	99.8465%
2/9/2021	99.8246%
2/10/2021	99.8027%
2/11/2021	99.7808%
2/12/2021	99.7589%
2/15/2021	99.6932%
2/16/2021	99.6713%

### Cash Settlement Amount

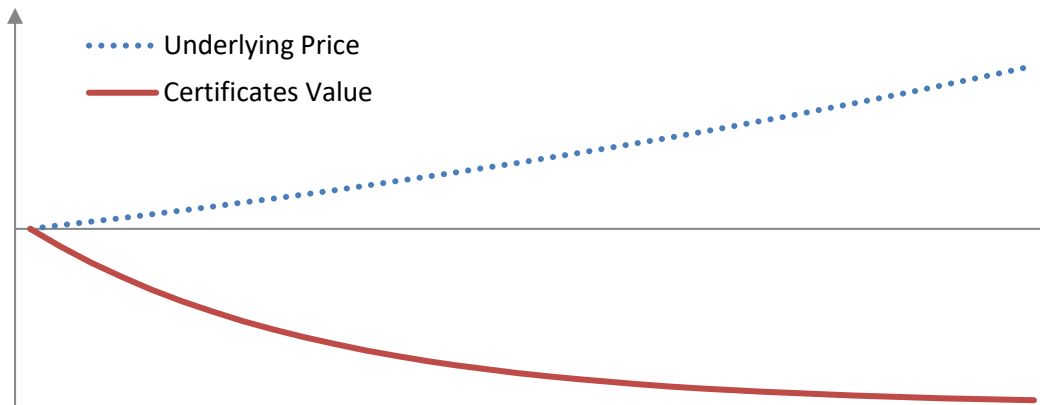
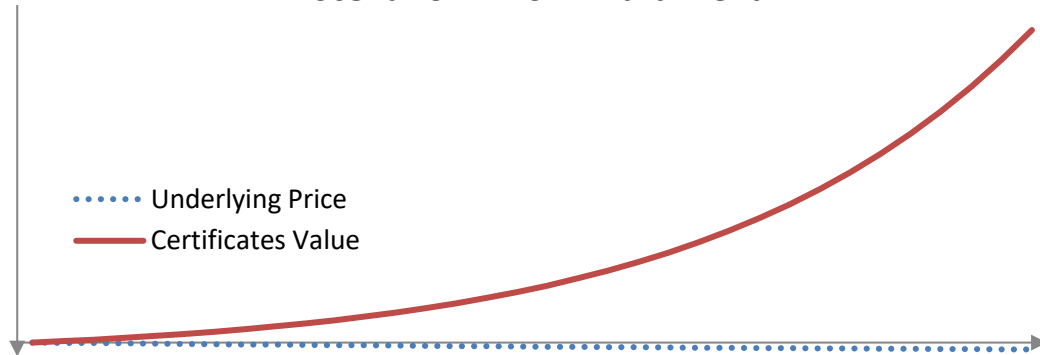
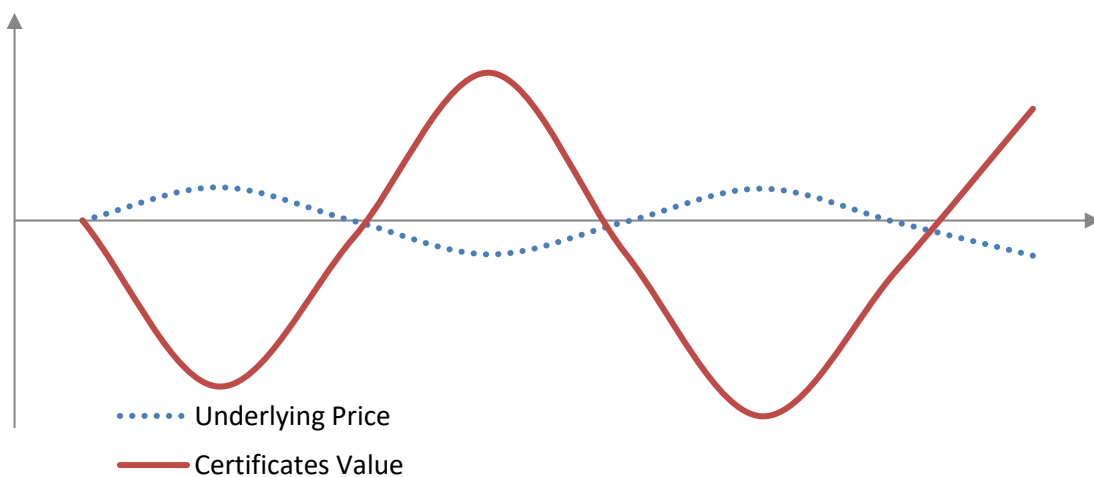
In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6713\% \\ &= 119.61\% \end{aligned}$$

$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.61\% \times 0.80 \text{ SGD} \\ &= 0.957 \text{ SGD} \end{aligned}$$

**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**Scenario 1 - Upward Trend****Scenario 2 - Downward Trend****Scenario 3 - Volatile Market**

## 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	0.80	0.72	0.65	0.58	0.52	0.47
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

**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	0.80	0.88	0.97	1.06	1.17	1.29
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

**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	0.80	0.72	0.79	0.87	0.78	0.71
Accumulated Return		-10.00%	-1.00%	8.90%	-1.99%	-11.79%

### 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 maximum 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 Inverse Strategy is reset using the maximum 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 Inverse 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.

The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

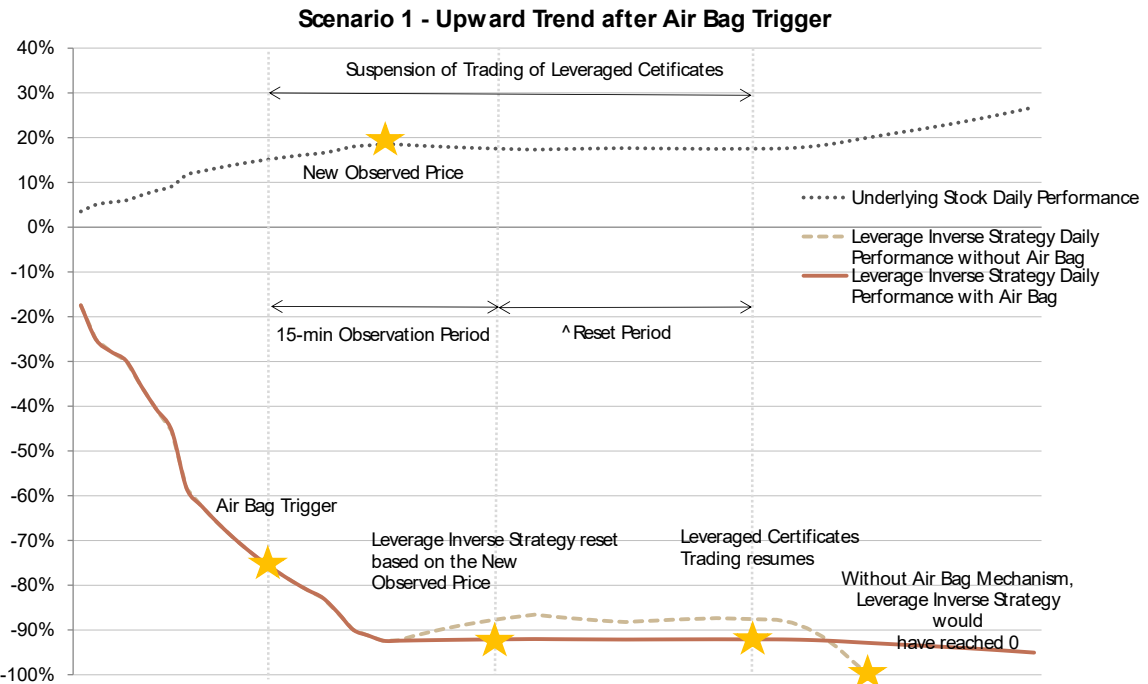
For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST’s approval to resume trading. If the Air Bag Mechanism 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:

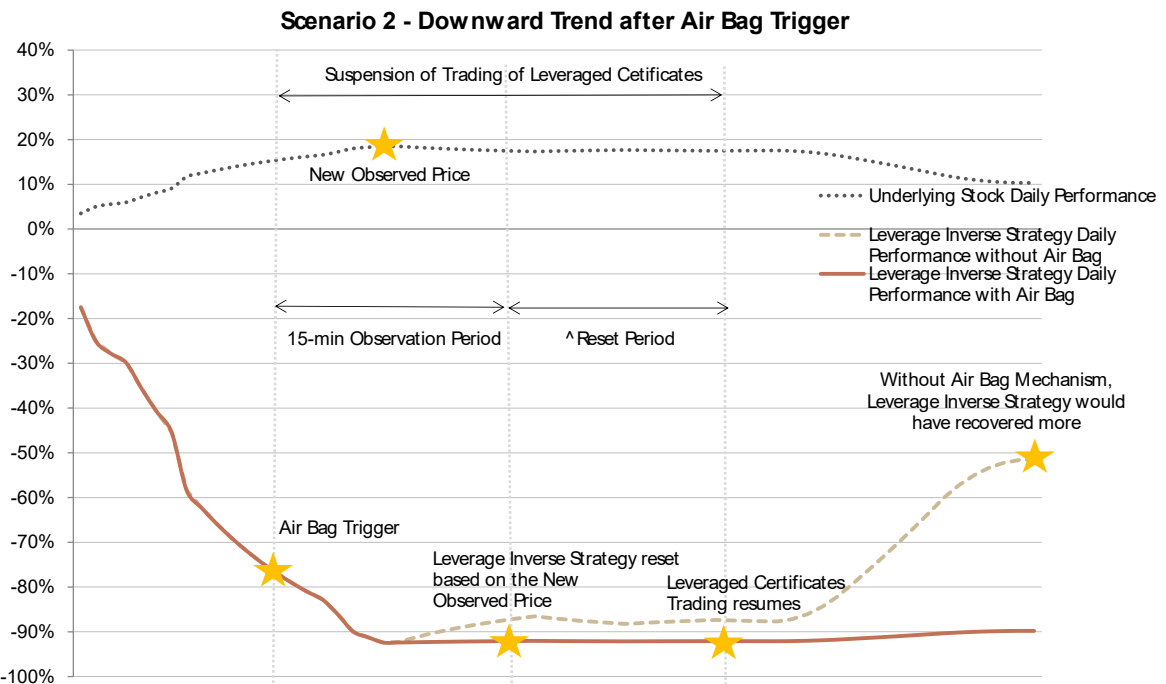
- Underlying Stock closing time with respect to the Observation Period including the closing auction session
- The sooner between Underlying Stock closing time of continuous trading and SGX-ST closing time of continuous trading with respect to the resumption of trading



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.

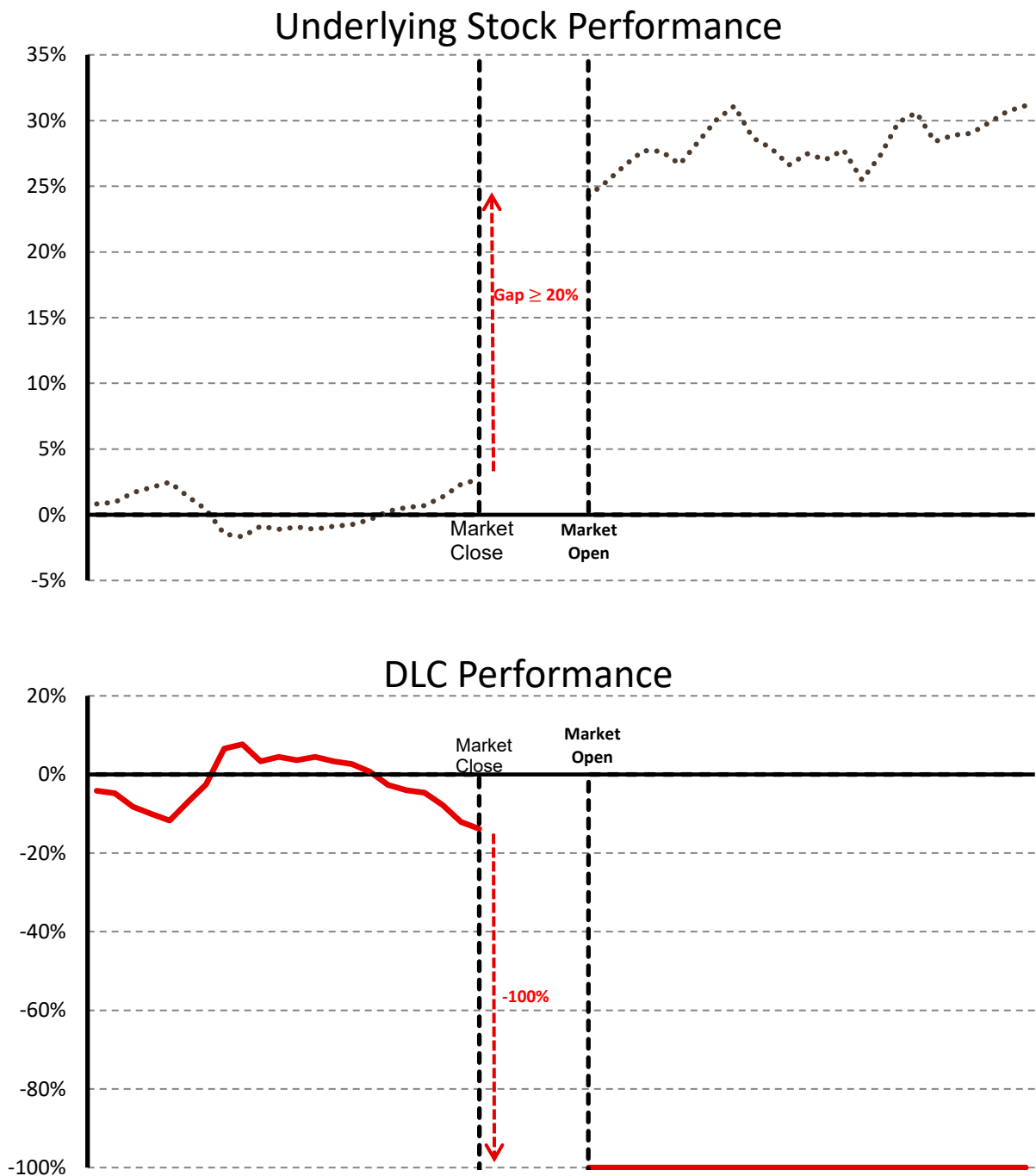
<sup>9</sup> The illustrative examples are not exhaustive.

### 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.

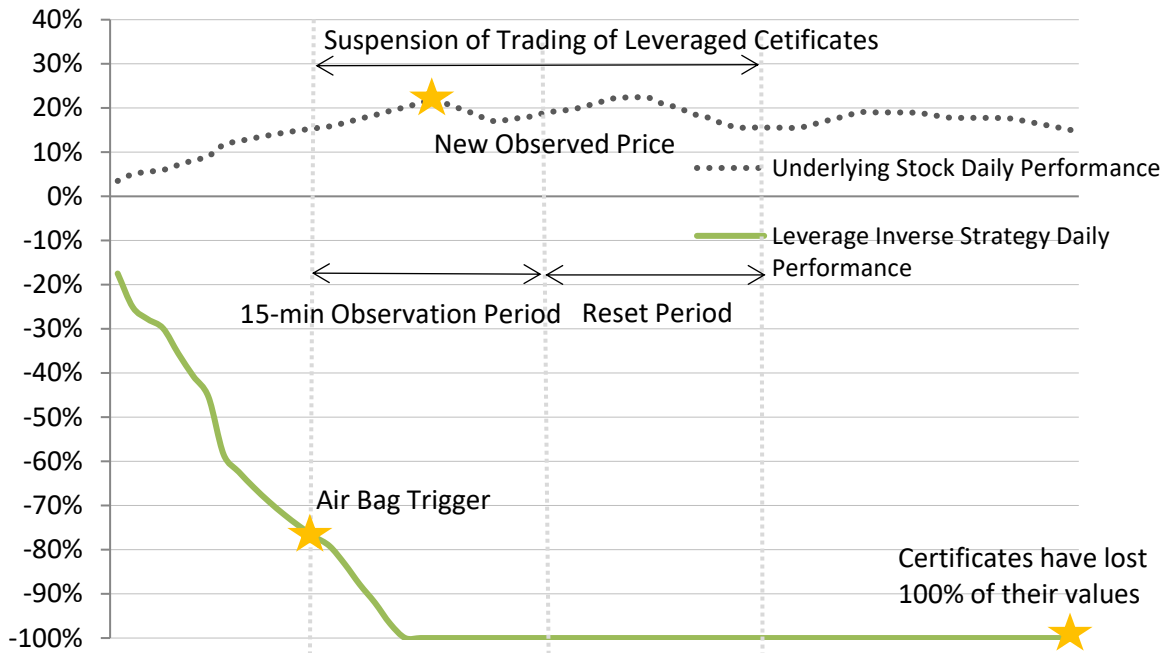
#### Scenario 1 – Overnight rise of the Underlying Stock

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 above 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.



Scenario 2 – Sharp intraday rise of the Underlying Stock

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 rises 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 rises 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):

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

$$S_t = \$51$$

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

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

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:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
0.80	0.72	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$57.5, which is 15% above \$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:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
0.80	0.76	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$230, which is 15% above \$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)
0.80	0.60	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$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:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
0.80	0.72	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$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)
0.80	0.60	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$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://about.meituan.com/en>. The Issuer has not independently verified any of such information.*

As China's leading e-commerce platform for services, Meituan’s (the “**Company**”) business revolves around the “Food+ Platform” strategy, and is centered on “eating” as its core. Meituan operates several well-known mobile apps in China, including Meituan, Dianping, Meituan Waimai and others. Its business comprises over 200 service categories, including catering, on-demand delivery, car-hailing, bike-sharing, hotel and travel booking, movie ticketing, and other entertainment and lifestyle services, and covers 2,800 cities and counties across China.

Meituan (stock code: 3690.HK) was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited on 20 September 2018.

The information set out in Appendix I of this document relates to the audited 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 25 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 AUDITED CONSOLIDATED ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 OF  
MEITUAN AND ITS SUBSIDIARIES**

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong 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.

# 美团

## Meituan

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3690)

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

The Board of Directors (the “**Board**”) of Meituan 美团 (the “**Company**”) is pleased to announce the audited consolidated results of the Company for the year ended December 31, 2021. These results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

In this announcement, “we”, “us”, and “our” refer to the Company.

#### KEY HIGHLIGHTS

#### Financial Summary

	Unaudited Three Months Ended				
	December 31, 2021		December 31, 2020		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	49,523,133	100.0%	37,917,504	100.0%	30.6%
Operating loss	(5,005,856)	(10.1%)	(2,852,696)	(7.5%)	75.5%
Loss for the period	(5,339,151)	(10.8%)	(2,244,292)	(5.9%)	137.9%
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	(2,009,748)	(4.1%)	(589,128)	(1.6%)	241.1%
Adjusted net loss	(3,935,732)	(7.9%)	(1,436,520)	(3.8%)	174.0%

	Year Ended				
	December 31, 2021		December 31, 2020		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	179,127,997	100.0%	114,794,510	100.0%	56.0%
Operating (loss)/profit	(23,127,199)	(12.9%)	4,330,102	3.8%	NA
(Loss)/profit for the year	(23,536,198)	(13.1%)	4,707,612	4.1%	NA
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	(9,694,076)	(5.4%)	4,737,837	4.1%	NA
Adjusted net (loss)/profit	(15,571,500)	(8.7%)	3,120,605	2.7%	NA

## Financial Information by Segment

### Unaudited Three Months Ended December 31, 2021

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	14,254,546	–	–	–	14,254,546
Commission	7,768,614	4,066,205	2,325,479	–	14,160,298
Online marketing services	3,223,472	4,636,167	322,990	–	8,182,629
Other services and sales (including interest revenue)	880,009	20,055	12,025,596	–	12,925,660
<b>Total revenues</b>	<b>26,126,641</b>	<b>8,722,427</b>	<b>14,674,065</b>	<b>–</b>	<b>49,523,133</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(24,391,064)</b>	<b>(4,825,411)</b>	<b>(24,879,303)</b>	<b>(433,211)</b>	<b>(54,528,989)</b>
Including: Food delivery related costs	(18,306,347)	–	–	–	(18,306,347)
<b>Operating (loss)/profit</b>	<b>1,735,577</b>	<b>3,897,016</b>	<b>(10,205,238)</b>	<b>(433,211)</b>	<b>(5,005,856)</b>

### Unaudited Three Months Ended December 31, 2020

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	12,664,562	–	–	–	12,664,562
Commission	6,029,499	3,581,958	1,733,424	–	11,344,881
Online marketing services	2,441,964	3,538,844	79,875	–	6,060,683
Other services and sales (including interest revenue)	401,960	14,558	7,430,860	–	7,847,378
<b>Total revenues</b>	<b>21,537,985</b>	<b>7,135,360</b>	<b>9,244,159</b>	<b>–</b>	<b>37,917,504</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(20,655,633)</b>	<b>(4,313,425)</b>	<b>(15,246,990)</b>	<b>(554,152)</b>	<b>(40,770,200)</b>
Including: Food delivery related costs	(16,252,764)	–	–	–	(16,252,764)
<b>Operating (loss)/profit</b>	<b>882,352</b>	<b>2,821,935</b>	<b>(6,002,831)</b>	<b>(554,152)</b>	<b>(2,852,696)</b>

<sup>1</sup> Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

	Year-over-year change				Total
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	
	<i>(Percentages %)</i>				
<b>Revenues:</b>					
Food delivery services	12.6	NA	NA	NA	12.6
Commission	28.8	13.5	34.2	NA	24.8
Online marketing services	32.0	31.0	304.4	NA	35.0
Other services and sales (including interest revenue)	118.9	37.8	61.8	NA	64.7
<b>Total revenues</b>	<b>21.3</b>	<b>22.2</b>	<b>58.7</b>	<b>NA</b>	<b>30.6</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>18.1</b>	<b>11.9</b>	<b>63.2</b>	<b>(21.8)</b>	<b>33.7</b>
Including: Food delivery related costs	12.6	NA	NA	NA	12.6
<b>Operating (loss)/profit</b>	<b>96.7</b>	<b>38.1</b>	<b>70.0</b>	<b>(21.8)</b>	<b>75.5</b>

	Year Ended December 31, 2021				Total
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	54,203,640	–	–	–	54,203,640
Commission	28,547,274	15,798,936	8,558,547	–	52,904,757
Online marketing services	11,434,933	16,667,421	982,816	–	29,085,170
Other services and sales (including interest revenue)	2,125,931	63,968	40,744,531	–	42,934,430
<b>Total revenues</b>	<b>96,311,778</b>	<b>32,530,325</b>	<b>50,285,894</b>	<b>–</b>	<b>179,127,997</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(90,137,137)</b>	<b>(18,437,212)</b>	<b>(88,679,789)</b>	<b>(5,001,058)</b>	<b>(202,255,196)</b>
Including: Food delivery related costs	(68,183,267)	–	–	–	(68,183,267)
<b>Operating (loss)/profit</b>	<b>6,174,641</b>	<b>14,093,113</b>	<b>(38,393,895)</b>	<b>(5,001,058)</b>	<b>(23,127,199)</b>

<sup>1</sup> Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

Year Ended December 31, 2020

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	39,116,411	–	–	–	39,116,411
Commission	18,502,868	10,193,162	5,428,154	–	34,124,184
Online marketing services	7,565,111	11,018,337	324,597	–	18,908,045
Other services and sales (including interest revenue)	1,080,929	40,899	21,524,042	–	22,645,870
<b>Total revenues</b>	<b>66,265,319</b>	<b>21,252,398</b>	<b>27,276,793</b>	<b>–</b>	<b>114,794,510</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(63,431,950)</b>	<b>(13,071,465)</b>	<b>(38,131,789)</b>	<b>4,170,796</b>	<b>(110,464,408)</b>
Including: Food delivery related costs	(49,291,318)	–	–	–	(49,291,318)
<b>Operating (loss)/profit</b>	<b>2,833,369</b>	<b>8,180,933</b>	<b>(10,854,996)</b>	<b>4,170,796</b>	<b>4,330,102</b>

Year-over-year change

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(Percentages %)</i>				
<b>Revenues:</b>					
Food delivery services	38.6	NA	NA	NA	38.6
Commission	54.3	55.0	57.7	NA	55.0
Online marketing services	51.2	51.3	202.8	NA	53.8
Other services and sales (including interest revenue)	96.7	56.4	89.3	NA	89.6
<b>Total revenues</b>	<b>45.3</b>	<b>53.1</b>	<b>84.4</b>	<b>NA</b>	<b>56.0</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>42.1</b>	<b>41.0</b>	<b>132.6</b>	<b>NA</b>	<b>83.1</b>
Including: Food delivery related costs	38.3	NA	NA	NA	38.3
<b>Operating (loss)/profit</b>	<b>117.9</b>	<b>72.3</b>	<b>253.7</b>	<b>NA</b>	<b>NA</b>

<sup>1</sup> Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.



## Operating Metrics

	<b>Twelve Months Ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Number of Transacting Users	<b>690.5</b>	510.6	35.2%
Number of Active Merchants	<b>8.8</b>	6.8	29.2%
	<i>(units, except for percentages)</i>		
Average number of transactions per annual Transacting User	<b>35.8</b>	28.1	27.2%
	<b>Three Months Ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Gross Transaction Volume of food delivery	<b>188,620.8</b>	156,287.3	20.7%
Number of food delivery transactions <sup>2</sup>	<b>3,910.6</b>	3,331.3	17.4%
Number of domestic hotel room nights	<b>115.3</b>	119.7	(3.7%)
	<b>Year Ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Gross Transaction Volume of food delivery	<b>702,057.4</b>	488,851.2	43.6%
Number of food delivery transactions <sup>2</sup>	<b>14,367.6</b>	10,147.4	41.6%
Number of domestic hotel room nights	<b>476.9</b>	354.5	34.5%

<sup>2</sup> Our 1P model, for which we organize and provide food delivery services, accounts for about 67% of total number of food delivery transactions for all periods or years presented.

## **BUSINESS REVIEW AND OUTLOOK**

### **Company Financial Highlights**

In 2021, we upgraded our corporate strategy from “Food + Platform” to “Retail + Technology”, further expanding our product and service offerings to the broader retail, connecting with more market participants, and leveraging technology to facilitate advancement across industries. Our businesses growth remained strong, with total revenues increasing by 56.0% year over year to RMB179.1 billion in 2021. The aggregate operating profit for the food delivery and the in-store, hotel & travel segments reached RMB20.3 billion in 2021, up from RMB11.0 billion in 2020. Operating loss for the new initiatives and others segment expanded as we remained committed to business areas that would bring long-term value. Both adjusted EBITDA and adjusted net profit experienced year-over-year decrease and turned to negative RMB9.7 billion and adjusted net loss of RMB15.6 billion in 2021, respectively. Our net cash flows from operating activities turned to an outflow of RMB4.0 billion in 2021 from an inflow of RMB8.5 billion in 2020. We had cash and cash equivalents of RMB32.5 billion and short-term treasury investments of RMB84.3 billion as of December 31, 2021, compared to the balances of RMB17.1 billion and RMB44.0 billion as of December 31, 2020, respectively.

### **Company Business Highlights**

#### ***Food delivery***

Despite challenges from the macro environment, natural disasters and sporadic COVID-19 outbreaks, our food delivery business achieved strong growth in 2021. Annual Transacting Users and average transaction frequency broke record highs. Our peak daily order volume exceeded 50 million in August and subsequently reached historic highs again in December. GTV increased by 43.6% year over year to RMB702.1 billion, and revenue increased by 45.3% year over year to RMB96.3 billion in 2021. Operating profit increased to RMB6.2 billion in 2021 from RMB2.8 billion in 2020, while operating margin increased to 6.4% from 4.3%. Our solid business performance in 2021 was a testament to our resilient business model and competitive strength in consumer base, merchant base and delivery network.

For the fourth quarter of 2021, GTV of our food delivery business increased by 20.7% year over year to RMB188.6 billion, with daily average order volume increasing by 17.4% year over year to 42.5 million. Our revenues from food delivery business increased by 21.3% year over year to RMB26.1 billion. Operating profit from our food delivery business increased to RMB1.7 billion for the fourth quarter of 2021 from RMB882.4 million for the fourth quarter of 2020, while operating margin increased to 6.6% from 4.1%, primarily attributable to higher portion of online marketing services revenue and lower seasonal courier incentives.

We are glad to see that food delivery has become an essential service for consumers. We have not only diversified selections for consumers, but also continued to identify the evolving consumption trend and to promote the growth of new consumption categories. Categories such as late-night snacks, milk tea, salads and light meals witnessed notable growth during the year. The increase in supply effectively incentivized higher order volume from the mid- and high-frequency users. As a result, food delivery annual Transacting Users increased by 13% year over year, and annual average transaction frequency increased by 25% year over year. The growth demonstrates consumers’ ongoing trust in our platform and their recognition of food delivery as an indispensable service in daily life.

On the merchant side, we continued to help millions of restaurants digitize their business operations through comprehensive services and online marketing tools, bringing additional business volumes to help merchants generate income under this challenging environment. An increasing number of merchants used our online marketing products and stepped up in their online promotions given the effectiveness of boosting consumer demand. We make our utmost efforts to understand our merchants' pain points and address their issues, as it is crucial for us to provide support and create value for them. In May 2021, we rolled out a new fee structure that splits fee charged from merchants into a technology service fee, which is the commission revenue, and a food delivery services fee. The new fee structure promotes more transparent pricing and clearer cost structures, and benefits the majority of the small- and medium-sized merchants on our platform. Starting from the fourth quarter of 2021, we separately disclosed the food delivery services revenue to reflect this new fee structure in our financial results.

For the twelve months ended December 31, 2021, around 5.27 million food delivery couriers earned income through our Meituan platform. We continued to promote our "Tongzhou Project" to ensure proper rights and interests of food delivery couriers, and prioritized enhancing courier experience and creating a positive ecosystem. To better understand the couriers' needs, we held 136 courier feedback sessions in 2021. We continued to optimize our algorithms and rules taking into account the couriers' feedback. For example, we changed the display of estimated delivery time of each order from a point of time to an extended period of time, alleviating pressure of couriers during delivery. In some regions, we launched various pilot programs, such as only scheduling courier pickup after meals are ready to reduce the wait time and reassigning orders to other couriers in unexpected situations. These measures help dispatch orders to couriers in a more thoughtful manner while ensuring their safety, and enable couriers to earn relatively higher income with more reasonable workload. We also worked with our delivery partners to launch a pilot scheme to optimize the service quality assessment mechanism, which changes the practice of income reduction due to consumer bad reviews or late delivery into point reduction for the couriers, so that they can make up for the loss of points through other performance and activities. The couriers' monthly rewards are linked to the accumulated points of the month. This optimized scheme effectively mitigates financial impacts on couriers due to occasional, unexpected situations, while ensuring consumer experience simultaneously. In the adverse weather conditions in the fourth quarter, we increased courier incentives and distributed one million pieces of cold protection apparel to couriers in affected markets. We also provided free accommodations and quarantine subsidies for couriers who were affected by the COVID control measures. Furthermore, we continued to implement various charity programs that offer support for thousands of couriers' families. We provided couriers with full scholarships, allowing them to undertake further education and receive a higher degree without financial burden. In the meantime, we are actively cooperating with the arrangements of the pilot program that provides couriers with occupational injury insurance, under the guidance of the relevant authorities. We will fulfill our corporate responsibilities, ensure that the pilot program meets the planned timeline, and cover all expenses for participating couriers. Going forward, we plan to provide couriers with a more comprehensive welfare scheme and worker benefits, along with continued improvement on their sense of fulfillment and well-being.

### ***In-store, hotel & travel***

Despite the negative impacts from sporadic COVID-19 outbreaks and macro environment, our in-store, hotel & travel segment still achieved solid growth. During the year, we continued to bring broader consumption categories to cope with the ever-evolving demands from consumers, while onboarding more merchants and introducing diverse online solutions to the merchants. As a result, revenues from the in-store, hotel & travel businesses increased by 53.1% year over year to RMB32.5 billion in 2021. Operating profit from the in-store, hotel & travel businesses increased to RMB14.1 billion in 2021 from RMB8.2 billion in 2020, while operating margin increased to 43.3% from 38.5%.

For the fourth quarter of 2021, revenues from our in-store, hotel & travel businesses increased by 22.2% year over year to RMB8.7 billion. Operating profit for the segment increased to RMB3.9 billion from RMB2.8 billion for the fourth quarter of 2020, while operating margin increased to 44.7% from 39.5%, due to change in revenue mix.

For in-store, our transaction volume, GTV, and annual active merchants all reached record highs. We deepened penetration into lower-tier cities in China with broader coverage scope, and helped accelerate the digitization process in these under-served markets. Categories such as leisure and entertainment, sports, elderly care, medical care, and pet care demonstrated strong growth momentum, while categories such as handicraft activities, music recording, interactive light shows, and stress relief emerged as a new consumption trend. Moreover, we continued to introduce tailored products and services for merchants from different categories, helping them improve online operations. On the consumer side, we not only offered increasingly convenient and diverse products, but also effectively stimulated consumption through various marketing and promotional campaigns during holiday seasons, which further strengthened consumer mindshare of Meituan as the “go-to destination for local services”.

For hotel & travel, although regional COVID-19 outbreaks and strict travel restrictions brought negative impact, we still withstood the challenges and helped hotel merchants recover. In 2021, our domestic hotel room nights grew 34.5%, thanks to the industry recovery and our strategic focus on the domestic travel market, local accommodations, and short-haul travel scenarios. In addition, we solidified our competitive advantage in the low-star domain, bringing offline users to our online platform, and helping more hotel merchants digitize operations. For high-star hotels, room nights contribution exceeded 16.5% in 2021, thanks to our continued improvement in high-star supply and consumer service quality.

### ***New initiatives and others***

We continued to expand investments in new initiatives, especially in goods retail, as we upgraded to the “Retail + Technology” strategy. Revenues from the new initiatives and others segment increased by 84.4% year over year to RMB50.3 billion in 2021. Operating loss from new initiatives and others segment expanded to RMB38.4 billion in 2021 from RMB10.9 billion in 2020, while operating margin decreased 36.6 percentage points year over year.

For the fourth quarter of 2021, revenues from the new initiatives and others segment increased by 58.7% year over year to RMB14.7 billion. Operating loss for the segment increased year over year to RMB10.2 billion for the fourth quarter of 2021, while the operating margin improved to negative 69.5% sequentially.

For Meituan Select, thanks to clear regulatory guidance and positive market environment, we achieved healthy growth as a major market player. We continually iterated our business model and actively built up various aspects of our long-term capabilities. By continually optimizing our operations at different nodes, we improved operating efficiency and unit economics throughout 2021. The three-level logistics network system established by Meituan Select, which fulfills next-day pick-up orders, now covers the majority of neighborhoods and villages in 30 provinces across China. We continued to provide larger and more diverse SKU offerings while improving delivery efficiency and reliability. The launch of our fresh produce direct sourcing program allowed us to effectively match production and demand through both centralized and demand-based procurement process, in turn generating additional revenues for farmers. Residents in rural areas also have more convenient access to abundant and value-for-money daily necessities that previously only urban residents could obtain, eliminating the urban-rural consumption gap and further empowering modern agriculture. We launched a growth scheme for new agricultural merchants to help them continually improve cultivation techniques and provide vocational training in rural areas, focusing on e-commerce skills and operations. Meituan Select also provides a

large number of flexible jobs for pick-up station managers, and creates an increasing number of job opportunities in logistics, warehousing, and processing. Thanks to our rapidly built supply chain and logistics system, the Meituan Select team actively responded to the government's call for assistance in Zhengzhou, Xi'an, and other cities affected by COVID-19 and natural disasters, providing a reliable supply of necessities to people in need. Looking forward, strictly adhering to regulatory requirements is our top priority, as we continue to strive for balanced, high-quality growth. We will focus on developing our own capabilities, while enhancing consumer experiences.

Meituan Instashopping delivered another stellar growth in 2021, with highest daily order volume exceeding 6.3 million in December 2021. Leveraging our location-based e-commerce platform and on-demand delivery network, we offered consumers diverse selections of retail goods and convenient on-demand delivery services, and successfully converted a large number of high-quality food delivery users into Meituan Instashopping users. On the supply side, we expanded product categories and collaborated with more high-quality local stores. We provided local retailers with comprehensive suites of online solutions and tools, effectively helping the store owners digitize operations and improve efficiency. As a result, categories such as flowers, supermarkets and convenience stores maintained high growth momentum. Earlier this year, we rolled out the 24/7 medicine delivery services and received positive feedbacks from consumers, as it addressed consumers' urgent needs for medicine. We firmly believe that the endgame of the retail industry is "Everything Now", and we will continue to leverage our strengths and capabilities to facilitate such transformation.

For Meituan Grocery, we continued to grow our user base and GTV in 2021. After completing coverage in four existing tier-one cities, we provided more diverse SKU selections and better experience for consumers. We also optimized our product structure, enhanced warehousing and logistics capabilities, and refined operations at front-end distribution centers, which altogether led to continued improvement in efficiency and unit economies.

## **Company Outlook and Strategy for 2022**

As we entered 2022, we still face challenges from COVID control measures and weakening consumption environment. Nevertheless, we are confident that we will be able to navigate through hard times and obstacles and achieve healthy growth, as we continue to strengthen our fundamental capabilities for the long term. With regard to our food delivery and in-store, hotel & travel segments, we will focus on high-quality growth, enhance user experience for both consumers and merchants, solidify our competitive advantage, and constantly improve operating efficiency. Meanwhile, we remain committed to facilitating the digital transformation process across industries, and will place additional emphasis on the long-term value creation and social responsibility fulfillment along the journey. Furthermore, we will continue to implement the upgraded "Retail + Technology" strategy, better help small and micro merchants to cope with difficult times, bring more convenience to people's lives, and in particular, provide reliable supply of daily necessities for people in the affected areas by the pandemic. As our goods retail business grows, we expand our network of partners, from mainly urban- and county-based merchants to rural-based "new farmers". We will commit our support in promoting "rural revitalization", and will bring high quality products and services to tens of thousands of villages in China. In addition, we will continue to create a wide range of job opportunities while placing particular emphasis on the welfare and needs of flexible workers. Particularly, for our food delivery couriers, we will always take their rights and interests as top priority, and make our best efforts in improving their welfare and benefits. Last but not least, we will continue to leverage technology and innovations to bring more value for all the market participants, and contribute to the high quality development of digital economy.



## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>49,523,133</b>	37,917,504
Including: Interest revenue	<b>238,175</b>	252,335
Cost of revenues	<b>(37,540,530)</b>	(28,461,795)
<b>Gross profit</b>	<b>11,982,603</b>	9,455,709
Selling and marketing expenses	<b>(11,239,904)</b>	(7,675,340)
Research and development expenses	<b>(4,581,961)</b>	(3,249,199)
General and administrative expenses	<b>(2,435,083)</b>	(1,950,943)
Net provisions for impairment losses on financial and contract assets	<b>(52,489)</b>	(54,187)
Fair value changes of other financial investments at fair value through profit or loss	<b>726,955</b>	(661,883)
Other gains, net	<b>594,023</b>	1,283,147
<b>Operating loss</b>	<b>(5,005,856)</b>	(2,852,696)
Finance income	<b>157,174</b>	69,724
Finance costs	<b>(331,672)</b>	(149,735)
Share of (losses)/gains of investments accounted for using the equity method	<b>(163,855)</b>	117,398
<b>Loss before income tax</b>	<b>(5,344,209)</b>	(2,815,309)
Income tax credits	<b>5,058</b>	571,017
<b>Loss for the period</b>	<b>(5,339,151)</b>	(2,244,292)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(2,009,748)</b>	(589,128)
Adjusted net loss	<b>(3,935,732)</b>	(1,436,520)

## Revenues

As China encountered regional COVID-19 outbreaks during the fourth quarter of 2021, we experienced sequentially slower year-over-year revenue growth. Our revenues increased by 30.6% to RMB49.5 billion for the fourth quarter of 2021 from RMB37.9 billion for the same period of 2020. The increase was mainly driven by the slower yet steady revenue growth of our food delivery and in-store, hotel & travel segments, and strong revenue growth of our new initiatives especially the retail businesses.

The following table sets forth our revenues by segment and type in absolute amount for the fourth quarter of 2021 and 2020:

	<b>Unaudited</b>			
	<b>Three Months Ended December 31, 2021</b>			
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	14,254,546	–	–	14,254,546
Commission	7,768,614	4,066,205	2,325,479	14,160,298
Online marketing services	3,223,472	4,636,167	322,990	8,182,629
Other services and sales (including interest revenue)	880,009	20,055	12,025,596	12,925,660
<b>Total</b>	<b>26,126,641</b>	<b>8,722,427</b>	<b>14,674,065</b>	<b>49,523,133</b>
	<b>Unaudited</b>			
	<b>Three Months Ended December 31, 2020</b>			
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	12,664,562	–	–	12,664,562
Commission	6,029,499	3,581,958	1,733,424	11,344,881
Online marketing services	2,441,964	3,538,844	79,875	6,060,683
Other services and sales (including interest revenue)	401,960	14,558	7,430,860	7,847,378
<b>Total</b>	<b>21,537,985</b>	<b>7,135,360</b>	<b>9,244,159</b>	<b>37,917,504</b>

With the launch and wide adoption of a new fee structure for our food delivery merchants in 2021, we offer more flexibility in delivery methods and better transparency in pricing. We present the food delivery services revenue from both merchant side and consumer side for our 1P model, for which we organize and provide food delivery services, and the commission revenue purely represents the technology service fees from our merchants and third-party agent partners who use our food delivery platform. All the figures for comparative periods are presented in this way. Our revenues from the food delivery segment increased by 21.3% to RMB26.1 billion for the fourth quarter of 2021 from RMB21.5 billion for the same period of 2020. As we continually improved our membership program and diversified supply on our platform, the enlarged base of Transacting Users and higher order frequency resulted in the increase in GTV and thus the increase in revenues on a year-over-year basis.

Our revenues from the in-store, hotel & travel segment increased by 22.2% to RMB8.7 billion for the fourth quarter of 2021 from RMB7.1 billion for the same period of 2020. As we offered more variety and enhanced the quality of supply on our platform, and provided merchants with more online solutions, we were able to achieve steady growth in both GTV and online marketing Active Merchants, as well as a higher adoption rate of online marketing products by merchants, all of which drove the growth in commission revenue and online marketing services revenue.

Our revenues from the new initiatives and others segment increased by 58.7% to RMB14.7 billion for the fourth quarter of 2021 from RMB9.2 billion for the same period of 2020, mainly contributed by our retail businesses, B2B food distribution services and other new initiatives.

### ***Costs and Expenses***

The following table sets forth a breakdown of our costs and expenses by function for the periods indicated:

	Unaudited		Three Months Ended		Year-over-year change
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
<i>(RMB in thousands, except for percentages)</i>					
<b>Costs and Expenses:</b>					
Cost of revenues	37,540,530	75.8%	28,461,795	75.1%	31.9%
Selling and marketing expenses	11,239,904	22.7%	7,675,340	20.2%	46.4%
Research and development expenses	4,581,961	9.3%	3,249,199	8.6%	41.0%
General and administrative expenses	2,435,083	4.9%	1,950,943	5.1%	24.8%
Net provisions for impairment losses on financial and contract assets	52,489	0.1%	54,187	0.1%	(3.1%)



### *Cost of Revenues*

Our cost of revenues increased by 31.9% to RMB37.5 billion for the fourth quarter of 2021 from RMB28.5 billion for the same period of 2020, and increased by 0.7 percentage points to 75.8% from 75.1% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to (i) an increase of RMB2.1 billion in food delivery related costs for our 1P model to RMB18.3 billion, which was in line with the increase in related number of transactions, and (ii) the expanded investment in our new initiatives. The increase in cost of revenues as a percentage of revenues was mainly due to the change in revenue mix as new initiatives with lower gross margin weighed heavier in our entire business portfolio.

### *Selling and Marketing Expenses*

Our selling and marketing expenses was RMB11.2 billion for the fourth quarter of 2021 and RMB7.7 billion for the same period of 2020, and increased by 2.5 percentage points to 22.7% from 20.2% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were primarily attributable to (i) the increase in marketing campaigns to support the growth of retail businesses and to enhance brand recognition, and (ii) the increase in employee benefits expenses driven by the increased number of employees due to our business development.

### *Research and Development Expenses*

Our research and development expenses increased to RMB4.6 billion for the fourth quarter of 2021 from RMB3.2 billion for the same period of 2020, and increased by 0.7 percentage points to 9.3% from 8.6% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were primarily attributable to the increase in employee benefits expenses driven by the increased number of employees to support business and technology development.

### *General and Administrative Expenses*

Our general and administrative expenses increased to RMB2.4 billion for the fourth quarter of 2021 from RMB2.0 billion for the same period of 2020 and as a percentage of revenues remained flat on a year-over-year basis. The increase in amount was primarily attributable to the increase in employee benefits expenses.

### *Net Provisions for Impairment Losses on Financial and Contract Assets*

Our net provisions for impairment losses on financial and contract assets was RMB52.5 million for the fourth quarter of 2021, and remained flat on a year-over-year basis.

### *Fair Value Changes of Other Financial Investments at Fair Value Through Profit or Loss*

Our fair value changes of other financial investments at fair value through profit or loss was a gain of RMB727.0 million for the fourth quarter of 2021, compared to a loss of RMB661.9 million for the same period of 2020, mainly driven by the fluctuation in the stock price of certain listed entity we invested in.

## ***Other Gains, Net***

Our other gains, net for the fourth quarter of 2021 decreased by RMB689.1 million to RMB594.0 million compared to the same period of 2020, which was primarily due to a decrease in gains from investments.

## ***Operating Loss***

As a result of the foregoing, our operating loss and margin for the fourth quarter of 2021 was RMB5.0 billion and negative 10.1%, compared to operating loss and margin of RMB2.9 billion and negative 7.5% for the same period of 2020.

Operating (loss)/profit and margin by segment are set forth in the table below.

	Unaudited Three Months Ended				Year-over- year change
	December 31, 2021		December 31, 2020		
	As a percentage of revenues		As a percentage of revenues		
	Amount	Amount	Amount	Amount	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	1,735,577	6.6%	882,352	4.1%	96.7%
In-store, hotel & travel	3,897,016	44.7%	2,821,935	39.5%	38.1%
New initiatives and others	(10,205,238)	(69.5%)	(6,002,831)	(64.9%)	70.0%
Unallocated items	(433,211)	NA	(554,152)	NA	(21.8%)
<b>Total operating loss</b>	<b>(5,005,856)</b>	<b>(10.1%)</b>	<b>(2,852,696)</b>	<b>(7.5%)</b>	<b>75.5%</b>

Our operating profit from the food delivery segment increased by 96.7% to RMB1.7 billion for the fourth quarter of 2021 from RMB882.4 million for the same period of 2020 and operating margin increased by 2.5 percentage points to 6.6% from 4.1% on a year-over-year basis. The increase was primarily attributable to the increase in number of transactions, decrease in seasonal food delivery courier incentives and higher online marketing services revenue contribution.

Our operating profit from the in-store, hotel & travel segment increased by 38.1% to RMB3.9 billion for the fourth quarter of 2021 from RMB2.8 billion for the same period of 2020, mainly driven by revenue growth. Our operating margin for this segment increased by 5.2 percentage points to 44.7% from 39.5% on a year-over-year basis, primarily attributed to the improved marketing efficiency and change in revenue mix.

Our operating loss from the new initiatives and others segment expanded to RMB10.2 billion for the fourth quarter of 2021 from RMB6.0 billion for the same period of 2020, and our operating margin for this segment decreased by 4.6 percentage points to negative 69.5% from negative 64.9% on a year-over-year basis, driven by the continuous investment in our new initiatives to satisfy consumers' diverse needs in different consumption scenarios, especially the retail businesses with lower operating margin.

### ***Income Tax Credits***

We had income tax credits of RMB5.1 million for the fourth quarter of 2021, compared to income tax credits of RMB571.0 million for the same period of 2020. The change in profit status of certain entities resulted in higher income tax credits for the fourth quarter of 2020.

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

As a result of the foregoing, we had loss of RMB5.3 billion for the fourth quarter of 2021, compared to loss of RMB2.2 billion for the same period of 2020.

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

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

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>December 31,</b>	<b>September 30,</b>
	<b>2021</b>	<b>2021</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>49,523,133</b>	48,829,370
Including: Interest revenue	<b>238,175</b>	245,039
Cost of revenues	<b>(37,540,530)</b>	(38,051,383)
<b>Gross profit</b>	<b>11,982,603</b>	10,777,987
Selling and marketing expenses	<b>(11,239,904)</b>	(11,388,227)
Research and development expenses	<b>(4,581,961)</b>	(4,715,550)
General and administrative expenses	<b>(2,435,083)</b>	(2,387,116)
Net provisions for impairment losses on financial and contract assets	<b>(52,489)</b>	(136,884)
Fair value changes of other financial investments at fair value through profit or loss	<b>726,955</b>	(117,990)
Other gains/(losses), net	<b>594,023</b>	(2,134,851)
<b>Operating loss</b>	<b>(5,005,856)</b>	(10,102,631)
Finance income	<b>157,174</b>	198,890
Finance costs	<b>(331,672)</b>	(369,942)
Share of (losses)/gains of investments accounted for using the equity method	<b>(163,855)</b>	273,237
<b>Loss before income tax</b>	<b>(5,344,209)</b>	(10,000,446)
Income tax credits	<b>5,058</b>	6,036
<b>Loss for the period</b>	<b>(5,339,151)</b>	(9,994,410)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(2,009,748)</b>	(4,061,659)
Adjusted net loss	<b>(3,935,732)</b>	(5,526,910)

## Revenues

Our revenues increased by 1.4% to RMB49.5 billion for the fourth quarter of 2021 from RMB48.8 billion for the third quarter of 2021. The increase was mainly driven by new initiatives and others.

The following table sets forth our revenues by segment and type in absolute amount for the fourth quarter of 2021 and the third quarter of 2021:

	Unaudited			Total
	Three Months Ended December 31, 2021			
	Food delivery	In-store, hotel & travel	New initiatives and others	
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	14,254,546	–	–	14,254,546
Commission	7,768,614	4,066,205	2,325,479	14,160,298
Online marketing services	3,223,472	4,636,167	322,990	8,182,629
Other services and sales (including interest revenue)	880,009	20,055	12,025,596	12,925,660
<b>Total</b>	<b>26,126,641</b>	<b>8,722,427</b>	<b>14,674,065</b>	<b>49,523,133</b>

	Unaudited			Total
	Three Months Ended September 30, 2021			
	Food delivery	In-store, hotel & travel	New initiatives and others	
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	14,674,501	–	–	14,674,501
Commission	8,083,678	4,124,543	2,211,138	14,419,359
Online marketing services	3,255,079	4,480,794	285,837	8,021,710
Other services and sales (including interest revenue)	471,385	15,991	11,226,424	11,713,800
<b>Total</b>	<b>26,484,643</b>	<b>8,621,328</b>	<b>13,723,399</b>	<b>48,829,370</b>

Our revenues from the food delivery segment decreased by 1.4% to RMB26.1 billion for the fourth quarter of 2021 from RMB26.5 billion for the third quarter of 2021. In addition to seasonality, the COVID-19 outbreaks during the fourth quarter adversely affected people's consumption needs, and cast negative impact on our Transacting User activity. Therefore, both our number of transactions and GTV decreased on a quarter-over-quarter basis.

Our revenues from the in-store, hotel & travel segment increased by 1.2% to RMB8.7 billion for the fourth quarter of 2021 from RMB8.6 billion for the third quarter of 2021. The increase in online marketing services revenue was driven by the increase in the number of Active Merchants. The decrease in commission revenue was mainly attributable to hotel and travel businesses, which was adversely affected by the COVID-19 outbreaks.

Our revenues from the new initiatives and others segment increased by 6.9% to RMB14.7 billion for the fourth quarter of 2021 from RMB13.7 billion for the third quarter of 2021, which was primarily driven by the continuing growth in retail businesses and B2B food distribution services.

### ***Costs and Expenses***

The following table sets forth a breakdown of our costs and expenses by function for the periods indicated:

	<b>Unaudited</b>				
	<b>Three Months Ended</b>				
	<b>December 31, 2021</b>		<b>September 30, 2021</b>		<b>Quarter-over-quarter change</b>
<b>Amount</b>	<b>As a percentage of revenues</b>	<b>Amount</b>	<b>As a percentage of revenues</b>		
<i>(RMB in thousands, except for percentages)</i>					
<b>Costs and Expenses:</b>					
Cost of revenues	<b>37,540,530</b>	<b>75.8%</b>	38,051,383	77.9%	(1.3%)
Selling and marketing expenses	<b>11,239,904</b>	<b>22.7%</b>	11,388,227	23.3%	(1.3%)
Research and development expenses	<b>4,581,961</b>	<b>9.3%</b>	4,715,550	9.7%	(2.8%)
General and administrative expenses	<b>2,435,083</b>	<b>4.9%</b>	2,387,116	4.9%	2.0%
Net provisions for impairment losses on financial and contract assets	<b>52,489</b>	<b>0.1%</b>	136,884	0.3%	(61.7%)

### ***Cost of Revenues***

Our cost of revenues decreased by 1.3% to RMB37.5 billion for the fourth quarter of 2021 from RMB38.1 billion for the third quarter of 2021, decreasing by 2.1 percentage points to 75.8% from 77.9% as a percentage of revenues. The decreases in amount and as a percentage of revenues were primarily attributable to a decrease in food delivery related costs of RMB733.4 million to RMB18.3 billion resulting from the decrease in number of transactions and lower food delivery courier incentives, as well as the improved gross margin for our new initiatives.

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

Our selling and marketing expenses decreased to RMB11.2 billion for the fourth quarter of 2021 from RMB11.4 billion for the third quarter of 2021, decreasing by 0.6 percentage points to 22.7% from 23.3% as a percentage of revenues on a quarter-over-quarter basis. Both the decreases in amount and as a percentage of revenues were primarily attributable to the decrease in Transacting User incentives in food delivery business.

### *Research and Development Expenses*

Our research and development expenses decreased to RMB4.6 billion for the fourth quarter of 2021 from RMB4.7 billion for the third quarter of 2021, and decreased by 0.4 percentage points to 9.3% from 9.7% as a percentage of revenues. The decrease was primarily due to the improvement of operating efficiency.

### *General and Administrative Expenses*

Our general and administrative expenses was RMB2.4 billion and was 4.9% as a percentage of revenues for the fourth quarter of 2021, flat on a quarter-over-quarter basis.

### *Net Provisions for Impairment Losses on Financial and Contract Assets*

Our net provisions for impairment losses on financial and contract assets decreased to RMB52.5 million for the fourth quarter of 2021 from RMB136.9 million for the third quarter of 2021, which was primarily due to the decrease in expected credit losses of financial assets.

### *Fair Value Changes of Other Financial Investments at Fair Value Through Profit or Loss*

Our fair value changes of other financial investments at fair value through profit or loss was a gain of RMB727.0 million for the fourth quarter of 2021, compared to a loss of RMB118.0 million for the third quarter of 2021, mainly driven by the fluctuation in the valuation of our investment portfolios.

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

Our other gains/(losses), net for the fourth quarter of 2021 was a gain of RMB594.0 million, compared to a loss of RMB2.1 billion for the third quarter of 2021. The loss in the third quarter comprised the fine imposed pursuant to China's Antimonopoly Law.

### *Operating Loss*

As a result of the foregoing, our operating loss and margin for the fourth quarter of 2021 was RMB5.0 billion and negative 10.1% respectively, compared to operating loss and margin of RMB10.1 billion and negative 20.7% for the third quarter of 2021.

Operating (loss)/profit and operating margin by segment are set forth in the table below.

	<b>Unaudited Three Months Ended</b>				Quarter- over-quarter change
	<b>December 31, 2021</b>		September 30, 2021		
	<b>Amount</b>	<b>As a percentage of revenues</b>	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	<b>1,735,577</b>	<b>6.6%</b>	876,103	3.3%	98.1%
In-store, hotel & travel	<b>3,897,016</b>	<b>44.7%</b>	3,784,074	43.9%	3.0%
New initiatives and others	<b>(10,205,238)</b>	<b>(69.5%)</b>	(10,906,087)	(79.5%)	(6.4%)
Unallocated items	<b>(433,211)</b>	NA	(3,856,721)	NA	(88.8%)
<b>Total operating loss</b>	<b><u>(5,005,856)</u></b>	<b>(10.1%)</b>	<b><u>(10,102,631)</u></b>	(20.7%)	(50.4%)

Our operating profit from the food delivery segment increased to RMB1.7 billion for the fourth quarter of 2021 from RMB876.1 million for the third quarter of 2021. The operating margin for this segment increased by 3.3 percentage points to 6.6% from 3.3% on a quarter-over-quarter basis. Both the increases in operating profit and margin were primarily attributable to lower Transacting Users incentives and lower food delivery courier seasonal incentives.

Our operating profit from the in-store, hotel & travel segment increased to RMB3.9 billion for the fourth quarter of 2021 from RMB3.8 billion for the third quarter of 2021. The operating margin for this segment increased by 0.8 percentage points to 44.7% on a quarter-over-quarter basis. It was mainly driven by lower promotion expenses from our hotel and travel businesses and improved operating efficiency for the whole segment.

Our operating loss from the new initiatives and others segment decreased to RMB10.2 billion for the fourth quarter of 2021 from RMB10.9 billion for the third quarter of 2021, and the operating margin for this segment increased by 10.0 percentage points to negative 69.5% from negative 79.5% on a quarter-over-quarter basis. We continuously made efforts to improve the operation strategy for this segment, especially the retail businesses by optimizing operating efficiency as well as user incentives programs.

### ***Income Tax Credits***

We had income tax credits of RMB5.1 million for the fourth quarter of 2021, compared to income tax credits of RMB6.0 million for the third quarter of 2021.

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

As a result of the foregoing, we had loss of RMB5.3 billion for the fourth quarter of 2021, compared to loss of RMB10.0 billion for the third quarter of 2021.



## The Year ended December 31, 2021 Compared to the Year ended December 31, 2020

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

	<b>Year Ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>179,127,997</b>	114,794,510
Including: Interest revenue	<b>1,000,004</b>	884,897
Cost of revenues	<b>(136,653,869)</b>	(80,744,368)
<b>Gross profit</b>	<b>42,474,128</b>	34,050,142
Selling and marketing expenses	<b>(40,683,166)</b>	(20,882,685)
Research and development expenses	<b>(16,675,595)</b>	(10,892,514)
General and administrative expenses	<b>(8,612,626)</b>	(5,593,895)
Net provisions for impairment losses on financial and contract assets	<b>(259,953)</b>	(467,690)
Fair value changes of other financial investments at fair value through profit or loss	<b>815,747</b>	4,955,909
Other (losses)/gains, net	<b>(185,734)</b>	3,160,835
<b>Operating (loss)/profit</b>	<b>(23,127,199)</b>	4,330,102
Finance income	<b>546,037</b>	213,684
Finance costs	<b>(1,130,935)</b>	(370,016)
Share of gains of investments accounted for using the equity method	<b>145,620</b>	264,105
<b>(Loss)/profit before income tax</b>	<b>(23,566,477)</b>	4,437,875
Income tax credits	<b>30,279</b>	269,737
<b>(Loss)/profit for the year</b>	<b>(23,536,198)</b>	4,707,612
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(9,694,076)</b>	4,737,837
Adjusted net (loss)/profit	<b>(15,571,500)</b>	3,120,605

## Revenues

Our revenues increased by 56.0% to RMB179.1 billion in 2021 from RMB114.8 billion in 2020. Despite sporadic COVID-19 outbreaks, all food delivery and in-store, hotel and travel businesses recovered from the domestic pandemic and achieved strong revenue growth on a year-over-year basis. In addition, our committed investment in retail businesses and other initiatives drove the revenue increase for new initiatives and others segment.

The following table sets forth our revenues by segment and type in absolute amount in 2021 and 2020:

	Year Ended December 31, 2021			Total
	Food delivery	In-store, hotel & travel	New initiatives and others	
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	54,203,640	–	–	54,203,640
Commission	28,547,274	15,798,936	8,558,547	52,904,757
Online marketing services	11,434,933	16,667,421	982,816	29,085,170
Other services and sales (including interest revenue)	2,125,931	63,968	40,744,531	42,934,430
<b>Total</b>	<b>96,311,778</b>	<b>32,530,325</b>	<b>50,285,894</b>	<b>179,127,997</b>
	Year Ended December 31, 2020			
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	39,116,411	–	–	39,116,411
Commission	18,502,868	10,193,162	5,428,154	34,124,184
Online marketing services	7,565,111	11,018,337	324,597	18,908,045
Other services and sales (including interest revenue)	1,080,929	40,899	21,524,042	22,645,870
<b>Total</b>	<b>66,265,319</b>	<b>21,252,398</b>	<b>27,276,793</b>	<b>114,794,510</b>

Our revenues from the food delivery segment increased by 45.3% to RMB96.3 billion in 2021 from RMB66.3 billion in 2020. As more merchants embraced digitalization since the COVID-19 pandemic, the supply on our platform were improved. Meanwhile, our membership program continued to evolve, and we promoted various online consumption scenarios. As a result, both the annual Transacting Users and order frequency increased steadily, which drove the solid increase in our GTV and revenues.

Our revenues from the in-store, hotel & travel segment increased by 53.1% to RMB32.5 billion in 2021 from RMB21.3 billion in 2020. Recovering from the COVID-19 pandemic, all the businesses in this segment achieved revenue growth in this year. The development of new categories, expanded coverage of low-tier cities and stratified merchants operations resulted in the increase in GTV, domestic hotel room nights and online marketing Active Merchants, and further the revenues growth.

Our revenues from the new initiatives and others segment increased by 84.4% to RMB50.3 billion in 2021 from RMB27.3 billion in 2020, mainly contributed by our retail businesses, B2B food distribution services and other new initiatives, as we expanded these businesses to satisfy consumers' growing needs.

### ***Costs and Expenses***

The following table sets forth a breakdown of our costs and expenses by function for the years indicated:

	Year Ended		December 31, 2020	As a percentage of revenues	Year-over-year change
	December 31, 2021	As a percentage of revenues			
	Amount	Amount	Amount	of revenues	
<i>(RMB in thousands, except for percentages)</i>					
<b>Costs and Expenses:</b>					
Cost of revenues	<b>136,653,869</b>	<b>76.3%</b>	80,744,368	70.3%	69.2%
Selling and marketing expenses	<b>40,683,166</b>	<b>22.7%</b>	20,882,685	18.2%	94.8%
Research and development expenses	<b>16,675,595</b>	<b>9.3%</b>	10,892,514	9.5%	53.1%
General and administrative expenses	<b>8,612,626</b>	<b>4.8%</b>	5,593,895	4.9%	54.0%
Net provisions for impairment losses on financial and contract assets	<b>259,953</b>	<b>0.1%</b>	467,690	0.4%	(44.4%)

### ***Cost of Revenues***

Our cost of revenues increased by 69.2% to RMB136.7 billion in 2021 from RMB80.7 billion in 2020, and increased by 6.0 percentage points to 76.3% from 70.3% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to (i) an increase of RMB18.9 billion in food delivery related costs for our 1P model to RMB68.2 billion, which was in line with the increase in related number of transactions, and (ii) the development and exploration in our retail businesses and other new initiatives. The increase in the cost of revenues as a percentage of revenues was mainly due to our enlarged investment in retail businesses this year as well as the change in revenue mix.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by RMB19.8 billion to RMB40.7 billion in 2021 from RMB20.9 billion in 2020, increasing by 4.5 percentage points to 22.7% from 18.2% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to the increase in promotion, advertising and user incentives expenses and employee benefits expenses. We enlarged branding and promotional campaigns to enhance our brand recognition, and increased Transacting Users incentives to stimulate consumption for various businesses. In addition, we hired more employees to support the rapid growth of our new initiatives. The increase in percentage of revenues was primarily attributable to the new initiatives businesses which incurred more marketing expenses at early business stage.

### *Research and Development Expenses*

Our research and development expenses increased to RMB16.7 billion in 2021 from RMB10.9 billion in 2020, mainly due to the increase in employee benefits expenses driven by our business expansion.

### *General and Administrative Expenses*

Our general and administrative expenses increased to RMB8.6 billion in 2021 from RMB5.6 billion in 2020, mainly due to the increase in employee benefits expenses.

### *Net Provisions for Impairment Losses on Financial and Contract Assets*

Our net provisions for impairment losses on financial and contract assets decreased to RMB260.0 million in 2021 from RMB467.7 million in 2020, which was primarily due to the decrease in expected credit losses of financial assets.

### *Fair Value Changes of Other Financial Investments at Fair Value Through Profit or Loss*

Our gain in fair value changes of other financial investments at fair value through profit or loss was RMB815.7 million in 2021, compared to a gain of RMB5.0 billion in 2020. This was primarily due to the fluctuation in valuation of our investment portfolios, as well as certain one-off valuation adjustment driven by capital transactions of certain investee in 2020.

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

Our other (losses)/gains, net in 2021 was a loss of RMB185.7 million, compared to a gain of RMB3.2 billion in 2020. Both our proceeds from treasury investments and subsidies or tax benefits received remained the same level for past two years, but we were imposed a fine pursuant to China's Antimonopoly Law in 2021.

### *Operating (Loss)/Profit*

As a result of the foregoing, our operating loss and margin in 2021 was RMB23.1 billion and negative 12.9% respectively, compared to operating profit and margin of RMB4.3 billion and 3.8% in 2020.

Operating (loss)/profit and margin by segment are set forth in the table below.

	Year Ended				Year-over-year change
	December 31, 2021		December 31, 2020		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	6,174,641	6.4%	2,833,369	4.3%	117.9%
In-store, hotel & travel	14,093,113	43.3%	8,180,933	38.5%	72.3%
New initiatives and others	(38,393,895)	(76.4%)	(10,854,996)	(39.8%)	253.7%
Unallocated items	(5,001,058)	NA	4,170,796	NA	NA
<b>Total operating (loss)/profit</b>	<b>(23,127,199)</b>	<b>(12.9%)</b>	<b>4,330,102</b>	<b>3.8%</b>	<b>NA</b>

Our operating profit from the food delivery segment increased to RMB6.2 billion in 2021 from RMB2.8 billion in 2020. The operating margin increased by 2.1 percentage points to 6.4% from 4.3% on a year-over-year basis. This was primarily driven by the higher contribution from online marketing services revenue, enhanced economies of scale and improved operating efficiency.

Our operating profit from the in-store, hotel & travel segment increased by 72.3% to RMB14.1 billion in 2021 from RMB8.2 billion in 2020. Our operating margin for this segment increased by 4.8 percentage points to 43.3% from 38.5% on a year-over-year basis. Both the increases in operating profit and margin were mainly due to business recovery from the COVID-19 pandemic and enhanced operating leverage.

Our operating loss from the new initiatives and others segment expanded to RMB38.4 billion in 2021 from RMB10.9 billion in 2020 and our operating margin for this segment decreased by 36.6 percentage points to negative 76.4% from negative 39.8% on a year-over-year basis. The expansion in loss was mainly contributed by the expenditure in supply chain and user incentives to support our retail businesses.

### ***Income Tax Credits***

We had income tax credits of RMB30.3 million in 2021, compared to income tax credits of RMB269.7 million in 2020. The change in profit status of certain entities resulted in higher income tax credits for the prior year.

### ***(Loss)/profit for the Year***

As a result of the foregoing, we had loss of RMB23.5 billion in 2021, compared to profit of RMB4.7 billion in 2020.

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

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use adjusted EBITDA and adjusted net profit/(loss) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash or one-off items, and certain impact of investment transactions. The use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of our results of operations as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS financial measures for the fourth quarter of 2021 and 2020, the third quarter of 2021 and the years ended December 31, 2021 and 2020, to the nearest measures prepared in accordance with IFRS.

**Unaudited  
Three Months Ended**

	December 31, 2021	December 31, 2020	September 30, 2021
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*(RMB in thousands)*

Loss for the period	(5,339,151)	(2,244,292)	(9,994,410)
Adjusted for:			
Fine imposed pursuant to China's Antimonopoly Law	–	–	3,442,440
Share-based compensation expenses	1,634,141	1,041,671	1,481,159
Net gains from investments <sup>(1)</sup>	(471,908)	(191,031)	(580,615)
Impairment and expense reversal/(provision)	(1,477)	738	(434)
Amortization of intangible assets resulting from acquisitions	121,525	133,007	123,155
Tax effects on non-IFRS adjustments	121,138	(176,613)	1,795
<b>Adjusted net loss</b>	<b>(3,935,732)</b>	<b>(1,436,520)</b>	<b>(5,526,910)</b>
Adjusted for:			
Income tax credits, except for tax effects on non-IFRS adjustments	(126,196)	(394,404)	(7,831)
Share of (losses)/gains of investments accounted for using the equity method not adjusted for adjusted net loss	(107,445)	(117,398)	(273,237)
Finance income	(157,174)	(69,724)	(198,890)
Finance costs	331,672	149,735	369,942
Other gains/(losses), net not adjusted for adjusted net loss	(577,770)	(430,233)	(608,984)
Amortization of software and others	89,889	75,597	78,383
Depreciation on property, plant and equipment	2,473,008	1,633,819	2,105,868
<b>Adjusted EBITDA</b>	<b>(2,009,748)</b>	<b>(589,128)</b>	<b>(4,061,659)</b>

<sup>(1)</sup> Mainly includes fair value changes related to investees, gains/(losses) on disposal of investees or subsidiaries, dilution gains and certain share of (losses)/gains of investments accounted for using the equity method.

	<b>Year Ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<i>(RMB in thousands)</i>	
(Loss)/Profit for the year	<b>(23,536,198)</b>	4,707,612
Adjusted for:		
Fine imposed pursuant to China's Antimonopoly Law	<b>3,442,440</b>	–
Share-based compensation expenses	<b>5,193,860</b>	3,277,476
Net gains from investments <sup>(1)</sup>	<b>(1,247,255)</b>	(5,809,527)
Impairment and expense reversal/(provision)	<b>(58,743)</b>	52,894
Amortization of intangible assets resulting from acquisitions	<b>495,954</b>	615,578
Tax effects on non-IFRS adjustments	<b>138,442</b>	276,572
<b>Adjusted net (loss)/profit</b>	<b>(15,571,500)</b>	3,120,605
Adjusted for:		
Income tax credits, except for tax effects on non-IFRS adjustments	<b>(168,721)</b>	(546,309)
Share of gains of investments accounted for using the equity method not adjusted for adjusted net (loss)/profit	<b>(416,920)</b>	(264,105)
Finance income	<b>(546,037)</b>	(213,684)
Finance costs	<b>1,130,935</b>	370,016
Other (losses)/gains, net not adjusted for adjusted net (loss)/profit	<b>(2,553,898)</b>	(2,307,217)
Amortization of software and others	<b>321,090</b>	375,908
Depreciation on property, plant and equipment	<b>8,110,975</b>	4,202,623
<b>Adjusted EBITDA</b>	<b>(9,694,076)</b>	4,737,837

## Liquidity and Capital Resources

Historically, our demand for cash was principally funded by capital contribution from Shareholders and financing through issuance and sale of equity and debt securities. We had cash and cash equivalents of RMB32.5 billion and short-term treasury investments of RMB84.3 billion as of December 31, 2021, compared to the balances of RMB17.1 billion and RMB44.0 billion as of December 31, 2020.

<sup>(1)</sup> Mainly includes fair value changes related to investees, gains/(losses) on disposal of investees or subsidiaries, dilution gains and certain share of (losses)/gains of investments accounted for using the equity method.



The following table sets forth our cash flows for the years indicated:

	<b>Year Ended</b>	
	<b>December 31, 2021</b>	December 31, 2020
	<i>(RMB in thousands)</i>	
Net cash flows (used in)/generated from operating activities	<b>(4,011,457)</b>	8,475,013
Net cash flows used in investing activities	<b>(58,491,834)</b>	(21,232,004)
Net cash flows generated from financing activities	<b>78,598,331</b>	17,418,081
<b>Net increase in cash and cash equivalents</b>	<b>16,095,040</b>	4,661,090
Cash and cash equivalents at the beginning of the year	<b>17,093,559</b>	13,396,185
Exchange losses on cash and cash equivalents	<b>(675,171)</b>	(963,716)
<b>Cash and cash equivalents at the end of the year</b>	<b>32,513,428</b>	17,093,559

### ***Net Cash Flows Used in Operating Activities***

Net cash flows used in operating activities represents the cash used in our operations minus the income tax paid. Cash used in our operations primarily consisted of our loss for the year, as adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2021, net cash flows used in operating activities was RMB4.0 billion, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortization and share-based compensation expenses, partially offset by dividend income and interest classified as investing cash flows, (ii) net decrease in working capital in line with the business scale expansion and the continuous investment in our new initiatives, and (iii) partial payment of the fine imposed pursuant to China's Antimonopoly Law.

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

For the year ended December 31, 2021, net cash flows used in investing activities was RMB58.5 billion, which was mainly attributable to treasury investments, purchase of property, plant and equipment and investments in some entities.

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

For the year ended December 31, 2021, net cash flows generated from financing activities was RMB78.6 billion, which was mainly attributable to proceeds from issuance of shares upon placement and convertible bonds and the net increase of borrowings, partially offset by the principal elements of lease payments.

### ***Gearing ratio***

As of December 31, 2021, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 43%.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Year ended December 31,	
		2021	2020
		<i>(RMB in thousands)</i>	
<b>Revenues</b>	3	<b>179,127,997</b>	114,794,510
Including: Interest revenue		<b>1,000,004</b>	884,897
Cost of revenues	4	<b>(136,653,869)</b>	(80,744,368)
<b>Gross profit</b>		<b>42,474,128</b>	34,050,142
Selling and marketing expenses	4	<b>(40,683,166)</b>	(20,882,685)
Research and development expenses	4	<b>(16,675,595)</b>	(10,892,514)
General and administrative expenses	4	<b>(8,612,626)</b>	(5,593,895)
Net provisions for impairment losses on financial and contract assets		<b>(259,953)</b>	(467,690)
Fair value changes of other financial investments at fair value through profit or loss		<b>815,747</b>	4,955,909
Other (losses)/gains, net	5	<b>(185,734)</b>	3,160,835
<b>Operating (loss)/profit</b>	3	<b>(23,127,199)</b>	4,330,102
Finance income		<b>546,037</b>	213,684
Finance costs		<b>(1,130,935)</b>	(370,016)
Share of gains of investments accounted for using the equity method		<b>145,620</b>	264,105
<b>(Loss)/profit before income tax</b>		<b>(23,566,477)</b>	4,437,875
Income tax credits	7	<b>30,279</b>	269,737
<b>(Loss)/profit for the year</b>		<b>(23,536,198)</b>	4,707,612
<b>(Loss)/profit for the year attributable to:</b>			
Equity holders of the Company		<b>(23,538,379)</b>	4,708,313
Non-controlling interests		<b>2,181</b>	(701)
		<b>(23,536,198)</b>	4,707,612
		<i>RMB</i>	<i>RMB</i>
<b>(Loss)/earnings per share for (loss)/profit for the year attributable to the equity holders of the Company</b>	6		
Basic (loss)/earnings per share		<b>(3.90)</b>	0.81
Diluted (loss)/earnings per share		<b>(3.90)</b>	0.78

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
<b>Other comprehensive loss:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	<b>1,836</b>	(300)
Fair value changes of debt instruments at fair value through other comprehensive income	<b>4,795</b>	(60)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	<b>163,604</b>	–
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<b>(1,540,203)</b>	(2,920,302)
Share of other comprehensive loss of investments accounted for using the equity method	<b>(43,633)</b>	(142,357)
Fair value changes of other financial investments at fair value through other comprehensive income	<b>(86,821)</b>	84,387
<b>Other comprehensive loss for the year, net of tax</b>	<b><u>(1,500,422)</u></b>	<b><u>(2,978,632)</u></b>
<b>Total comprehensive (loss)/income for the year</b>	<b><u><u>(25,036,620)</u></u></b>	<b><u><u>1,728,980</u></u></b>
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Equity holders of the Company	<b>(25,038,801)</b>	1,729,681
Non-controlling interests	<b><u>2,181</u></b>	<u>(701)</u>
	<b><u><u>(25,036,620)</u></u></b>	<b><u><u>1,728,980</u></u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021**

	Note	As of December 31,	
		2021	2020
		<i>(RMB in thousands)</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		22,814,246	13,917,165
Intangible assets		31,048,814	31,676,381
Deferred tax assets		1,378,468	448,670
Long-term treasury investments		4,010,442	612,967
Other financial investments at fair value through profit or loss		14,299,857	10,256,786
Investments accounted for using the equity method		13,868,788	13,180,943
Other financial investments at fair value through other comprehensive income		2,022,705	605,918
Prepayments, deposits and other assets		3,381,272	7,569,817
		<u>92,824,592</u>	<u>78,268,647</u>
<b>Current assets</b>			
Inventories		681,693	466,492
Trade receivables	8	1,793,035	1,030,948
Prepayments, deposits and other assets		15,281,586	12,940,125
Short-term treasury investments		84,282,016	43,999,364
Restricted cash		13,276,919	12,775,667
Cash and cash equivalents		32,513,428	17,093,559
		<u>147,828,677</u>	<u>88,306,155</u>
<b>Total assets</b>		<u><u>240,653,269</u></u>	<u><u>166,574,802</u></u>
<b>EQUITY</b>			
Share capital		411	395
Share premium		311,221,237	263,155,201
Shares held for shares award scheme		-	-
Other reserves		(2,866,675)	(6,262,066)
Accumulated losses		(182,741,531)	(159,200,503)
<b>Equity attributable to equity holders of the Company</b>		<u>125,613,442</u>	<u>97,693,027</u>
<b>Non-controlling interests</b>		<u>(56,680)</u>	<u>(58,752)</u>
<b>Total equity</b>		<u><u>125,556,762</u></u>	<u><u>97,634,275</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS OF DECEMBER 31, 2021**

	Note	As of December 31,	
		2021	2020
		<i>(RMB in thousands)</i>	
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		895,691	755,694
Financial liabilities at fair value through profit or loss		–	114,600
Deferred revenues		–	166,700
Borrowings		12,219,667	1,957,470
Notes payable		30,383,378	12,966,341
Lease liabilities		2,994,226	1,648,008
Other non-current liabilities		10,588	184,073
		<u>46,503,550</u>	<u>17,792,886</u>
<b>Current liabilities</b>			
Trade payables	9	15,165,619	11,967,026
Payables to merchants		10,950,920	9,414,936
Advances from transacting users		5,171,054	4,307,861
Other payables and accruals		18,400,738	12,779,429
Borrowings		11,565,200	6,395,002
Deferred revenues		5,478,480	5,052,830
Lease liabilities		1,756,559	1,089,847
Income tax liabilities		104,387	140,710
		<u>68,592,957</u>	<u>51,147,641</u>
<b>Total liabilities</b>		<u><b>115,096,507</b></u>	<u><b>68,940,527</b></u>
<b>Total equity and liabilities</b>		<u><b>240,653,269</b></u>	<u><b>166,574,802</b></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Attributable to equity holders of the Company							Non-controlling interests	Total
	Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As of January 1, 2021	395	263,155,201	-	(6,262,066)	(159,200,503)	97,693,027	(58,752)	97,634,275	
<b>Comprehensive income</b>									
Loss for the year	-	-	-	-	(23,538,379)	(23,538,379)	2,181	(23,536,198)	
<b>Other comprehensive loss</b>									
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	(41,797)	-	(41,797)	-	(41,797)	
Fair value changes of other financial investments at fair value through other comprehensive income	-	-	-	(86,821)	-	(86,821)	-	(86,821)	
Fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	4,795	-	4,795	-	4,795	
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	-	-	-	163,604	-	163,604	-	163,604	
Currency translation differences	-	-	-	(1,540,203)	-	(1,540,203)	-	(1,540,203)	
<b>Total comprehensive loss</b>	-	-	-	(1,500,422)	(23,538,379)	(25,038,801)	2,181	(25,036,620)	
Share of other changes in net assets of associates	-	-	-	158,922	-	158,922	-	158,922	
<b>Transaction with owners in their capacity as owners</b>									
Equity-settled share-based payments	-	-	-	5,193,445	-	5,193,445	-	5,193,445	
Shares held for shares award scheme	1	-	(1)	-	-	-	-	-	
Exercise of share options and RSUs vesting	2	2,780,149	1	(2,508,430)	-	271,722	-	271,722	
Issuance of shares upon placement and subscription	13	45,285,887	-	-	-	45,285,900	-	45,285,900	
Tax benefit from share-based payments	-	-	-	535,289	-	535,289	-	535,289	
Appropriations to general reserves	-	-	-	2,649	(2,649)	-	-	-	
Issuance of convertible bonds (equity component)	-	-	-	1,513,938	-	1,513,938	-	1,513,938	
Distributions from a non wholly-owned subsidiary	-	-	-	-	-	-	(109)	(109)	
<b>Total transaction with owners in their capacity as owners</b>	16	48,066,036	-	4,736,891	(2,649)	52,800,294	(109)	52,800,185	
As of December 31, 2021	411	311,221,237	-	(2,866,675)	(182,741,531)	125,613,442	(56,680)	125,556,762	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Attributable to equity holders of the Company							Non-controlling interests	Total
	Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Sub-total			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
<b>As of January 1, 2020</b>	389	260,359,929	-	(4,447,252)	(163,800,621)	92,112,445	(58,051)	92,054,394	
<b>Comprehensive income</b>									
Profit for the year	-	-	-	-	4,708,313	4,708,313	(701)	4,707,612	
<b>Other comprehensive income</b>									
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	(142,657)	-	(142,657)	-	(142,657)	
Fair value changes of other financial investments at fair value through other comprehensive income	-	-	-	84,387	-	84,387	-	84,387	
Fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	(60)	-	(60)	-	(60)	
Currency translation differences	-	-	-	(2,920,302)	-	(2,920,302)	-	(2,920,302)	
<b>Total comprehensive income</b>	-	-	-	(2,978,632)	4,708,313	1,729,681	(701)	1,728,980	
Share of other changes in net assets of associates	-	-	-	21,671	-	21,671	-	21,671	
<b>Transaction with owners in their capacity as owners</b>									
Equity-settled share-based payments	-	-	-	3,272,930	-	3,272,930	-	3,272,930	
Shares held for shares award scheme	1	-	(1)	-	-	-	-	-	
Exercise of share options and RSUs vesting	5	2,795,272	1	(2,283,840)	-	511,438	-	511,438	
Tax benefit from share-based payments	-	-	-	44,862	-	44,862	-	44,862	
Appropriations to general reserves	-	-	-	108,195	(108,195)	-	-	-	
<b>Total transaction with owners in their capacity as owners</b>	6	2,795,272	-	1,142,147	(108,195)	3,829,230	-	3,829,230	
<b>As of December 31, 2020</b>	<u>395</u>	<u>263,155,201</u>	<u>-</u>	<u>(6,262,066)</u>	<u>(159,200,503)</u>	<u>97,693,027</u>	<u>(58,752)</u>	<u>97,634,275</u>	

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
Net cash flows (used in)/generated from operating activities	<b>(4,011,457)</b>	8,475,013
Net cash flows used in investing activities	<b>(58,491,834)</b>	(21,232,004)
Net cash flows generated from financing activities	<b>78,598,331</b>	17,418,081
<b>Net increase in cash and cash equivalents</b>	<b>16,095,040</b>	4,661,090
Cash and cash equivalents at the beginning of the year	<b>17,093,559</b>	13,396,185
Exchange losses on cash and cash equivalents	<b>(675,171)</b>	(963,716)
<b>Cash and cash equivalents at the end of the year</b>	<b><u>32,513,428</u></b>	<b><u>17,093,559</u></b>



## NOTES TO THE FINANCIAL INFORMATION

### 1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office is at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018.

The Company is an investment holding company. The Company and its domestic subsidiaries offers diversified daily goods and services in the broader retail by leveraging technology, including food delivery, in-store, hotel and travel booking and other services and sales.

The financial information of the Company has been prepared in accordance with applicable International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board. The financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss or through other comprehensive income, which are carried at fair value.

### 2 Changes in accounting policies and disclosures

#### (a) *New amendments adopted by the Company*

The Company has applied the following amendments for the first time commencing January 1, 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – phase 2
-------------------------------------------------------------	------------------------------------------

The Company had certain interest-bearing bank borrowings denominated in USD based on the London Interbank Offered Rate ("LIBOR") as of December 31, 2021. For these bank borrowings, since the interest rates of these instruments were not replaced by alternative risk-free rates ("RFR") during this year, the amendments did not have any significant impact on the financial position and performance of the Company. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence.

#### (b) *New standards and amendments not yet adopted by the Company*

The following new standards and amendments have been issued, but are not effective for the Company's financial year beginning on January 1, 2021 and have not been early adopted by the Company's management.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IAS 16 (Amendments)	Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to IFRS 3	Reference to the conceptual framework	January 1, 2022
IAS 37 (Amendments)	Onerous contract – cost of fulfilling a contract	January 1, 2022
IAS 1 (Amendments)	Classification of liabilities as current and non-current	January 1, 2023
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

The Company is in the process of assessing potential impact of the above new standards and amendments that is relevant to the Company upon initial application. According to the preliminary assessment made by the Directors of the Company, management does not anticipate any significant impact on the Company's financial positions and results of operations upon adopting the above new standards and amendments except for the Amendments to IAS 12. The management of the Company plans to adopt these new standards and amendments when they become effective.

### 3 Segment information

The segment information provided to the Company's CODM for the reportable segments for the years ended December 31, 2021 and 2020 is as follows. In May 2021, the Company rolled out a new fee structure to merchants of food delivery business, in which the fees charged to the merchants were split into a food delivery services fee and a technology service fee. The revenues derived from these services were separately presented under the food delivery segment for the year ended December 31, 2021. The figures for the comparative year were reclassified to conform to such presentation as well.

	Year ended December 31, 2021				Total
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items (Note i)	
	<i>(RMB in thousands)</i>				
Food delivery services	54,203,640	-	-	-	54,203,640
Commission	28,547,274	15,798,936	8,558,547	-	52,904,757
Online marketing services	11,434,933	16,667,421	982,816	-	29,085,170
Other services and sales (including interest revenue)	2,125,931	63,968	40,744,531	-	42,934,430
<b>Revenues in total</b>	<b>96,311,778</b>	<b>32,530,325</b>	<b>50,285,894</b>	<b>-</b>	<b>179,127,997</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(90,137,137)</b>	<b>(18,437,212)</b>	<b>(88,679,789)</b>	<b>(5,001,058)</b>	<b>(202,255,196)</b>
Including: Food delivery related costs	(68,183,267)	-	-	-	(68,183,267)
<b>Operating (loss)/profit</b>	<b>6,174,641</b>	<b>14,093,113</b>	<b>(38,393,895)</b>	<b>(5,001,058)</b>	<b>(23,127,199)</b>
	Year ended December 31, 2020				
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items (Note i)	Total
	<i>(RMB in thousands)</i>				
Food delivery services	39,116,411	-	-	-	39,116,411
Commission	18,502,868	10,193,162	5,428,154	-	34,124,184
Online marketing services	7,565,111	11,018,337	324,597	-	18,908,045
Other services and sales (including interest revenue)	1,080,929	40,899	21,524,042	-	22,645,870
<b>Revenues in total</b>	<b>66,265,319</b>	<b>21,252,398</b>	<b>27,276,793</b>	<b>-</b>	<b>114,794,510</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(63,431,950)</b>	<b>(13,071,465)</b>	<b>(38,131,789)</b>	<b>4,170,796</b>	<b>(110,464,408)</b>
Including: Food delivery related costs	(49,291,318)	-	-	-	(49,291,318)
<b>Operating (loss)/profit</b>	<b>2,833,369</b>	<b>8,180,933</b>	<b>(10,854,996)</b>	<b>4,170,796</b>	<b>4,330,102</b>

- (i) Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

#### 4 Expenses by nature

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Food delivery related costs	68,183,267	49,291,318
Employee benefits expenses	34,767,852	21,541,521
Transaction costs (Note i)	26,352,193	15,859,348
Promotion, advertising and user incentives	23,200,707	11,029,869
Other outsourcing costs	22,538,561	8,128,968
Depreciation of property, plant and equipment	8,110,975	4,202,623
Amortization of intangible assets	817,044	991,486
Auditor's remuneration		
– Audit and audit-related services	47,879	48,889
– Non-audit services	8,053	1,898

(i) Transaction costs consist of cost of goods sold and certain costs from various businesses.

#### 5 Other (losses)/gains, net

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Subsidies and tax preference	1,502,905	1,388,365
Fair value changes of treasury investments at fair value through profit or loss	1,152,287	816,888
Dilution gains	716,427	853,618
Interest income from treasury investments at amortized cost	132,694	386,771
Fine imposed pursuant to China's Antimonopoly Law	(3,442,440)	–
Donations	(139,689)	(204,534)
Foreign exchange losses, net	(34,977)	(170,340)
Others	(72,941)	90,067
	<b>(185,734)</b>	<b>3,160,835</b>

## 6 (Loss)/earnings per share

- (a) Basic (loss)/earnings per share for the years ended December 31, 2021 and 2020 were calculated by dividing the (loss)/profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<b>(23,538,379)</b>	4,708,313
Weighted average number of ordinary shares in issue (thousands)	<b>6,037,677</b>	5,845,354
Basic (loss)/earnings per share (RMB)	<b>(3.90)</b>	<b>0.81</b>

- (b) Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. As the Company incurred losses for the year ended December 31, 2021, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the year ended December 31, 2021 was the same as basic loss per share.

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<b>(23,538,379)</b>	4,708,313
Weighted average number of ordinary shares in issue (thousands)	<b>6,037,677</b>	5,845,354
Adjustments for share options and RSUs (thousands)	–	158,251
Weighted average number of ordinary shares used as the denominator in calculating diluted (loss)/earnings per share (thousands)	<b>6,037,677</b>	6,003,605
Diluted (loss)/earnings per share (RMB)	<b>(3.90)</b>	<b>0.78</b>

## 7 Income tax credits

The following table sets forth our income tax credits for the years indicated:

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Current income tax expenses	(417,262)	(147,172)
Deferred income tax credits	447,541	416,909
	<b>30,279</b>	<b>269,737</b>

## 8 Trade receivables

Trade receivables represent amounts due from customers for services performed or goods sold in the ordinary course of business. Trade receivables are generally due for settlement within one year and therefore are all classified as current assets. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Trade receivables	2,019,029	1,197,518
Less: allowance for impairment	(225,994)	(166,570)
	<b>1,793,035</b>	<b>1,030,948</b>

We allow a credit period of 30 to 180 days to our customers. Aging analysis of trade receivables (net of allowance for impairment of trade receivables) based on invoice date is as follows:

	As of December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Trade receivables		
Up to 3 months	1,669,739	889,861
3 to 6 months	101,529	94,088
6 months to 1 year	17,861	39,416
Over 1 year	3,906	7,583
	<b>1,793,035</b>	<b>1,030,948</b>

## 9 Trade payables

Trade payables represent liabilities for goods sold or services provided to us prior to the end of the year which are unpaid. As of December 31, 2021 and 2020, the aging analysis of the trade payables based on invoice date is as follows:

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
Trade payables		
Up to 3 months	<b>14,906,908</b>	11,810,659
3 to 6 months	<b>146,690</b>	46,688
6 months to 1 year	<b>88,042</b>	45,876
Over 1 year	<b>23,979</b>	63,803
	<b>15,165,619</b>	11,967,026

## 10 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2021 and 2020.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended December 31, 2021.

### **CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The Company will hold its annual general meeting (the "AGM") on May 18, 2022. The register of members of the Company will be closed from May 13, 2022 to May 18, 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 12, 2022.

### **Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2021. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters.

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

The figures in respect of the announcement of the Company's results for the year ended December 31, 2021 have been agreed by the Auditor to the amounts as set out in the Company'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.

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

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

Save for code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 since January 1, 2022), the Company has complied with all the code provisions as set out in the CG Code where applicable during the year ended December 31, 2021. Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Wang Xing currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

## **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended December 31, 2021.

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

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([about.meituan.com](http://about.meituan.com)) in due course.



## APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our consumers, merchants and partners for their trust in our platform, our couriers for their reliable and efficient services, our entire staff and management team for their outstanding contributions, and our Shareholders for their continuous support.

By Order of the Board  
**Meituan**  
**Wang Xing**  
Chairman

Hong Kong, March 25, 2022

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Xing as chairman and executive Director, Mr. Mu Rongjun and Mr. Wang Huiwen as executive Directors, Mr. Lau Chi Ping Martin and Mr. Neil Nanpeng Shen as non-executive Directors, and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Mr. Shum Heung Yeung Harry as independent non-executive Directors.*

*The Company's Shareholders and potential investors should note that the information in this announcement is based on the management accounts of the Company which have not been audited or reviewed by the Company's Auditor. This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company 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, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised 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.*

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>Term</b>	<b>Definition</b>
“Articles” or “Articles of Association”	the articles of association of the Company adopted on August 30, 2018 with effect from Listing, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Board”	the Board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Class A Shares”	Class A shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten 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
“Class B Shares”	Class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan (美团) (formerly known as Meituan Dianping (美团點評)), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan (美团) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a “Consolidated Affiliated Entity”)
“CODM”	the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments

“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange
“Listing Date”	September 20, 2018, on which the Class B Shares are listed and on which dealings in the Class B Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	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
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Reserved Matters”	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 and 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
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	U.S. dollar, the lawful currency of the United States
“%”	per cent

## **GLOSSARY**

“Active Merchant”	a merchant that meets any of the following conditions in a given period: (i) completed at least one transaction on our platform, (ii) purchased any online marketing services from us, (iii) processed offline payment at least once through our integrated payment systems, or (iv) generated any order through our ERP systems
“Gross Transaction Volume” or “GTV”	the value of paid transactions of products and services on our platform by consumers, regardless of whether the consumers are subsequently refunded. This includes delivery charges and VAT, but excludes any payment-only transactions, such as QR code scan payments and point-of-sale payments
“Monetization Rate”	the revenues for the year/period divided by the Gross Transaction Volume for the year/period
“Transacting User”	a user account that paid for transactions of products and services on our platform in a given period, regardless of whether the account is subsequently refunded
“transaction”	the number of transactions is generally recognized based on the number of payments made. (i) With respect to our in-store business, one transaction is recognized if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognized if a user books multiple room nights with a single payment; (iii) with respect to our attraction, movie, air and train ticketing businesses, one transaction is recognized if a user purchases multiple tickets with a single payment; (iv) with respect to our bike-sharing business, if a user uses monthly pass, then one transaction is recognized only when the user purchases or claims the monthly pass, and subsequent rides are not recognized as transactions; if a user does not use monthly pass, then one transaction is recognized for every ride

## 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

<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.

amended (the "**EU CRA Regulation**") and 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.

Member	Title	Term of office	Current principal activities outside UBS AG
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 Trelia 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 economiesuisse.
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.
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## 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.
Suni Harford	President Asset	Member of the Executive Board and President

<p>UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA</p>	<p>Management</p>	<p>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>
<p>Tom Naratil</p> <p>UBS AG, 1285 Avenue of the</p>	<p>Co-President Global Wealth Management and President UBS Americas</p>	<p>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</p>

Americas, New York, NY 10019 USA		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.

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