

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 SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

**12,500,000 European Style Cash Settled Long Certificates relating to
the Class B ordinary shares of Xiaomi Corporation
with a Daily Leverage of 5x**

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S\$0.80 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor 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 Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (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, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

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 31 March 2022.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

30 March 2022

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

² 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 and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of 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 they accept 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 and the Guarantor accept 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 and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. 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, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor 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 and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. 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 Guarantor 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, the Guarantor and/or any of their 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, the Guarantor and/or any of their 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 are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their 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 general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no 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 the Guarantor and have no rights under the Certificates against any other person;
- (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 (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) the Company is controlled through weighted voting rights. Certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters. If the Company takes actions that the other shareholders do not view as beneficial, the market price of the Underlying Stock and hence the Certificates could be adversely affected;
- (e) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (f) 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;
- (g) as indicated in the Conditions of the Certificates and herein, 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) 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;

- (i) 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. Investors may refer to the Conditions 4 and 6 on pages 32 to 36 and the examples and illustrations of adjustments set out in the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section of this document for more information;
- (j) 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 the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (k) 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);
- (l) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (m) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is 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;

- (n) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (o) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (p) 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);
- (q) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

- (r) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 52 to 53 of this document for more information;
- (s) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;
- (t) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) 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 (i) general market conditions and (ii) 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 the Condition 13 on pages 38 to 39 of this document for more information;
- (u) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (v) 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, the Guarantor and any of their 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. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (w) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their 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, the Guarantor and any of their 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, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their 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;

- (x) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

- (y) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

- (z) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

- (aa) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

- (bb) 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;

- (cc) 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 web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (dd) the reform of HIBOR may adversely affect the value of the Certificates

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

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

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

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

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

- (ee) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor’s broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from

FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(ff) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(gg) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Fund (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and

certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the

institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019

amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the “**BRRD II**”); and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet (“**FSB TLAC Term Sheet**”), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool,

the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

Certificates:	12,500,000 European Style Cash Settled Long Certificates relating to the Class B ordinary shares of Xiaomi Corporation (the “ Underlying Stock ”)
ISIN:	LU2267121866
Company:	Xiaomi Corporation (RIC: 1810.HK)
Underlying Price ³ and Source:	HK\$14.16 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.80
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	6.00%, is a hedging cost against extreme market movements overnight.
Funding Cost ⁶ :	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost ⁶ :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	24 March 2022
Closing Date:	30 March 2022
Expected Listing Date:	31 March 2022

³ These figures are calculated as at, and based on information available to the Issuer on or about 30 March 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 30 March 2022.

⁴ 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.

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

⁶ These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 22 March 2023
Expiry Date:	29 March 2023 (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:	28 March 2023 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 10:00 a.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 10:00 a.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:	<p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 43 to 58 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 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:</p> <p>“$t$” 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</p>

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).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

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

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 43 to 58 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 20 to 26 below.

Initial Exchange Rate³: 0.1728

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by

the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism:

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

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

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

Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 24 to 26 below and the “Description of Air Bag Mechanism” section on pages 49 to 51 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 (“**HKD**”)

Settlement Currency:

Singapore Dollar (“**SGD**”)

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 (the “**SGX-ST**”)

Relevant Stock Exchange for the Underlying Stock:

HKEX

Business Day and Exchange Business Day:

A “**Business Day**” is a day 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:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p> <p>Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.</p>
Further Information:	Please refer to the website at dlc.socgen.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.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

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

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

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

Leverage Strategy Formula

LSL_t	<p>means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).</p> <p>Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:</p> <p>On Observation Date(1):</p> $LSL_1 = 1000$ <p>On each subsequent Observation Date(t):</p> $LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$
LR_{t-1,t}	<p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$
FC_{t-1,t}	<p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t-1, t)}{\text{DayCountBasisRate}}$
RC_{t-1,t}	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right \right) \times TC$
TC	<p>means the Transaction Costs applicable (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>
Leverage	5
S_t	<p>means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.</p>
Rate_t	<p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p>

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

Rfactor_t means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

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

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

CashRate_t means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

%SpreadLevel_t means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel_t** should be 0%.

ACT(t-1,t) 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).

**Benchmark
Fallback**

upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate 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.

**Reference Rate
Event**

means, in respect of the Reference Rate any of the following has occurred or will occur:

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

**Reference Rate
Cessation**

means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

Administrator/ Benchmark Event	means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.
Reference Rate(s)	means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

Extraordinary Strategy Adjustment for Performance Reasons	If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the Intraday Restrike Date , noted hereafter IRD), an adjustment (an Extraordinary Strategy Adjustment for Performance Reasons) shall take place during such Observation Date(t) in accordance with the following provisions.
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(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

$ILSL_{IR(k)}$	means, in respect of $IR(k)$, the Intraday Leverage Strategy Level in accordance with the following provisions :
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(1) for $k = 1$:

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for $k > 1$:

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

$ILR_{IR(k-1),IR(k)}$	means the Intraday Leveraged Return between $IR(k-1)$ and $IR(k)$, calculated as follows :
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$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$$

$IRC_{IR(k-1),IR(k)}$	means the Intraday Rebalancing Cost of the Leverage Strategy in respect of $IR(k)$ on a given Intraday Restrike Date, calculated as follows :
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$$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right| \right) \times TC$$

$IS_{IR(k)}$

means the Underlying Stock Price in respect of IR(k) computed as follows:

(1) for k=0

$$IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$IS_{IR(C)} = S_{IRD}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k)

For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the kth Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C)

means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n

means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event

means in respect of an Observation Date(t):

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $IS_{IR(0)}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $IS_{IR(k)}$ as of such Calculation Time.

Calculation Time

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

TimeReferenceOpening

means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing

means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event

means in respect of an Intraday Restrike Event, the period starting on and

Observation Period excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes 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 and Guarantee, 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) a master instrument by way of deed poll (the “**Master Instrument**”) dated 18 June 2021, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

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

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured 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. 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.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated

obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;

- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (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, the Guarantor 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.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

- (C) the cancellation of the Certificates; and/or
- (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):

- (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg

and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

“Amounts Due” means any amounts due by the Issuer under the Certificates.

“Bail-In Power” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

“MREL” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“Relevant Resolution Authority” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

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 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.

“**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 10:00 a.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 10:00 a.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 10:00 a.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 relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date 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.
- (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 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) *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 discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) 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).

- (f) *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 by publication 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, the Guarantor or any of their respective subsidiaries 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 Master 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 Master 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 web-site 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 web-site 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, subject to the approval of the SGX-ST.

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 and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

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 Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer, Société Générale 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 Société Générale or 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 Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

“Holding Limit Event” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *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(d) 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 (i) 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); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *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 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 a Certificate notwithstanding such illegality, impracticality or the relevant event 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. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master 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 the Guarantor 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 Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. 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.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master 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 Master 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:	SG Issuer
Company:	Xiaomi Corporation
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	12,500,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the “ Master Instrument ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ Master Warrant Agent Agreement ”) and made between the Issuer, the Guarantor 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 10:00 a.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 10:00 a.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 31 March 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, subject to the approval of the SGX-ST.

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

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

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

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

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

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

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

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

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

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

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

B) Trading the Certificates before Expiry

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

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

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	Daily Management Fee Adjustment
		$1 - \text{Management Fee} \times \text{ACT} (t-1;t) / 360$
		x
		Daily Gap Premium Adjustment
		$1 - \text{Gap Premium} (t-1) \times \text{ACT} (t-1;t) / 360$

Illustration of the Calculation of Cash Settlement Amount

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

Value of Certificates	=	$t^7=0$	x	$t=1$	x	$t=2$	x ...	$t=i$
		Notional Amount		Leverage Strategy daily performance ⁸ x Daily Fees		Leverage Strategy daily performance x Daily Fees		Leverage Strategy Daily performance x Daily Fees

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

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

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.

⁷ "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.

⁸ Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing 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:	Class B ordinary shares of Xiaomi Corporation
Expected Listing Date:	03/07/2018
Expiry Date:	18/07/2018
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	0.80 SGD
Notional Amount per Certificate:	0.80 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	6.00%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{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):

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9833\% \approx 99.9822\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

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

$$\text{HFF (2)} = 99.9822\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9822\% \times 99.9967\% \times 99.9500\% \approx 99.9289\%$$

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 99.7337% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9822%
5/7/2018	99.9644%
6/7/2018	99.9467%
9/7/2018	99.8934%
10/7/2018	99.8756%
11/7/2018	99.8579%
12/7/2018	99.8401%
13/7/2018	99.8224%
16/7/2018	99.7691%
17/7/2018	99.7514%
18/7/2018	99.7337%

Cash Settlement Amount

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

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7337\%$$

$$= 119.68\%$$

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

$$= 119.68\% \times 0.80 \text{ SGD}$$

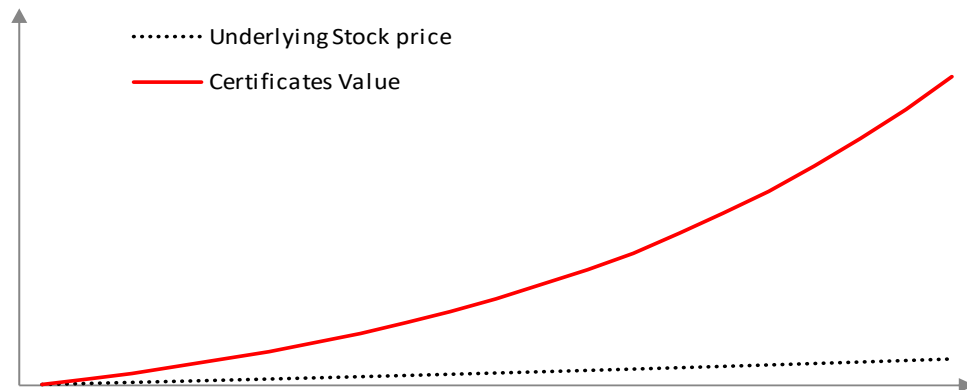
$$= \mathbf{0.957 \text{ SGD}}$$

Illustration on how returns and losses can occur under different scenarios

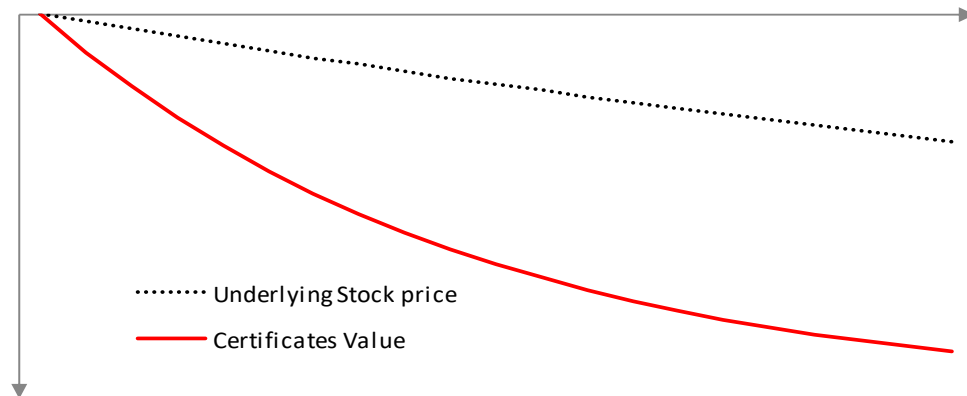
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

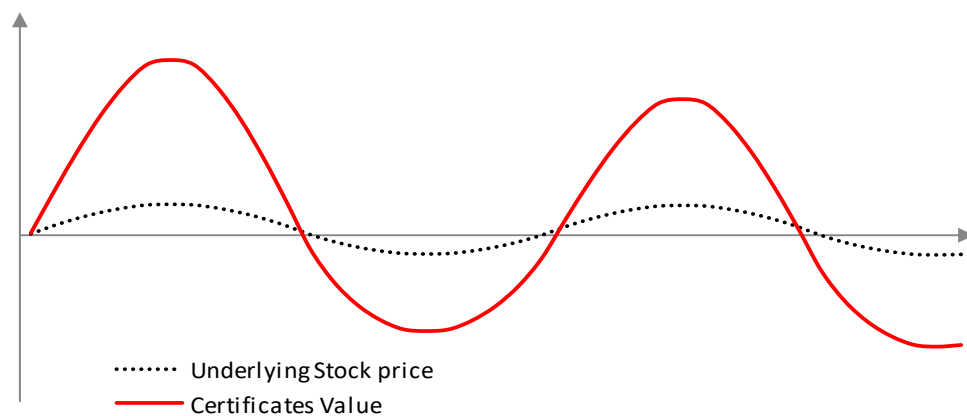
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.8	0.88	0.97	1.06	1.17	1.29
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.8	0.72	0.65	0.58	0.52	0.47
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.8	0.88	0.79	0.87	0.78	0.86
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

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

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

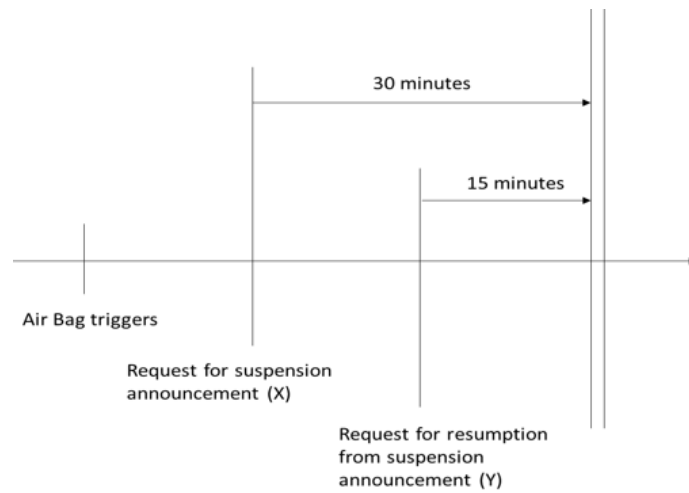
Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
Less than 45 minutes before Market Close and more than 15 minutes before Market Close		Next trading day at Market Open
15 minutes or less than 15 minutes before Market Close	From Air Bag Trigger to Market Close	

With **Market Close** defined as:

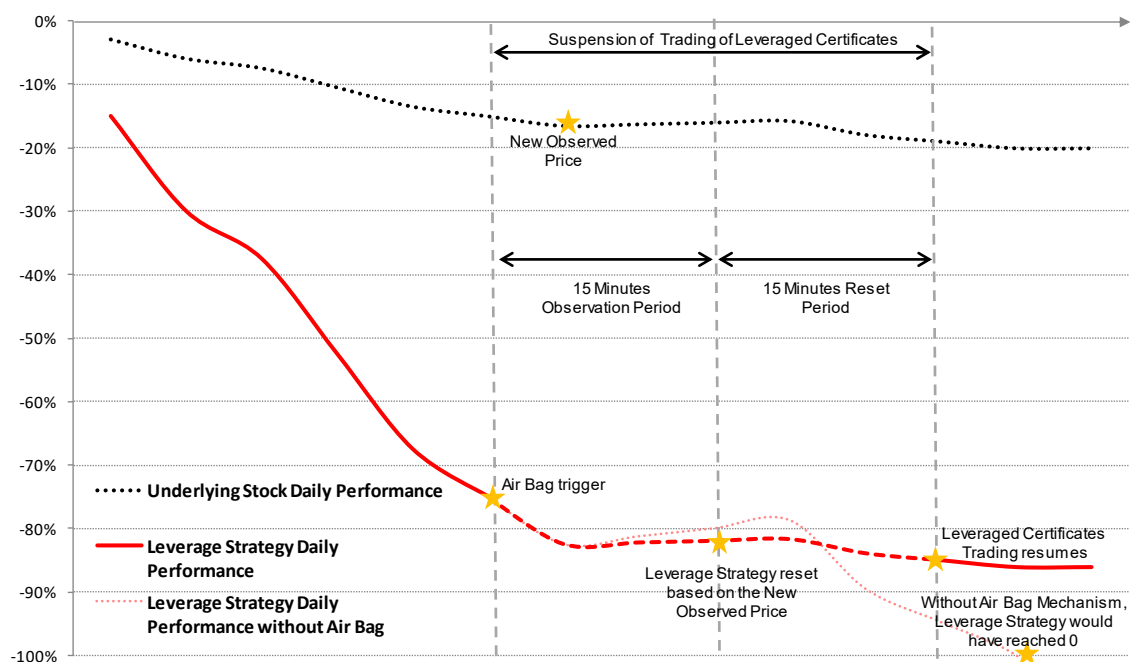
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



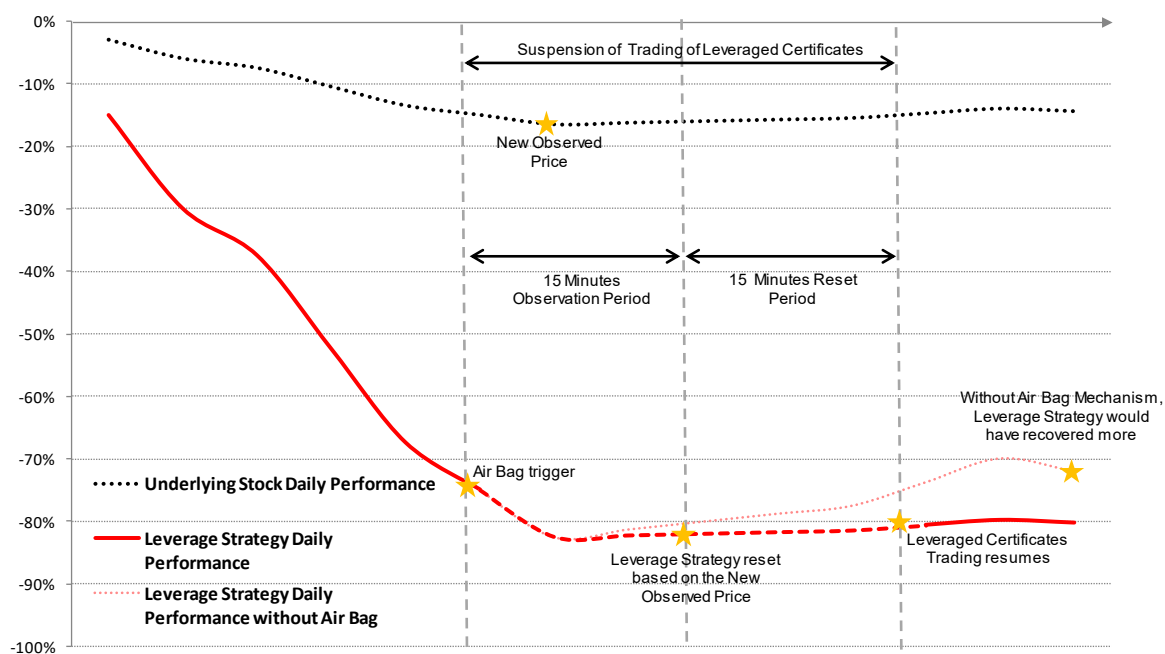
- The later between $X+30$ minutes or $Y+15$ minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



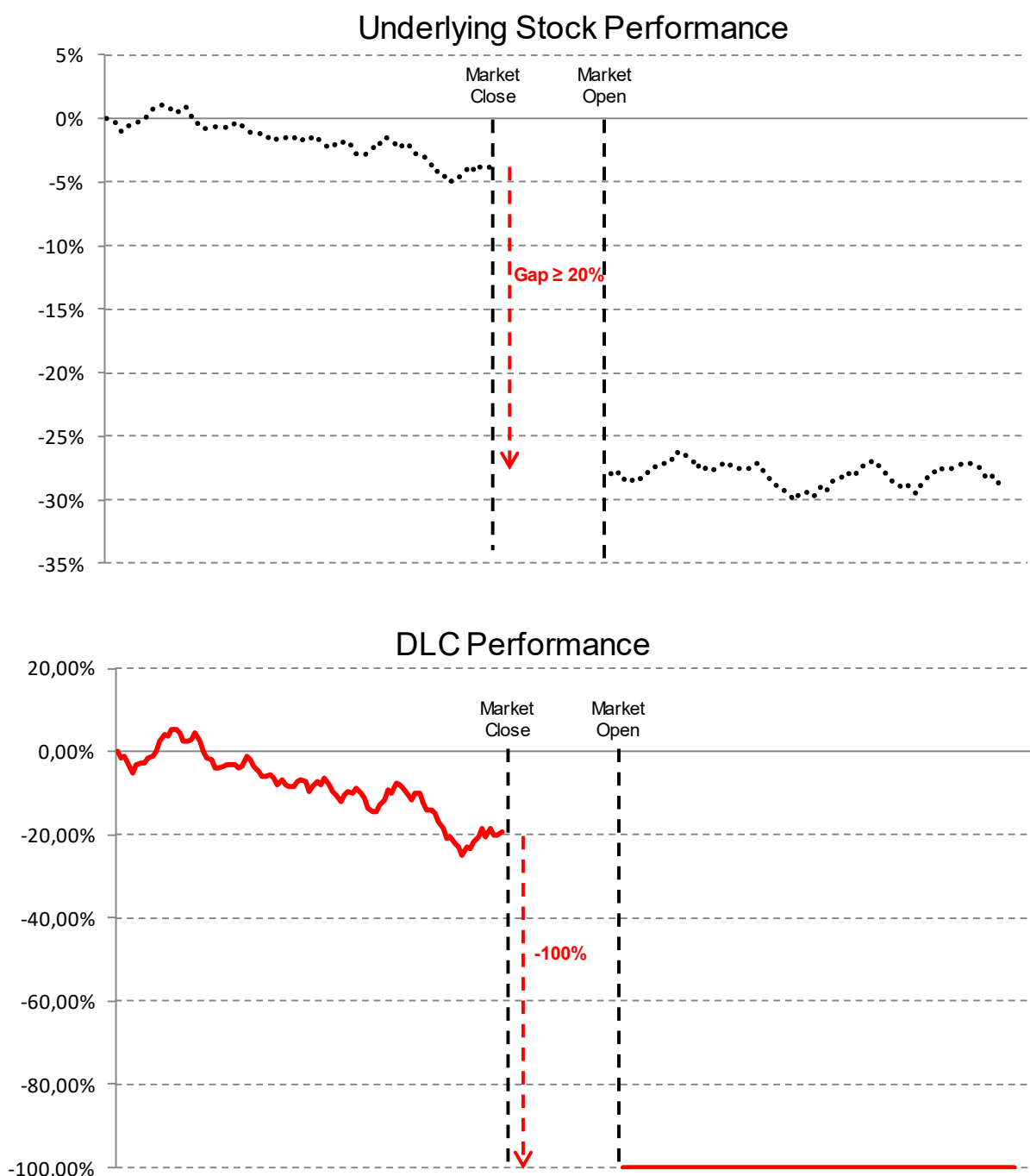
⁹ The illustrative examples are not exhaustive.

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

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

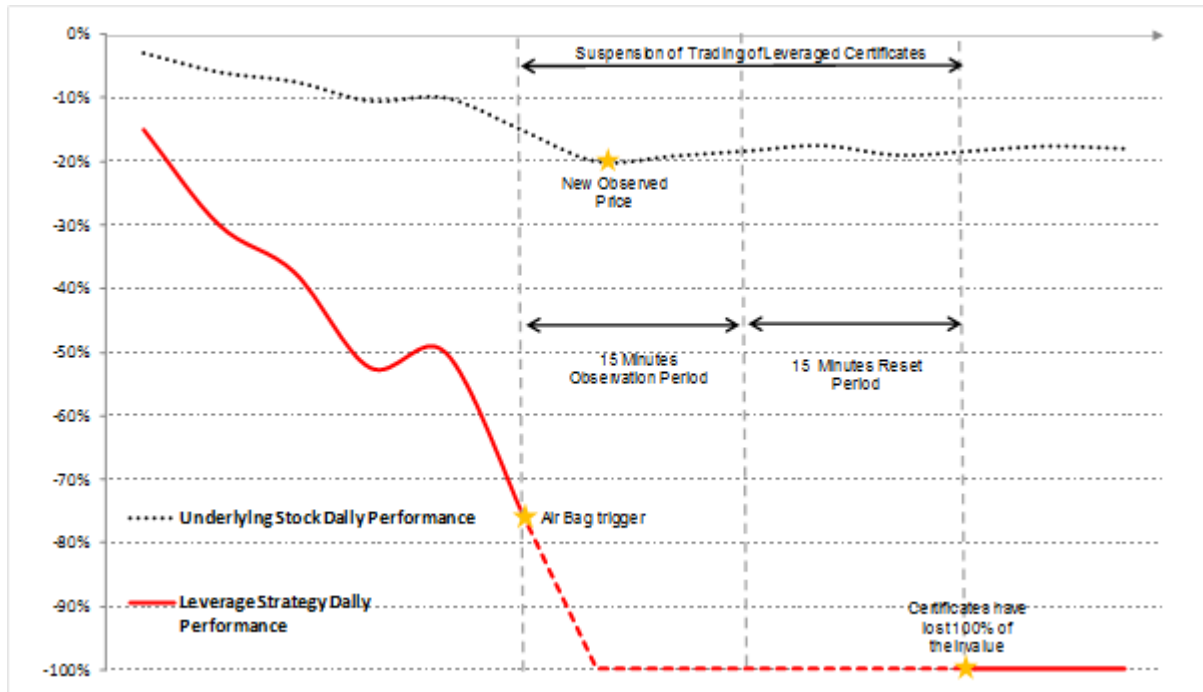
Scenario 1 – Overnight fall of the Underlying Stock

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



Scenario 2 – Sharp intraday fall 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 falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag 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 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 Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

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

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

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

Where:

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

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

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

1. Stock split

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

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.88	10%

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

2. Share Consolidation

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

$$S_{t-1} = \$100$$

$$S_t = \$202$$

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.84	5%

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

3. Rights Issues

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

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	1.00	25%

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

4. Bonus Issues

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

$$S_{t-1} = \$100$$

$$S_t = \$85$$

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

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

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.88	10%

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

5. Extraordinary Dividend

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

$$S_{t-1} = \$100$$

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	1.00	25%

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

INFORMATION RELATING TO THE COMPANY

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

Xiaomi Corporation (the “**Company**”) is a China-based investment holding company principally engaged in the research, development and sales of smartphones, Internet of things (IoT) and lifestyle products, the provision of Internet services, and investment business. The Company mainly conducts its businesses through four segments. The Smartphone segment is engaged in the sales of smartphones. The IoT and Lifestyle product segment is engaged in the sales of other in-house products, including smart televisions (TVs), laptops, artificial intelligence (AI) speakers and smart routers; ecosystem products, including IoT and other smart hardware products, as well as certain lifestyle products. The Internet service segment is engaged in the provision of advertising services and Internet value-added services. The Others segment is engaged in the provision of repair services for its hardware products. The Company distributes its products in domestic market and to overseas markets.

The information set out in Appendix I of this document relates to the audited consolidated 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 22 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

Société Générale 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 are 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.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2021.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. 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 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.
3. 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.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 31 December 2021, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
 - (a) the Guarantee;
 - (b) the Master Instrument; and
 - (c) the Master Warrant Agent Agreement.

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

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
 - (b) the latest financial reports (including the notes thereto) of the Issuer;
 - (c) the latest financial reports (including the notes thereto) of the Guarantor;
 - (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;
 - (e) the Base Listing Document;
 - (f) this document; and
 - (g) the Guarantee.

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.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

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

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of 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" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, 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 as contemplated by this 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**”); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), 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 and superseded, the Prospectus Regulation); and
- (b) the expression “**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.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, 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 as contemplated by this document 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 Financial Services and Markets Act, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA 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.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect of 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 whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or 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 FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 apply to the Issuer or the Guarantor; and
- (c) 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.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the

possessions and all other areas subject to the jurisdiction of the United States of America, and the term **“U.S. person”** means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the **“CEA”**) or any rules thereunder of the CFTC (the **“CFTC Rules”**), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021 OF XIAOMI CORPORATION AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated 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 22 March 2022 in relation to the same.

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.



XIAOMI CORPORATION

小米集团

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

(Stock Code: 1810)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Xiaomi Corporation 小米集团 (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2021 (the “**Reporting Period**”). The consolidated financial statements for the Reporting Period have been audited by PricewaterhouseCoopers, the independent auditor of the Company (the “**Auditor**”) in accordance with International Standards on Auditing. The results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

KEY HIGHLIGHTS

	Unaudited Three months ended		
	December 31, 2021	December 31, 2020	Year-over- year change
	(Renminbi (“RMB”) in millions, unless specified)		
Revenue	85,575.2	70,462.9	21.4%
Gross profit	14,659.5	11,326.3	29.4%
Operating profit	4,415.6	9,601.9	-54.0%
Profit before income tax	3,884.5	8,860.9	-56.2%
Profit for the period	2,442.5	8,795.0	-72.2%
Non-IFRS Measure: Adjusted Net Profit	4,473.1	3,204.4	39.6%

	Year ended December 31,		
	2021	2020	Year-over-year change
	(RMB in millions, unless specified)		
Revenue	328,309.1	245,865.6	33.5%
Gross Profit	58,260.9	36,751.8	58.5%
Operating Profit	26,028.6	24,034.7	8.3%
Profit before income tax	24,417.0	21,633.4	12.9%
Profit for the year	19,283.2	20,312.7	-5.1%
Non-IFRS Measure: Adjusted Net Profit	22,039.5	13,006.4	69.5%

BUSINESS REVIEW AND OUTLOOK

1. Overall performance

In 2021, despite the global supply shortage of key components and the continued impact of the COVID-19 pandemic, we remained focused on executing our business strategies. Our revenue and profit both achieved outstanding growth for the year, and annual revenue of each of our business segments reached record highs. In 2021, our total revenue amounted to RMB328.3 billion, an increase of 33.5% year-over-year; adjusted net profit was RMB22.0 billion, an increase of 69.5% year-over-year. In the fourth quarter of 2021, our total revenue reached RMB85.6 billion, an increase of 21.4% year-over-year; adjusted net profit was RMB4.5 billion, an increase of 39.6% year-over-year.

We continued to execute our core “Smartphone × AIoT” strategy. In 2021, our global smartphone shipments grew 30.0% year-over-year to reach 190.3 million units, a record high. According to Canalys, in 2021, our smartphone shipments ranked No. 3 globally with record-high market share of 14.1%, and we achieved the highest year-over-year shipment growth globally among the top five smartphone vendors. Global monthly active users (“MAU”) of MIUI reached 508.9 million in December 2021, increasing 28.4% year-over-year, and we added 112.5 million MAUs of MIUI globally in 2021. As of December 31, 2021, the number of connected IoT devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 434.0 million, up 33.6% year-over-year.

To drive innovation and technology advancement, we continued to increase our investments in research and development. In 2021, our research and development expenses reached RMB13.2 billion, an increase of 42.3% year-over-year. As part of our continued efforts to introduce cutting-edge technology, in 2021 we launched our first proprietary Image Signal Processor (“ISP”), the *Surge C1*, and our first proprietary charging chip, the *Surge P1*, which were equipped in our *Xiaomi MIX FOLD* and *Xiaomi 12 Pro* premium flagship smartphones, respectively. We introduced our first pair of smart eyewear, *Xiaomi Smart Glasses*, which is capable of functions such as displaying messages, providing navigation and taking photos. We also established our robotics laboratory and launched *CyberDog*, our first bio-inspired quadruped robot, fortifying our cutting-edge technology capabilities. In addition, we introduced the liquid lens on our *Xiaomi MIX FOLD* and our CyberFocus algorithm on our latest *Xiaomi 12* and *Xiaomi 12 Pro*, which further optimized photography experience. Looking ahead, technology innovation will continue to be our foundation, and we plan to invest more than RMB100 billion in research and development over the next five years.

Through our unwavering commitment to premiumization, we have been prioritizing user experience and improving our competitiveness in the premium smartphone segment. In 2021, our global shipments of smartphones with retail prices at or above RMB3,000 in mainland China and EUR300, or equivalent, in overseas markets exceeded 24 million units, far above the approximately 10 million units we shipped in 2020. Premium smartphone shipments as a percentage of our total shipments increased from approximately 7% in 2020 to approximately 13% in 2021.

According to Canalys, in 2021, we ranked No. 3 in smartphone shipments in mainland China, and our market share increased to a record high 15.2% from 12.1% in 2020. In December 2021, the MAU of MIUI in mainland China grew 17.0% year-over-year to 129.8 million, an increase of 18.9 million users in 2021. We continued to reinforce our leadership in the online channel. According to third-party data, our smartphone market share in mainland China through the online channel increased from 23.4% in 2020 to 33.6% in 2021. At the same time, we continued to expand our offline channel coverage in mainland China, and the number of our offline retail stores exceeded 10,200 as of December 31, 2021.

We continued to advance our overseas strategy. In 2021, our revenue from overseas markets reached RMB163.6 billion, representing an increase of 33.7% year-over-year and accounting for 49.8% of our total revenue. According to Canalys, our market share of smartphone shipments in 2021 ranked No. 1 in 14 countries and regions and among the top five in 62 countries and regions globally, including ranking No. 2 in Europe. In 2021, we have improved our regional smartphone market shares in all major regions including mainland China, Europe, Latin America, the Middle East, Africa and Asia Pacific.

2. Smartphones

Despite the global supply shortage of key components, our smartphone business maintained solid growth momentum, highlighted by increases in both shipments and ASP in the fourth quarter and full year 2021. In 2021, our smartphone revenue reached RMB208.9 billion, representing an increase of 37.2% year-over-year, and our global smartphone shipments amounted to 190.3 million units, an increase of 30.0% year-over-year. According to Canalys, our global smartphone shipments in 2021 ranked No. 3 with a market share of 14.1%. In the fourth quarter of 2021, our smartphone revenue reached RMB50.5 billion, an increase of 18.4% year-over-year, and our global smartphone shipments reached 44.1 million units, an increase of 4.4% year-over-year. According to Canalys, in the fourth quarter of 2021, our global smartphone market share ranked No. 3 with a market share of 12.5%.

We continued to execute our dual-brand strategy. Under the Xiaomi brand, we unveiled the *Xiaomi 12* series¹ in mainland China in December 2021. The launch of *Xiaomi 12* and *Xiaomi 12 Pro* is the first time we introduced dual premium models with different screen sizes, and both come equipped with Qualcomm’s Snapdragon 8 Gen 1 Mobile Platform processor. According to third-party data, in January 2022, the first month after launch, shipments of *Xiaomi 12* and *Xiaomi 12 Pro* exceeded the combined shipments of all other smartphone brands also equipped with Qualcomm’s Snapdragon 8 Gen 1 Mobile Platform processor. *Xiaomi 12 Pro* is also equipped with our proprietary charging chip, *Surge P1*, and the CyberFocus algorithm. Boasting exceptional performance and user experience, *Xiaomi 12 Pro* became the best-seller among Android smartphones priced at or above RMB4,000 on JD.com and Tmall.com in January 2022 following its launch. At the same time, our offline channels also played a more prominent role in premium smartphone shipment growth. In the first month after its launch, shipments of *Xiaomi 12* series in mainland China through offline channels accounted for over 50% of its total shipments.

Under the Redmi brand, we continued to bring cutting-edge technologies to the mass market and offer the ultimate user experience across highly accessible products. In February 2022, we unveiled *Redmi K50G* to target gaming enthusiasts. Equipped with the Qualcomm Snapdragon 8 Gen 1 Mobile Platform processor, this model offer users a truly satisfying gaming experience in terms of performance, heat dissipation, fast charging, display quality, and sound and vibration effects. At the same time, we launched the *Redmi K50G Mercedes-AMG Petronas Formula One Team Edition*, boasting a highly recognizable and unique design. Within the first minute of launch, sales of the *Redmi K50G* and the *Redmi K50G Mercedes-AMG Petronas Formula One Team Edition* exceeded RMB280 million. In March 2022, we launched *Redmi K50* and *Redmi K50 Pro*. *Redmi K50 Pro* is equipped with MediaTek’s Dimensity 9000 processor using TSMC’s advanced 4nm technology and features 2K ultra-clear screen and 120W fast-charging. It is also equipped with our self-developed charging chip *Surge P1* and a 100MP optical image stabilization (“**OIS**”) camera. Priced starting from RMB2,999, *Redmi K50 Pro* continues to bring premium configurations to the mass market at extremely competitive prices.

After thoroughly reviewing our users’ core requirements for smartphone systems, we emphasized on improving user experience across multiple dimensions including system smoothness, stability, and privacy protection. In the fourth quarter of 2021, we launched MIUI 13, which substantially improves responsiveness and stability across system applications and third-party apps, which is accomplished by optimizing memory management and background processing efficiency while enhancing data calculation and storage access speeds. In the third-party “System Smoothness Ranking among New Android Smartphone Models Launched in December” for mainland China², *Xiaomi 12 Pro* running MIUI 13 ranked No. 1. In addition, newly added privacy protection features within MIUI 13 offer even stronger safeguards for user information security and privacy.

3. IoT and lifestyle products

In 2021, our IoT and lifestyle products segment maintained robust growth with revenue increasing 26.1% year-over-year to RMB85.0 billion. In the fourth quarter of 2021, revenue from IoT and lifestyle products amounted to RMB25.1 billion, an increase of 19.1% year-over-year.

¹ *Xiaomi 12 Pro, Xiaomi 12, Xiaomi 12X*

² Based on data provided by Ludashi, a Hong Kong-listed developer of system benchmarking tools

In 2021, global shipments of our smart TV grew to 12.3 million units against an overall decline in the global TV market. As we continue to execute our premium strategy, ASP of our smart TVs increased significantly, driving our smart TV revenue to grow more than 25% year-over-year in 2021. In the fourth quarter of 2021, our global smart TV shipments reached 4.2 million units. According to All View Cloud (“AVC”), our smart TV shipments ranked No. 1 in mainland China for the third consecutive year and ranked top five globally. In March 2022, we launched our first 100-inch ultra-large screen TV, *Redmi MAX 100*”, with dual 120Hz high refresh rate and support for Dolby Vision and Dolby Atmos, comprehensively upgrading the audio-visual entertainment experience and display effects.

In 2021, key AIoT categories such as tablets and laptops, smart large home appliances, and wearables also continued to grow steadily. First, our *Xiaomi Pad 5* series received widespread popularity; its shipments ranking in mainland China rose to No. 4 in the fourth quarter of 2021, according to Canalys. Our smart large home appliance category, which comprises air conditioners, refrigerators and washing machines, also delivered strong growth with revenue increasing over 60% year-over-year in 2021. Within this category, shipments of our smart air conditioner exceeded 2 million units in 2021, representing an increase of over 70% year-over-year. At the same time, we continued to maintain our leading position in wearable products. According to Canalys, our wearable band shipments ranked No. 2 globally in the fourth quarter of 2021. According to IDC Quarterly Wearable Device Tracker (2021Q4), our TWS earbud shipments ranked No. 2 globally and No. 1 in mainland China in the fourth quarter of 2021.

Despite the challenges in maritime shipping logistics overseas during the second half of the year as a result of the COVID-19 pandemic, our overseas IoT business maintained its strong growth momentum and reached a new record high in 2021. Looking forward, we will continue to tap into the tremendous growth potential in overseas markets, seize opportunities to expand our overseas IoT business and promote its long-term development.

4. Internet services

In 2021, our internet services business maintained solid growth despite increased industry challenges. In 2021, our internet services revenue reached RMB28.2 billion, an increase of 18.8% year-over-year. In the fourth quarter of 2021, internet services revenue reached RMB7.3 billion, growing 17.7% year-over-year, and the gross profit margin of our internet services reached 76.1%, a quarterly high.

In 2021, our overseas internet business grew rapidly. Overseas internet services revenue reached RMB5.0 billion in 2021, and accounted for 17.8% of overall internet service revenue. In the fourth quarter of 2021, overseas internet services revenue reached RMB1.6 billion, increasing 79.5% year-over-year, and accounted for 21.5% of total internet services revenue.

Our global internet user base continued to expand in the fourth quarter. In December 2021, the global MAU of MIUI increased 28.4% year-over-year to 508.9 million, while the MAU of MIUI in mainland China grew 17.0% year-over-year to 129.8 million. We added 112.5 million MAUs of MIUI globally in 2021, including 18.9 million users in mainland China. Meanwhile, our TV internet user base also maintained solid growth. In December 2021, MAU of our smart TV³ grew more than 29% year-over-year, and the number of TV paid subscribers increased 14.5% year-over-year to 4.9 million.

In 2021, our advertising revenue reached RMB18.1 billion, representing an increase of 42.3% year-over-year, primarily attributable to our expanding user base, the higher proportion of premium smartphones, and stronger monetization capabilities. In the fourth quarter of 2021, our advertising revenue amounted to RMB4.9 billion, a year-over-year increase of 34.0%, mainly due to growth in global pre-installation revenue and overseas revenue, while performance-based and brand advertising revenue continued to grow despite industry uncertainty.

In the fourth quarter of 2021, gaming revenue was RMB0.9 billion, an increase of 9.5% year-over-year. In 2021, our gaming revenue reached RMB4.0 billion, a slight decline of 5.7% year-over-year, primarily affected by the adjustment of commercial terms that began during the third quarter of 2020, which impacted the year-over-year growth in the first half of 2021, while we returned to year-on-year growth in the second half of 2021.

5. Overseas markets

In 2021, we achieved remarkable results across our global markets. Revenue from overseas markets reached RMB163.6 billion in 2021, increasing 33.7% year-over-year and accounting for 49.8% of our total revenue. In the fourth quarter of 2021, our revenue from overseas markets reached RMB41.6 billion, an increase of 23.4% year-over-year and accounting for 48.7% of our total revenue. According to Canalys, in 2021, our market share of smartphone shipments in 2021 ranked No. 1 in 14 countries and regions and among the top five in 62 countries and regions globally.

We continued to build localized operations and strengthen our presence in overseas markets. According to Canalys, our smartphone shipments in Europe ranked No. 2 in 2021 with 22.5% market share. At the same time, we continued our solid growth trajectory in emerging markets. In the Middle East, our smartphone shipments ranked No. 2 with 16.6% market share. In Latin America and Africa, our smartphone shipments in 2021 grew 94.0% and 65.8% year-on-year, respectively, and we were the No. 3 smartphone vendor in both regions. In 2021, we have improved our regional smartphone market shares in all major regions including mainland China, Europe, Latin America, the Middle East, Africa and Asia Pacific.

Our overseas shipments of premium smartphones recorded rapid growth. In 2021, our overseas shipments of smartphones with retail prices at or above EUR300 increased over 160% year-over-year; its share of total overseas shipments increased approximately 6 percentage points compared with 2020. According to Canalys, we ranked No. 3 in terms of overseas shipments of premium smartphones with retail prices at or above USD350 in 2021.

³ including *Xiaomi Box* and *Xiaomi TV Stick*

In 2021, we continued to strengthen our carrier channel overseas. According to Canalys, our carrier channel market share in Europe increased from 7.9% in 2020 to 16.8% in 2021, and our carrier channel market share in Latin America increased from 4.6% in 2020 to 12.3% in 2021. Overall, we shipped more than 25 million smartphones through carrier channels in overseas markets⁴ in 2021, an increase of over 120% year-over-year. According to Canalys, our smartphone market share through carrier channels ranked top 3 in 34 overseas markets.

6. Strategy updates

Smartphone × AIoT

We remain focused on executing our “Smartphone × AIoT” strategy. As of December 31, 2021, the number of connected devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 434.0 million, an increase of 33.6% year-over-year; the number of users with five or more devices connected to our AIoT platform (excluding smartphones, tablets and laptops) reached 8.8 million, representing a year-over-year increase of 40.4%. In December 2021, the MAU of our AI Assistant (“小愛同學”) reached 107.0 million, up 23.3% year-over-year, and the MAU of our Mi Home App grew to 63.9 million, representing a year-over-year increase of 42.0%.

To build a leading smart ecosystem, we continued to enhance the interconnectivity experience between our smartphones and AIoT products. Simultaneous with our MIUI 13 launch in December 2021, we unveiled Xiaomi Share Center, which enables users to seamlessly transfer music, video and other content across devices by simply dragging and dropping icons in a new intuitive interface. In addition, we launched MIUI Family, which provides unique functions and services for a wide range of personal, home, and enterprise usage scenarios, further enhancing interconnectivity among different smart devices including smartphones, tablets, smart watches, smart TVs, touch-screen speakers, and more.

In November 2021, with respect to organizational structure, we combined the Software and Experience Department responsible for the development of MIUI, the System Software Department of Smartphone Department, and the IoT Platform Department into a single department under the Smartphone Department. This will further strengthen the synergies between smartphone hardware and software and improve user experience.

New Retail

In 2021, we continued to solidify our offline channel in mainland China, and we achieved our target of 10,000 offline retail stores ahead of schedule. Moving forward, we will further penetrate the offline channel, expand our rural footprint, and strengthen and integrate our sales and customer service capabilities in 2022. In addition, we aim to improve the operating efficiency of offline stores through measures such as end-to-end digitization, training of store staff, cross-selling IoT products, and closer collaboration with carriers.

⁴ excluding India, Sri Lanka, Nepal and Bangladesh

Research and development investment

We attach great importance to the development and retention of our technology talent. In 2021, we announced new share incentive awards for young engineers, technology specialists, middle and senior management, and recipients of our New 10-year Entrepreneurship Program. Additionally, we held our Xiaomi Million Dollar Technology Award for the third consecutive year, and the 2021 award was won by the *CyberDog* bio-inspired robot project team. This is a testament to our support for the pioneering spirit and technological innovation of our engineers.

Smart electric vehicles

Since announcing our plan to enter the smart electric vehicle business in March 2021, our progress has been ahead of schedule. Currently, our smart electric vehicle research and development team exceeds 1,000 people. Looking ahead, we will continue to expand research and development in core areas such as autonomous driving and smart cabin. We continue to expect mass production to officially begin in the first half of 2024.

Corporate social responsibility (CSR)

We highly value and actively practice corporate social responsibility. By leveraging our advantages in scale and efficiency, we have been continuously driving the development of sustainable economy. In December 2021, Xiaomi was granted the Award of Excellence in ESG by the Chamber of Hong Kong Listed Companies (CHKLC) in recognition of our ESG efforts and contributions. In October 2021, Forbes named Xiaomi in its World's Best Employers List for 2021, demonstrating our employees' acknowledgement of Xiaomi's commitment to employee care, talent development and social responsibility.

We are committed to building a safe and reliable IoT ecosystem. In November 2021, IoTSEF (Internet of Things Security Foundation) released a report recognizing Xiaomi's vulnerability disclosure policy as one of the best in the world, a strong endorsement of Xiaomi's IoT safety policy. In January 2022, *Xiaomi Mesh System AX3000* router received the British Standards Institution's Kitemark™ certification, marking the third time we have obtained this international security certification.

We have been deepening our involvement with public welfare initiatives. To directly assist the needy, Beijing Xiaomi Foundation provided emergency disaster relief to areas including Henan and Shanxi provinces and participated in the local fight against the pandemic in Xi'an. Xiaomi Foundation Limited in Hong Kong joined the pandemic prevention and control efforts in Hong Kong and also provided natural disaster relief services in Germany, the Netherlands, Belgium, and more. In 2021, we donated a total of nearly RMB100 million to help the needy. We also actively donate to education to nurture talent and encourage innovation in science and technology. In 2020, Beijing Xiaomi Foundation launched the Xiaomi Scholarships project, which aims to support undergraduate and graduate students across 100 universities nationwide, offering financial assistance totaling RMB500 million over five years. In November 2021, the project identified the second group of 20 participating universities. In February 2022, Beijing

Xiaomi Foundation launched the Xiaomi Young Scholar project, committed to funding young university faculty and researchers in science-related fields. It plans to donate RMB500 million to 100 universities over five years. In addition, in November 2021, we officially launched the Xiaomi Public Welfare Platform, an internet-based public donation platform, to help advance public welfare causes in mainland China.

Investment

As of December 31, 2021, we had invested in more than 390 companies with an aggregate book value of RMB60.3 billion, an increase of 25.7% year-over-year. In 2021, we recorded a net gain on disposal of investments (after tax) of RMB3.3 billion. The total amount of our investments (including (i) fair value of our stakes in listed investee companies accounted for using the equity method based on the stock price on December 31, 2021 (ii) book value of our stakes in unlisted investee companies accounted for using the equity method and (iii) book value of long-term investments measured at fair value through profit or loss) reached RMB67.8 billion as of December 31, 2021. Our investments not only yield financial returns but also build business synergies that promote the development of smart manufacturing.

Our Pledge

Our mission is to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. To achieve this, as approved by our Board in May 2018, we pledged to our existing and potential users that starting from 2018, the Xiaomi Hardware Business (“**HB**”), including smartphones and IoT and lifestyle products, would have an overall net profit margin that would not exceed 5.0% per year. If the net margin exceeds 5.0%, we will return the excess above 5.0% to our users. In 2021, our hardware business was profitable with an overall net margin of less than 2.0%, fulfilling our pledge. (For the definition of hardware business net margin, please refer to Hardware Business Net Margin.)

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

	Year ended December 31,	
	2021	2020
	(RMB in millions)	
Revenue	328,309.1	245,865.6
Cost of sales	(270,048.2)	(209,113.8)
Gross profit	58,260.9	36,751.8
Research and development expenses	(13,167.1)	(9,256.1)
Selling and marketing expenses	(20,980.8)	(14,539.4)
Administrative expenses	(4,738.9)	(3,746.4)
Fair value changes on investments measured at fair value through profit or loss	8,132.1	13,173.5
Share of net profits of investments accounted for using the equity method	275.0	1,380.9
Other income	826.9	642.9
Other losses, net	(2,579.5)	(372.5)
Operating profit	26,028.6	24,034.7
Finance costs, net	(1,611.6)	(2,401.3)
Profit before income tax	24,417.0	21,633.4
Income tax expenses	(5,133.8)	(1,320.7)
Profit for the year	19,283.2	20,312.7
Non-IFRS Measure: Adjusted net profit	22,039.5	13,006.4

Revenue

Revenue increased by 33.5% to RMB328.3 billion for the Reporting Period, compared to RMB245.9 billion for the year ended December 31, 2020. The following table sets forth our revenue by line of business for the Reporting Period and the year ended December 31, 2020:

	Year ended December 31,			
	2021		2020	
	Amount	% of total revenue	Amount	% of total revenue
(RMB in millions, unless specified)				
Smartphones	208,868.9	63.6%	152,190.9	61.9%
IoT and lifestyle products	84,980.1	25.9%	67,410.5	27.4%
Internet services	28,211.7	8.6%	23,755.3	9.7%
Others	6,248.4	1.9%	2,508.9	1.0%
Total revenue	<u>328,309.1</u>	<u>100.0%</u>	<u>245,865.6</u>	<u>100.0%</u>

Smartphones

Revenue from our smartphones segment increased by 37.2% from RMB152.2 billion for the year ended December 31, 2020 to RMB208.9 billion for the Reporting Period, driven by growth in both sales volume and average selling price (“ASP”). Our smartphone shipment increased by 30.0% from 146.4 million for the year ended December 31, 2020 to 190.3 million for the Reporting Period. The ASP of our smartphones increased by 5.6% from RMB1,039.8 per unit for the year ended December 31, 2020 to RMB1,097.5 per unit for the Reporting Period. The increase in ASP was primarily due to the increase in the proportion of premium smartphone shipment to total smartphone shipment. In 2021, premium smartphone shipment as a percentage of total smartphone shipment increased from approximately 7% in 2020 to approximately 13% in 2021.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 26.1% from RMB67.4 billion for the year ended December 31, 2020 to RMB85.0 billion for the Reporting Period, primarily due to increase in sales of smart TVs, *Xiaomi Pad 5* series tablets which we introduced in August 2021, and smart air conditioners. Revenue from smart TVs and laptops increased from RMB22.5 billion for the year ended December 31, 2020 to RMB27.4 billion for the Reporting Period, mainly due to the increase in ASP of smart TVs.

Internet services

Revenue from our internet services segment increased by 18.8% from RMB23.8 billion for the year ended December 31, 2020 to RMB28.2 billion for the Reporting Period, mainly due to the increase in revenue from our advertising business. The internet services revenue in mainland China increased by 10.3% from RMB21.1 billion for the year ended December 31, 2020 to RMB23.2 billion for the Reporting Period. The internet services revenue overseas increased by 84.3% from RMB2.7 billion for the year ended December 31, 2020 to RMB5.0 billion for the Reporting Period.

Others

Other revenue increased by 149.0% from RMB2.5 billion for the year ended December 31, 2020 to RMB6.2 billion for the Reporting Period, primarily due to the sales of buildings and materials.

Cost of Sales

Our cost of sales increased by 29.1% from RMB209.1 billion for the year ended December 31, 2020 to RMB270.0 billion for the Reporting Period. The following table sets forth our cost of sales by line of business for the Reporting Period and the year ended December 31, 2020:

	Year ended December 31,			
	2021		2020	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	184,007.9	56.0%	138,986.9	56.5%
IoT and lifestyle products	73,888.6	22.5%	58,804.8	23.9%
Internet services	7,316.6	2.2%	9,111.0	3.7%
Others	4,835.1	1.6%	2,211.1	1.0%
Total cost of sales	<u>270,048.2</u>	<u>82.3%</u>	<u>209,113.8</u>	<u>85.1%</u>

Smartphones

Cost of sales related to our smartphones segment increased by 32.4% from RMB139.0 billion for the year ended December 31, 2020 to RMB184.0 billion for the Reporting Period, mainly due to the increase in our smartphone shipment.

IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products segment increased by 25.7% from RMB58.8 billion for the year ended December 31, 2020 to RMB73.9 billion for the Reporting Period, primarily due to the increased sales of our IoT and lifestyle products and increased prices of several key components.

Internet services

Cost of sales related to our internet services segment decreased by 19.7% from RMB9.1 billion for the year ended December 31, 2020 to RMB7.3 billion for the Reporting Period, primarily due to a decrease in overall consumer loan balance in our fintech business.

Others

Cost of sales in our others segment increased by 118.7% from RMB2.2 billion for the year ended December 31, 2020 to RMB4.8 billion for the Reporting Period, primarily due to the cost related to the sales of buildings and materials.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 58.5% from RMB36.8 billion for the year ended December 31, 2020 to RMB58.3 billion for the Reporting Period. Our gross profit margin increased from 14.9% for the year ended December 31, 2020 to 17.7% for the Reporting Period.

The gross profit margin from our smartphones segment increased from 8.7% for the year ended December 31, 2020 to 11.9% for the Reporting Period, mainly reflected the improvement of our product mix.

The gross profit margin from our IoT and lifestyle products segment increased slightly from 12.8% for the year ended December 31, 2020 to 13.1% for the Reporting Period.

The gross profit margin from our internet services segment was 74.1% for the Reporting Period, compared with 61.6% for the year ended December 31, 2020, mainly due to higher contribution from our advertising business.

Research and Development Expenses

Our research and development expenses increased by 42.3% from RMB9.3 billion for the year ended December 31, 2020 to RMB13.2 billion for the Reporting Period, primarily due to the increase in compensation for research and development personnel.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 44.3% from RMB14.5 billion for the year ended December 31, 2020 to RMB21.0 billion for the Reporting Period, primarily due to the increase in logistics expenses and promotion and advertising expenses. Logistics expenses increased by 50.9% from RMB3.5 billion for the year ended December 31, 2020 to RMB5.3 billion for the Reporting Period, primarily due to the expansion of our overseas business. Promotion and advertising expenses increased by 32.3% from RMB5.5 billion for the year ended December 31, 2020 to RMB7.2 billion for the Reporting Period, primarily due to the increased expenditure for promotion of our products and brand marketing.

Administrative Expenses

Our administrative expenses increased by 26.5% from RMB3.7 billion for the year ended December 31, 2020 to RMB4.7 billion for the Reporting Period, primarily due to the increase in compensation for administrative personnel and professional services fees.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss decreased by 38.3% from a gain of RMB13.2 billion for the year ended December 31, 2020 to a gain of RMB8.1 billion for the Reporting Period, primarily due to the lower fair value gains of listed ordinary shares investments.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method changed from net profits of RMB1,380.9 million for the year ended December 31, 2020 to net profits of RMB275.0 million for the Reporting Period, primarily due to the higher dilution gains from our certain investees in 2020, such as the dilution gain from the initial public offering of Kingsoft Cloud Holdings Limited (“Kingsoft Cloud”, Nasdaq: KC).

Other Income

Our other income increased by 28.6% from RMB642.9 million for the year ended December 31, 2020 to RMB826.9 million for the Reporting Period, primarily due to the increase in dividend income and tax refunds partially offset by decrease in government grants.

Other Losses, Net

Our other net losses changed from RMB0.4 billion for the year ended December 31, 2020 to RMB2.6 billion in the Reporting Period. This is mainly due to the impairment of investments accounted for using the equity method, partially offset by gains on disposal from our investee companies for the Reporting Period.

Finance Cost, Net

Our net finance costs decreased by 32.9% from RMB2.4 billion for the year ended December 31, 2020 to RMB1.6 billion for the Reporting Period, primarily due to the decrease in changes of value of financial liabilities to fund investors.

Income Tax Expenses

Our income tax expenses increased from RMB1.3 billion for the year ended December 31, 2020 to RMB5.1 billion for the Reporting Period, primarily due to the increase in taxable income in the Reporting Period and more deductible expense items in the year ended December 31, 2020.

Profit for the Year

As a result of the foregoing, we had a profit of RMB19.3 billion for the Reporting Period, compared with a profit of RMB20.3 billion for the year ended December 31, 2020.

Adjusted Net Profit

Our adjusted net profit increased by 69.5% from RMB13.0 billion for the year ended December 31, 2020 to RMB22.0 billion for the Reporting Period.

Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

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

	Unaudited	
	Three months ended	
	December 31,	December 31,
	2021	2020
	(RMB in millions)	
Revenue	85,575.2	70,462.9
Cost of sales	(70,915.7)	(59,136.6)
Gross profit	14,659.5	11,326.3
Research and development expenses	(3,853.2)	(3,105.6)
Selling and marketing expenses	(6,254.3)	(5,090.3)
Administrative expenses	(1,326.3)	(1,275.8)
Fair value changes on investments measured at fair value through profit or loss	3,879.1	7,041.5
Share of net profits of investments accounted for using the equity method	247.1	368.2
Other income	205.3	246.9
Other (losses)/gains, net	(3,141.6)	90.7
Operating profit	4,415.6	9,601.9
Finance costs, net	(531.1)	(741.0)
Profit before income tax	3,884.5	8,860.9
Income tax expenses	(1,442.0)	(65.9)
Profit for the period	2,442.5	8,795.0
Non-IFRS Measure: Adjusted net profit	4,473.1	3,204.4

Revenue

Revenue increased by 21.4% to RMB85.6 billion in the fourth quarter of 2021 from RMB70.5 billion in the fourth quarter of 2020. The following table sets forth our revenue by line of business in the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited Three months ended			
	December 31, 2021		December 31, 2020	
	% of total		% of total	
	Amount	revenue	Amount	revenue
(RMB in millions, unless specified)				
Smartphones	50,464.1	59.0%	42,634.5	60.5%
IoT and lifestyle products	25,066.6	29.3%	21,054.4	29.9%
Internet services	7,269.5	8.5%	6,175.1	8.8%
Others	2,775.0	3.2%	598.9	0.8%
Total revenue	<u>85,575.2</u>	<u>100.0%</u>	<u>70,462.9</u>	<u>100.0%</u>

Smartphones

Revenue from our smartphones segment increased by 18.4% from RMB42.6 billion in the fourth quarter of 2020 to RMB50.5 billion for the fourth quarter of 2021. Our smartphone shipment increased by 4.4% from 42.3 million in the fourth quarter of 2020 to 44.1 million in the fourth quarter of 2021.

The ASP of our smartphones increased by 13.3% from RMB1,009.1 per unit in the fourth quarter of 2020 to RMB1,143.6 per unit in the fourth quarter of 2021. The increase in ASP was primarily due to the increase in the proportion of premium smartphone shipment to the total smartphone shipment in the fourth quarter of 2021.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 19.1% from RMB21.1 billion in the fourth quarter of 2020 to RMB25.1 billion in the fourth quarter of 2021, primarily due to the increase in sales of smart TVs, *Xiaomi Pad 5* series tablets and smart watches. Revenue from smart TVs and laptops increased by 22.5% from RMB7.1 billion in the fourth quarter of 2020 to RMB8.7 billion in the fourth quarter of 2021, mainly due to the increase in both shipment and ASP of smart TVs.

Internet services

Revenue from our internet services segment increased by 17.7% from RMB6.2 billion in the fourth quarter of 2020 to RMB7.3 billion in the fourth quarter of 2021, mainly due to the increase in revenue from our advertising business. The internet services revenue in mainland China increased by 7.6% from RMB5.3 billion in the fourth quarter of 2020 to RMB5.7 billion in the fourth quarter of 2021. The internet services revenue overseas increased by 79.5% from RMB0.9 billion in the fourth quarter of 2020 to RMB1.6 billion in the fourth quarter of 2021.

Others

Other revenue increased by 363.3% from RMB0.6 billion in the fourth quarter of 2020 to RMB2.8 billion in the fourth quarter of 2021, primarily due to the sales of apartment buildings and materials.

Cost of Sales

Our cost of sales increased by 19.9% from RMB59.1 billion in the fourth quarter of 2020 to RMB70.9 billion in the fourth quarter of 2021. The following table sets forth our cost of sales by line of business in the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited			
	Three months ended			
	December 31, 2021		December 31, 2020	
	Amount	% of total revenue	Amount	% of total revenue
(RMB in millions, unless specified)				
Smartphones	45,346.1	53.0%	38,162.9	54.2%
IoT and lifestyle products	21,795.9	25.5%	18,508.1	26.3%
Internet services	1,740.2	2.0%	1,951.0	2.8%
Others	2,033.5	2.4%	514.6	0.6%
Total cost of sales	<u>70,915.7</u>	<u>82.9%</u>	<u>59,136.6</u>	<u>83.9%</u>

Smartphones

Cost of sales related to our smartphones segment increased by 18.8% from RMB38.2 billion in the fourth quarter of 2020 to RMB45.3 billion in the fourth quarter of 2021, primarily due to the increase in our smartphone shipment.

IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products segment increased by 17.8% from RMB18.5 billion in the fourth quarter of 2020 to RMB21.8 billion in the fourth quarter of 2021, primarily due to the increased sales of our IoT and lifestyle products.

Internet services

Cost of sales related to our internet services segment decreased by 10.8% from RMB2.0 billion in the fourth quarter of 2020 to RMB1.7 billion in the fourth quarter of 2021, primarily due to a decrease in overall consumer loan balance in our fintech business.

Others

Cost of sales related to our others segment increased by 295.2% from RMB0.5 billion in the fourth quarter of 2020 to RMB2.0 billion in the fourth quarter of 2021, primarily due to the cost related to the sales of apartment buildings and materials.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 29.4% from RMB11.3 billion in the fourth quarter of 2020 to RMB14.7 billion in the fourth quarter of 2021. Our gross profit margin increased from 16.1% in the fourth quarter of 2020 to 17.1% in the fourth quarter of 2021.

The gross profit margin from our smartphones segment decreased slightly from 10.5% in the fourth quarter of 2020 to 10.1% in the fourth quarter of 2021 due to the enhanced promotional efforts during major shopping festivals particularly in mainland China in the fourth quarter of 2021.

The gross profit margin from our IoT and lifestyle products segment increased from 12.1% in the fourth quarter of 2020 to 13.0% in the fourth quarter of 2021, mainly due to the increased profit margin of overseas IoT products and the introduction of certain IoT products with higher profit margin.

The gross profit margin from our internet services segment increased from 68.4% in the fourth quarter of 2020 to 76.1% in the fourth quarter of 2021, mainly due to higher contribution from our advertising business.

Research and Development Expenses

Our research and development expenses increased by 24.1% from RMB3.1 billion in the fourth quarter of 2020 to RMB3.9 billion in the fourth quarter of 2021, primarily due to the increase in compensation for research and development personnel and higher development-related expenses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 22.9% from RMB5.1 billion in the fourth quarter of 2020 to RMB6.3 billion in the fourth quarter of 2021, primarily due to the increase in logistics expenses and promotion and advertising expenses. The logistics expenses increased by 47.8% from RMB1.1 billion in the fourth quarter of 2020 to RMB1.6 billion in the fourth quarter of 2021, primarily due to the expansion of our overseas business. Promotion and advertising expenses increased by 7.9% from RMB2.3 billion in the fourth quarter of 2020 to RMB2.4 billion in the fourth quarter of 2021, primarily due to the increased expenditure for promotion of our products in mainland China in the fourth quarter of 2021.

Administrative Expenses

Our administrative expenses increased by 4.0% from RMB1,275.8 million in the fourth quarter of 2020 to RMB1,326.3 million in the fourth quarter of 2021.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss decreased by 44.9% from a gain of RMB7.0 billion in the fourth quarter of 2020 to a gain of RMB3.9 billion in the fourth quarter of 2021, primarily due to the lower fair value gains of unlisted investments in the fourth quarter of 2021.

Share of net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method changed from net profits of RMB368.2 million in the fourth quarter of 2020 to net profits of RMB247.1 million in the fourth quarter of 2021, primarily due to the consolidation of Zimi International Incorporation (“Zimi”) in the third of quarter of 2021, which was previously accounted for using the equity method in the fourth quarter of 2020.

Other Income

Our other income decreased by 16.8% from RMB246.9 million in the fourth quarter of 2020 to RMB205.3 million in the fourth quarter of 2021, primarily due to the decrease in government grants.

Other (Losses)/Gains, Net

Our other net (losses)/gains changed from net gains of RMB90.7 million in the fourth quarter of 2020 to net losses of RMB3,141.6 million in the fourth quarter of 2021. This is mainly due to the impairment of investments accounted for using the equity method, partially offset by gains on disposal from our investee companies in the fourth quarter of 2021.

Finance Costs, Net

Our net finance costs decreased by 28.3% from RMB741.0 million in the fourth quarter of 2020 to RMB531.1 million in the fourth quarter of 2021, primarily due to the decrease in changes of value of financial liabilities to fund investors.

Income Tax Expenses

Our income tax expenses increased from RMB65.9 million in the fourth quarter of 2020 to RMB1,442.0 million in the fourth quarter of 2021, primarily due to the increase in taxable income in the fourth quarter of 2021.

Profit for the Period

As a result of the foregoing, we had a profit of RMB2.4 billion in the fourth quarter of 2021, compared with a profit of RMB8.8 billion in the fourth quarter of 2020.

Adjusted Net Profit

Our adjusted net profit increased by 39.6% from RMB3.2 billion in the fourth quarter of 2020 to RMB4.5 billion in the fourth quarter of 2021.

Fourth Quarter of 2021 Compared to Third Quarter of 2021

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

	Unaudited	
	Three months ended	
	December 31,	September 30,
	2021	2021
	(RMB in millions)	
Revenue	85,575.2	78,062.9
Cost of sales	(70,915.7)	(63,770.6)
Gross profit	14,659.5	14,292.3
Research and development expenses	(3,853.2)	(3,237.7)
Selling and marketing expenses	(6,254.3)	(4,882.3)
Administrative expenses	(1,326.3)	(1,274.6)
Fair value changes on investments measured at fair value through profit or loss	3,879.1	(1,975.6)
Share of net profits of investments accounted for using the equity method	247.1	45.1
Other income	205.3	234.9
Other losses, net	(3,141.6)	(472.3)
Operating profit	4,415.6	2,729.8
Finance costs, net	(531.1)	(942.6)
Profit before income tax	3,884.5	1,787.2
Income tax expenses	(1,442.0)	(998.6)
Profit for the period	2,442.5	788.6
Non-IFRS Measure: Adjusted net profit	4,473.1	5,175.6

Revenue

Revenue increased by 9.6% to RMB85.6 billion in the fourth quarter of 2021 from RMB78.1 billion in the third quarter of 2021. The following table sets forth our revenue by line of business in the fourth quarter of 2021 and the third quarter of 2021:

	Unaudited			
	Three months ended			
	December 31, 2021		September 30, 2021	
	Amount	% of total revenue	Amount	% of total revenue
(RMB in millions, unless specified)				
Smartphones	50,464.1	59.0%	47,824.9	61.3%
IoT and lifestyle products	25,066.6	29.3%	20,935.6	26.8%
Internet services	7,269.5	8.5%	7,337.9	9.4%
Others	2,775.0	3.2%	1,964.5	2.5%
Total revenue	<u>85,575.2</u>	<u>100.0%</u>	<u>78,062.9</u>	<u>100.0%</u>

Smartphones

Revenue from our smartphones segment increased by 5.5% from RMB47.8 billion in the third quarter of 2021 to RMB50.5 billion in the fourth quarter of 2021. Our smartphone shipment increased from 43.9 million in the third quarter of 2021 to 44.1 million in the fourth quarter of 2021, mainly due to the increase in premium smartphone shipment. The ASP of our smartphones increased from RMB1,090.5 per unit in the third quarter of 2021 to RMB1,143.6 per unit in the fourth quarter of 2021, primarily due to the increase in the proportion of our premium smartphone shipment to total smartphone shipment of in the fourth quarter of 2021.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 19.7% from RMB20.9 billion in the third quarter of 2021 to RMB25.1 billion in the fourth quarter of 2021, primarily due to the increase in sales of smart TVs, tablets and robot vacuum cleaners. Revenue from smart TVs and laptops increased by 22.5% from RMB7.1 billion in the third quarter of 2021 to RMB8.7 billion in the fourth quarter of 2021, mainly due to the increase in smart TV shipment.

Internet services

Revenue from our internet services segment decreased by 0.9% from RMB7.3 billion in the third quarter of 2021 to RMB7.3 billion in the fourth quarter of 2021, mainly due to the decreased revenue of our other value-added services.

Others

Other revenue increased by 41.3% from RMB2.0 billion in the third quarter of 2021 to RMB2.8 billion in the fourth quarter of 2021, primarily due to the sales of apartment buildings.

Cost of Sales

Our cost of sales increased by 11.2% from RMB63.8 billion in the third quarter of 2021 to RMB70.9 billion in the fourth quarter of 2021.

	Unaudited			
	Three months ended			
	December 31, 2021		September 30, 2021	
	Amount	% of total revenue	Amount	% of total revenue
(RMB in millions, unless specified)				
Smartphones	45,346.1	53.0%	41,708.8	53.4%
IoT and lifestyle products	21,795.9	25.5%	18,509.7	23.7%
Internet services	1,740.2	2.0%	1,940.6	2.5%
Others	2,033.5	2.4%	1,611.5	2.1%
Total cost of sales	<u>70,915.7</u>	<u>82.9%</u>	<u>63,770.6</u>	<u>81.7%</u>

Smartphones

Cost of sales related to our smartphones segment increased by 8.7% from RMB41.7 billion in the third quarter of 2021 to RMB45.3 billion in the fourth quarter of 2021, primarily due to the increase in our smartphone shipment.

IoT and lifestyle products

Cost of sales in our IoT and lifestyle products segment increased by 17.8% from RMB18.5 billion in the third quarter of 2021 to RMB21.8 billion in the fourth quarter of 2021, primarily due to the increased sales of our IoT and lifestyle products.

Internet services

Cost of sales related to our internet services segment decreased by 10.3% from RMB1.9 billion in the third quarter of 2021 to RMB1.7 billion in the fourth quarter of 2021, primarily due to the decreased costs of our other value-added services.

Others

Cost of sales related to our others segment increased by 26.2% from RMB1.6 billion in the third quarter of 2021 to RMB2.0 billion in the fourth quarter of 2021, mainly due to the cost related to the sales of apartment buildings.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 2.6% from RMB14.3 billion in the third quarter of 2021 to RMB14.7 billion in the fourth quarter of 2021. Our gross profit margin decreased from 18.3% in the third quarter of 2021 to 17.1% in the fourth quarter of 2021.

The gross profit margin from our smartphones segment decreased from 12.8% in the third quarter of 2021 to 10.1% in the fourth quarter of 2021 due to the enhanced promotional efforts in major shopping festivals particularly in mainland China in the fourth quarter of 2021.

The gross profit margin from our IoT and lifestyle products segment increased from 11.6% in the third quarter of 2021 to 13.0% in the fourth quarter of 2021, mainly attributable to the increased profit margin of smart TVs.

The gross profit margin from our internet services segment increased from 73.6% in the third quarter of 2021 to 76.1% in the fourth quarter of 2021, mainly due to higher contribution from our advertising business.

Research and Development Expenses

Our research and development expenses increased by 19.0% from RMB3.2 billion in the third quarter of 2021 to RMB3.9 billion in the fourth quarter of 2021, primarily due to the higher development-related expenses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 28.1% from RMB4.9 billion in the third quarter of 2021 to RMB6.3 billion in the fourth quarter of 2021, primarily due to the increase in promotion and advertising expenses. The promotion and advertising expenses increased by 53.8% from RMB1.6 billion in the third quarter of 2021 to RMB2.4 billion in the fourth quarter of 2021, primarily due to the increased expenditure for promotion of our products, for our brand marketing and for overseas market business development.

Administrative Expenses

Our administrative expenses increased by 4.1% from RMB1,274.6 million in the third quarter of 2021 to RMB1,326.3 million in the fourth quarter of 2021.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss changed from a loss of RMB2.0 billion in the third quarter of 2021 to a gain of RMB3.9 billion in the fourth quarter of 2021, primarily due to improved market sentiment towards technology sector in mainland China in the fourth quarter of 2021.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method changed from net profits of RMB45.1 million in the third quarter of 2021 to net profits of RMB247.1 million in the fourth quarter of 2021, primarily due to the dilution gain from Kingsoft Cloud in the fourth quarter of 2021.

Other Income

Our other income decreased by 12.6% from RMB234.9 million in the third quarter of 2021 to RMB205.3 million in the fourth quarter of 2021.

Other Losses, Net

Our other net losses changed from RMB0.5 billion in the third quarter of 2021 to RMB3.1 billion in the fourth quarter of 2021. This is due to the impairment of investments accounted for using the equity method, partially offset by gains on disposal from our investee companies in the fourth quarter of 2021.

Finance Costs, Net

Our net finance costs decreased by 43.7% from RMB942.6 million in the third quarter of 2021 to RMB531.1 million in the fourth quarter of 2021, primarily due to the decrease in changes of value of financial liabilities to fund investors.

Income Tax Expenses

Our income tax expenses increased by 44.4% from RMB998.6 million for the third quarter of 2021 to RMB1,442.0 million in the fourth quarter of 2021, primarily due to the increase in taxable income, partially offset by the additional deductibility of expense items in the fourth quarter of 2021.

Profit for the Period

As a result of the foregoing, we had a profit of RMB0.8 billion and a profit of RMB2.4 billion for the third and fourth quarter of 2021, respectively.

Adjusted Net Profit

Our adjusted net profit is RMB5.2 billion and RMB4.5 billion for the third and fourth quarter of 2021, respectively.

Non-IFRS Measure: Adjusted Net Profit

To supplement our consolidated results which are prepared and presented in accordance with International Financial Reporting Standards (the “**IFRS**”), we utilize non-IFRS adjusted net profit (“**Adjusted Net Profit**”) as an additional financial measure. We define Adjusted Net Profit as profit for the period, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to fund investors, and (v) income tax effects of non-IFRS adjustments.

Adjusted Net Profit is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and the impact of certain investment transactions. We also believe that the non-IFRS measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group’s Non-IFRS measures for the fourth quarter of 2021, the third quarter of 2021, the fourth quarter of 2020 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

			Adjustments				
				Amortization	Changes of		
			Net fair value	of intangible	value of		
			assets	assets	financial		
			changes on	resulting from	liabilities		
			investments ⁽¹⁾	acquisitions ⁽²⁾	to fund		
	As reported	Share-based			investors ⁽³⁾	Income	Non-IFRS
		compensation				tax effects ⁽⁴⁾	
			(RMB in thousand, unless specified)				
Profit for the period	2,442,503	448,595	165,520	36,081	613,733	766,683	4,473,115
Net margin	2.9%						5.2%

Unaudited
Three Months Ended September 30, 2021

			Adjustments				
				Amortization	Changes of		
			Net fair value	of intangible	value of		
			assets	assets	financial		
			changes on	resulting from	liabilities		
			investments ⁽¹⁾	acquisitions ⁽²⁾	to fund		
	As reported	Share-based			investors ⁽³⁾	Income	Non-IFRS
		compensation				tax effects ⁽⁴⁾	
			(RMB in thousand, unless specified)				
Profit for the period	788,517	298,489	3,095,450	33,112	1,030,405	(70,398)	5,175,575
Net margin	1.0%						6.6%

Unaudited
Three Months Ended December 31, 2020

			Adjustments				
				Amortization	Changes of		
			Net fair value	of intangible	value of		
			assets	assets	financial		
			changes on	resulting from	liabilities		
			investments ⁽¹⁾	acquisitions ⁽²⁾	to fund		
	As reported	Share-based			investors ⁽³⁾	Income	Non-IFRS
		compensation				tax effects ⁽⁴⁾	
			(RMB in thousand, unless specified)				
Profit for the period	8,794,995	660,624	(7,108,419)	79	864,430	(7,318)	3,204,391
Net margin	12.5%						4.5%

Year Ended December 31, 2021

			Adjustments				
				Amortization of intangible assets	Changes of value of financial liabilities to fund investors ⁽³⁾	Income tax effects ⁽⁴⁾	Non-IFRS
	As reported	Share-based compensation	Net fair value changes on investments ⁽¹⁾	resulting from acquisitions ⁽²⁾			
	(RMB in thousand, unless specified)						
Profit for the year	19,283,235	2,035,569	(2,241,513)	69,351	2,057,133	835,699	22,039,474
Net margin	5.9%						6.7%

Year Ended December 31, 2020

			Adjustments				
				Amortization of intangible assets	Changes of value of financial liabilities to fund investors ⁽³⁾	Income tax effects ⁽⁴⁾	Non-IFRS
	As reported	Share-based compensation	Net fair value changes on investments ⁽¹⁾	resulting from acquisitions ⁽²⁾			
	(RMB in thousand, unless specified)						
Profit for the year	20,312,710	2,328,319	(12,187,807)	316	2,892,323	(339,498)	13,006,363
Net margin	8.3%						5.3%

Notes:

- (1) Includes fair value changes on ordinary shares investments and preferred shares investments deducting the cumulative fair value changes for investments (including the financial assets measured at fair value through profit or loss (“FAFVPL”) and the investments using the equity method transferred from FAFVPL) disposed in the current period, net gains/(losses) on deemed disposals of investee companies, the impairment provision for investments, re-measurement of loss of significant influence in an associate and, re-measurement of investments transferring from FAFVPL to investments using the equity method.
- (2) Represents amortization of intangible assets resulting from acquisitions.
- (3) Represent the change of value of the financial liabilities payable to the fund investors, as a result of the change of fair value of the fund.
- (4) Income tax effects of non-IFRS adjustments.

Hardware Business Net Margin

HB overall net profit margin rate¹ = HB overall net profit/Revenue from HB

HB overall profit before tax = Revenue from HB – Cost of sales of HB – Selling and marketing expenses of HB – Administrative expenses of HB – Research and development expenses of HB

HB overall net profit = HB overall profit before tax – Income tax expenses of HB

Share-based compensation expenses are excluded from selling and marketing expenses of HB, administrative expenses of HB, research and development expenses of HB. Income tax expenses of HB equals to the HB overall profit before tax multiplied by the effective tax rate of the Group.

Note:

The source data and calculation formulae of HB overall net profit margin rate are provided by the Group. PricewaterhouseCoopers Zhong Tian LLP was engaged by the Group to conduct certain procedures, as mutually agreed by both parties, including agreeing the source data used to the books and records and recalculating the HB overall net profit margin rate based on the formulae provided by the Group.

Liquidity, Financial Resources and Gearing

On December 4, 2020, the Company completed of a placing of a total of 1,000,000,000 placing shares at HK\$23.70 for each placing share owned by Smart Mobile Holdings Limited to not less than six places who and whose ultimate beneficial owner(s) are independent third parties and allotted and issued 1,000,000,000 subscription shares at HK\$23.70 per subscription share under the general mandate to Smart Mobile Holdings (the “**2020 Placing and Subscription**”). For further details, please refer to the Company’s announcements dated December 2, 2020, December 3, 2020 and December 9, 2020.

Other than the funds raised through our Global Offering in July 2018, the 2020 Placing and Subscription and the issuance of debt securities as described in “Issuance of Debt Securities” below, we have historically funded our cash requirements principally from cash generated from our operations and bank borrowings. We had cash and cash equivalents of RMB23.5 billion and RMB32.6 billion as of December 31, 2021 and September 30, 2021, respectively.

Note:

The cash resources which the Group considered in cash management including but not limited to cash and cash equivalents, restricted cash, short-term bank deposits, short-term investments measured at fair value through profit or loss, short-term investments measured at amortized cost and long-term bank deposits. As of December 31, 2021, the aggregate amount of cash resources of the Group was RMB106.0 billion.

Issuance of Debt Securities

On April 29, 2020, Xiaomi Best Time International Limited, a wholly owned subsidiary of the Company, issued US\$600 million 3.375% senior notes due 2030 unconditionally and irrevocably guaranteed by the Company (the “**2030 Notes**”). For further details, please refer to the announcements of the Company published on April 20, 2020 and April 23, 2020.

On December 17, 2020, Xiaomi Best Time International Limited issued zero coupon guaranteed convertible bonds due 2027 guaranteed by the Company in the aggregate principal amount of US\$855 million at an initial conversion price of HK\$36.74 per conversion share (subject to adjustments) (the “**2027 Bonds**”). The 2027 Bonds are listed on the Stock Exchange. For further details, please refer to the announcements of the Company dated December 2, 2020, December 3, 2020, December 17, 2020 and December 18, 2020.

On July 14, 2021, Xiaomi Best Time International Limited issued US\$800 million 2.875% senior bonds due 2031 (the “**2031 Bonds**”) and US\$400 million 4.100% senior green bonds due 2051, both of which were unconditionally and irrevocably guaranteed by the Company (the “**Green Bonds**”). For further details of the 2031 Bonds and Green Bonds, please refer to the announcements of the Company published on July 6, 2021, July 8, 2021, July 14, 2021 and July 15, 2021.

Consolidated Statement of Cash Flows

	Unaudited	
	Three months ended	
	December 31,	September 30,
	2021	2021
	(RMB in millions)	
Net cash generated from/(used in) operating activities ⁽¹⁾	11,731.7	(10,230.7)
Net cash (used in)/generated from investing activities	(20,071.5)	7,050.9
Net cash (used in)/generated from financing activities ⁽¹⁾	(550.1)	3,978.6
Net (decrease)/increase in cash and cash equivalents	(8,889.9)	798.8
Cash and cash equivalents at beginning of period	32,649.5	31,881.0
Effects of exchange rate changes on cash and cash equivalents	(248.0)	(30.3)
Cash and cash equivalents at end of period	23,511.6	32,649.5

Note:

- (1) Excluding (1) the change of loan and interest receivables and impairment provision for loan receivables mainly resulting from the fintech business; (2) the change of trade payments resulting from the finance factoring business; (3) the change of restricted cash resulting from the fintech business; and (4) the change of deposits from customers resulting from the Airstar Bank, the net cash generated from operating activities was RMB12.0 billion in the fourth quarter of 2021 and the net cash used in operating activities was RMB12.9 billion in the third quarter of 2021, respectively. Excluding the change of borrowings for the fintech business, the net cash used in financing activities was RMB2.2 billion in the fourth quarter of 2021 and the net cash generated from financing activities was RMB4.6 billion in the third quarter of 2021, respectively. The information in this footnote is based on the management accounts of the Group, which have not been audited or reviewed by the Group’s auditor. The accounting policies applied in the preparation of the management accounts are consistent with those used for other figures in this announcement.

Net Cash Generated From Operating Activities

Net cash generated from operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily comprises our profit before income tax adjusted by non-cash items and changes in working capital.

In the fourth quarter of 2021, net cash generated from our operating activities amounted to RMB11.7 billion, representing cash generated from operations of RMB12.0 billion minus income tax paid of RMB0.3 billion. Cash generated from operations was primarily attributable to our profit before income tax of RMB3.9 billion, adjusted by a decrease in prepayments and other receivables of RMB4.6 billion, and a decrease in inventories of RMB4.3 billion.

Net Cash Used In Investing Activities

For the fourth quarter of 2021, our net cash used in investing activities was RMB20.1 billion, which was primarily attributed to the net changes of short-term investments measured at fair value through profit or loss of RMB9.3 billion, the net changes of short-term bank deposits of RMB7.2 billion and the purchase of long-term investments measured at fair value through profit or loss of RMB2.5 billion.

Net Cash Used In Financing Activities

For the fourth quarter of 2021, our net cash used in financing activities was RMB0.6 billion, which was primarily attributed to the payments for shares repurchase of RMB0.5 billion and the payment of lease liabilities of RMB0.4 billion, partially offset by the increase in borrowings of RMB0.6 billion.

Borrowings

As of September 30, 2021 and December 31, 2021, we had total borrowings of RMB25.9 billion and RMB26.2 billion, respectively.

Capital Expenditure

	Three months ended	
	December 31, 2021	September 30, 2021
	(RMB in millions)	
Capital expenditures	2,010.3	3,330.1
Placement of long-term investments ⁽¹⁾	2,592.2	5,534.5
Total	4,602.5	8,864.6

Note:

(1) Placement for long-term investments mainly represents ordinary shares investments and preferred shares investments.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2021, except for financial guarantee contracts, we had not entered into any significant off-balance sheet commitments or arrangements.

Future Plans for Material Investments and Capital Assets

As of December 31, 2021, we did not have other plans for material investments and capital assets.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 percent or more of the Group's total assets as of December 31, 2021) during the Reporting Period.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On July 5, 2021, the transaction concerning the acquisition of Zimi was closed. Zimi has become a wholly-owned subsidiary of the Group. Further details of the transaction can be found in the announcement of the Company published on March 24, 2021.

On September 22, 2021, the transaction concerning the acquisition of Deepmotion Tech Limited (“**Deepmotion**”, an autonomous driving technology company) was closed. Deepmotion has become a wholly-owned subsidiary of the Group. Further details of the transaction can be found in the announcement of the Company published on August 25, 2021.

Save as disclosed above, during the Reporting Period, we did not conduct any material acquisitions or disposals of subsidiaries and affiliated companies.

Employee and Remuneration Policy

As of December 31, 2021, we had 33,427 full-time employees, 30,943 of whom were based in mainland China, primarily at our headquarters in Beijing, with the rest primarily based in India and Indonesia. We expect to continue to increase our headcount in mainland China and our key target global markets. As of December 31, 2021, our research and development personnel, totaling 14,592 employees, were staffed across our various departments.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive compensation packages. As of December 31, 2021, 14,608 employees held share-based awards. The total remuneration expenses, including share-based compensation expense, for the Reporting Period were RMB13.8 billion, representing an increase of 39.4% from the year ended December 31, 2020 of RMB9.9 billion.

Foreign Exchange Risk

The transactions of our Company are denominated and settled in our functional currency, the United States dollar. Our Group's subsidiaries primarily operate in the People's Republic of China (the "PRC") and other regions such as India, and are exposed to foreign exchange risk arising from various currencies exposures, primarily with respect to the United States dollar. Therefore, foreign exchange risk primarily arises from recognized assets and liabilities in our subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to overseas business partners.

We will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Pledge of Assets

As of December 31, 2021, we pledged restricted deposits of RMB4,319.7 million, compared with RMB2,563.7 million as of September 30, 2021. The restricted deposits as of December 31, 2021 were primarily for an ongoing tax investigation in India. We also had pledged certain buildings, construction in progress and land use right for borrowings.

Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liabilities, compared with nil as of September 30, 2021.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021

(Expressed in Renminbi (“RMB”))

	Note	Year ended December 31, 2021 RMB’000	2020 RMB’000
Revenue	2	328,309,145	245,865,633
Cost of sales	2, 3	<u>(270,048,204)</u>	<u>(209,113,771)</u>
Gross profit		58,260,941	36,751,862
Research and development expenses	3	(13,167,088)	(9,256,139)
Selling and marketing expenses	3	(20,980,765)	(14,539,400)
Administrative expenses	3	(4,738,919)	(3,746,449)
Fair value changes on investments measured at fair value through profit or loss	6	8,132,133	13,173,479
Share of net profits of investments accounted for using the equity method		275,013	1,380,904
Other income		826,856	642,930
Other losses, net		<u>(2,579,507)</u>	<u>(372,458)</u>
Operating profit		26,028,664	24,034,729
Finance income		1,229,826	963,555
Finance costs		<u>(2,841,457)</u>	<u>(3,364,852)</u>
Profit before income tax		24,417,033	21,633,432
Income tax expenses	4	<u>(5,133,798)</u>	<u>(1,320,722)</u>
Profit for the year		<u>19,283,235</u>	<u>20,312,710</u>
Attributable to:			
— Owners of the Company		19,339,321	20,355,504
— Non-controlling interests		<u>(56,086)</u>	<u>(42,794)</u>
		<u>19,283,235</u>	<u>20,312,710</u>
Earnings per share (expressed in RMB per share):	5		
Basic		<u>0.78</u>	<u>0.85</u>
Diluted		<u>0.76</u>	<u>0.83</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

(Expressed in RMB)

	Note	Year ended December 31, 2021 RMB'000	2020 RMB'000
Profit for the year		19,283,235	20,312,710
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive loss of investments accounted for using the equity method		(60,568)	(14,250)
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate		—	(4,773)
Net losses from changes in fair value of financial assets at fair value through other comprehensive income		(2,649)	(3,385)
Currency translation differences		(313,151)	(307,757)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Currency translation differences		(1,027,846)	(2,032,656)
Other comprehensive loss for the year, net of tax		(1,404,214)	(2,362,821)
Total comprehensive income for the year		17,879,021	17,949,889
Attributable to:			
— Owners of the Company		17,940,990	17,986,452
— Non-controlling interests		(61,969)	(36,563)
		17,879,021	17,949,889

CONSOLIDATED BALANCE SHEET

As of December 31, 2021

(Expressed in RMB)

	Note	As of December 31, 2021 RMB'000	2020 RMB'000
Assets			
Non-current assets			
Property and equipment		6,964,621	6,305,657
Intangible assets		5,579,159	4,265,619
Investments accounted for using the equity method		10,230,751	12,781,995
Long-term investments measured at fair value through profit or loss	6	50,113,702	35,215,319
Deferred income tax assets		1,661,947	2,011,072
Long-term bank deposits		16,195,419	9,608,677
Long-term investments measured at amortized cost	6	351,362	232,798
Other non-current assets		15,943,508	6,975,851
		107,040,469	77,396,988
Current assets			
Inventories	8	52,397,946	41,670,719
Trade receivables	7	17,985,503	10,161,019
Loan receivables		5,109,034	8,919,088
Prepayments and other receivables		19,851,884	16,181,520
Bills receivables measured at fair value through other comprehensive income		14,033	200,000
Short-term investments measured at fair value through other comprehensive income	6	710,865	797,456
Short-term investments measured at amortized cost	6	1,597,919	—
Short-term investments measured at fair value through profit or loss	6	29,311,848	22,376,387
Short-term bank deposits		31,041,129	17,598,946
Restricted cash		4,319,661	3,625,257
Cash and cash equivalents		23,511,579	54,752,443
		185,851,401	176,282,835
Total assets		292,891,870	253,679,823

	Note	As of December 31, 2021 RMB'000	2020 RMB'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		407	409
Reserves		<u>137,212,499</u>	<u>123,691,287</u>
		<u>137,212,906</u>	<u>123,691,696</u>
Non-controlling interests		<u>219,590</u>	<u>321,819</u>
Total equity		<u><u>137,432,496</u></u>	<u><u>124,013,515</u></u>
Liabilities			
Non-current liabilities			
Borrowings	9	20,719,790	10,634,806
Deferred income tax liabilities		1,202,717	300,556
Warranty provision		895,747	802,590
Other non-current liabilities		<u>16,913,649</u>	<u>10,001,428</u>
		<u>39,731,903</u>	<u>21,739,380</u>
Current liabilities			
Trade payables	10	74,643,005	72,198,856
Other payables and accruals		20,224,499	13,619,655
Advance from customers		9,289,177	11,999,086
Borrowings	9	5,527,050	6,961,937
Income tax liabilities		2,335,124	674,298
Warranty provision		<u>3,708,616</u>	<u>2,473,096</u>
		<u>115,727,471</u>	<u>107,926,928</u>
Total liabilities		<u><u>155,459,374</u></u>	<u><u>129,666,308</u></u>
Total equity and liabilities		<u><u>292,891,870</u></u>	<u><u>253,679,823</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

(Expressed in RMB)

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net cash generated from operating activities	9,785,288	21,878,500
Net cash used in investing activities	(45,007,945)	(17,678,852)
Net cash generated from financing activities	4,498,686	26,215,568
Net (decrease)/increase in cash and cash equivalents	(30,723,971)	30,415,216
Cash and cash equivalents at the beginning of the period	54,752,443	25,919,861
Effects of exchange rate changes on cash and cash equivalents	(516,893)	(1,582,634)
Cash and cash equivalents at end of the period	23,511,579	54,752,443

1 Basis of preparation

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

The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of financial assets which are carried at fair value.

(a) New and amended standards adopted by the Group

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

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

The adoption of these interpretation and amendments to standards has had no significant impact on the results and the financial position of the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended December 31, 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Smartphones
- IoT and lifestyle products
- Internet services
- Others

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses and research and development expenses are not included in the measure of the segments' performance which is used by CODM as a basis for the purpose of resource allocation and assessment of segment performance. Fair value changes on investments measured at fair value through profit or loss, share of net profits of investments accounted for using the equity method, other income, other losses, net, finance income, finance costs and income tax expenses are also not allocated to individual operating segments.

The segment results for the years ended December 31, 2021 and 2020 are as follows:

	Year ended December 31, 2021				
	Smartphones RMB'000	IoT and lifestyle products RMB'000	Internet services RMB'000	Others RMB'000	Total RMB'000
Segment revenues	208,868,944	84,980,097	28,211,739	6,248,365	328,309,145
Cost of sales	(184,007,856)	(73,888,603)	(7,316,598)	(4,835,147)	(270,048,204)
Gross profit	24,861,088	11,091,494	20,895,141	1,413,218	58,260,941

	Year ended December 31, 2020				
	Smartphones RMB'000	IoT and lifestyle products RMB'000	Internet services RMB'000	Others RMB'000	Total RMB'000
Segment revenues	152,190,891	67,410,453	23,755,285	2,509,004	245,865,633
Cost of sales	(138,986,944)	(58,804,839)	(9,111,002)	(2,210,986)	(209,113,771)
Gross profit	13,203,947	8,605,614	14,644,283	298,018	36,751,862

The reconciliation of gross profit to profit before income tax is shown in the consolidated income statement.

For the years ended December 31, 2021 and 2020, the geographical information on the total revenues is as follows:

	Year ended December 31,			
	2021		2020	
	RMB'000	%	RMB'000	%
Mainland China	164,717,704	50.2	123,484,251	50.2
Rest of the world (Note(a))	163,591,441	49.8	122,381,382	49.8
	<u>328,309,145</u>		<u>245,865,633</u>	

Note:

(a) Revenues outside mainland China are mainly from India and Europe.

3 Expenses by nature

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Cost of inventories sold and royalty fees	251,459,641	192,440,437
Provision for impairment of inventories	2,831,529	3,688,809
Employee benefit expenses	13,821,526	9,914,453
Depreciation of property and equipment, right-of-use assets and investment properties	1,804,312	1,042,895
Amortization of intangible assets	1,257,334	665,566
Promotion and advertising expenses	7,245,809	5,477,287
Content fees to game developers and video providers	2,812,893	2,418,008
Credit loss allowance for loan receivables	21,413	1,757,680
Consultancy and professional service fees	1,429,688	980,462
Cloud service, bandwidth and server custody fees	1,810,655	1,980,323
Warranty expenses	4,550,168	2,823,897
Auditor's remuneration		
—Audit services	56,116	56,865
—Non-audit services	34,920	31,475

4 Income tax expenses

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Current income tax	4,135,298	2,327,725
Deferred income tax	998,500	(1,007,003)
Income tax expenses	<u>5,133,798</u>	<u>1,320,722</u>

5 Earnings per share

(a) Basic

Basic earnings per share for the years ended December 31, 2021 and 2020 are calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net profit attributable to the owners of the Company	19,339,321	20,355,504
Weighted average number of ordinary shares in issue (thousand shares)	24,927,461	23,986,829
Basic earnings per share (expressed in RMB per share)	0.78	0.85

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings per share.

For the years ended December 31, 2021 and 2020, the share options and restricted shares units ("RSUs") granted by the Group's subsidiaries and associates had either anti-dilutive effect or insignificant dilutive effect to the Group's diluted earnings per share.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net profit attributable to the owners of the Company	19,339,321	20,355,504
Weighted average number of ordinary shares in issue (thousand shares)	24,927,461	23,986,829
Adjustments for RSUs and share options granted to employees (thousand shares)	569,667	664,800
Adjustments for share consideration for acquisition of Zimi International Incorporation ("Zimi") (thousand shares)	12,303	16,651
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	25,509,431	24,668,280
Diluted earnings per share (expressed in RMB per share)	0.76	0.83

6 Investments

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Current assets		
Short-term investments measured at		
— Amortized cost	1,597,919	—
— Fair value through other comprehensive income	710,865	797,456
— Fair value through profit or loss	29,311,848	22,376,387
	<u>31,620,632</u>	<u>23,173,843</u>
Non-current assets		
Long-term investments measured at amortized cost	351,362	232,798
Long-term investments measured at fair value through profit or loss		
— Ordinary shares investments	22,755,228	13,969,457
— Preferred shares investments	25,108,840	20,913,568
— Other investments	2,249,634	332,294
	<u>50,465,064</u>	<u>35,448,117</u>

Amounts recognized in profit or loss of investments measured at fair value through profit or loss

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Fair value changes on ordinary shares investments	4,423,582	8,425,388
Fair value changes on preferred shares investments	3,000,810	4,062,525
Fair value changes on short-term investments measured		
at fair value through profit or loss	695,240	679,432
Fair value change on other investments	12,501	6,134
	<u>8,132,133</u>	<u>13,173,479</u>

7 Trade receivables

The Group usually allows a credit period within 180 days to its customers. Ageing analysis of trade receivables based on invoice date is as follows:

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Trade receivables		
Up to 3 months	15,740,356	9,400,187
3 to 6 months	1,477,059	534,660
6 months to 1 year	652,701	234,844
1 to 2 years	184,058	110,291
Over 2 years	95,306	81,797
	<u>18,149,480</u>	<u>10,361,779</u>
Less: credit loss allowance	<u>(163,977)</u>	<u>(200,760)</u>
	<u><u>17,985,503</u></u>	<u><u>10,161,019</u></u>

8 Inventories

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Raw materials	19,314,001	15,684,698
Finished goods	23,934,395	17,909,963
Work in progress	4,627,210	4,135,024
Spare parts	3,896,430	1,967,593
Others	1,957,057	3,199,153
	<u>53,729,093</u>	<u>42,896,431</u>
Less: provision for impairment	<u>(1,331,147)</u>	<u>(1,225,712)</u>
	<u><u>52,397,946</u></u>	<u><u>41,670,719</u></u>

9 Borrowings

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Included in non-current liabilities		
Asset-backed securities	—	465,000
Secured borrowings	1,576,761	1,594,936
Unsecured borrowings	15,004,487	4,530,856
Convertible bonds	4,138,542	4,044,014
	<u>20,719,790</u>	<u>10,634,806</u>
Included in current liabilities		
Asset-backed securities	—	3,589,629
Fund raised through trusts	—	547,500
Secured borrowings	507,217	460,257
Unsecured borrowings	5,019,833	2,364,551
	<u>5,527,050</u>	<u>6,961,937</u>

10 Trade payables

Trade payables primarily include payables for inventories. As of December 31, 2021 and 2020, the carrying amounts of trade payables were primarily denominated in RMB, US\$ and India Rupees.

Trade payables and their ageing analysis based on invoice date are as follows:

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Up to 3 months	70,187,231	68,909,758
3 to 6 months	2,526,217	2,312,665
6 months to 1 year	1,343,318	873,537
1 to 2 years	490,484	34,200
Over 2 years	95,755	68,696
	<u>74,643,005</u>	<u>72,198,856</u>

11 Dividends

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

12 Business combination

(a) Step-up acquisition of Zimi

On July 5, 2021, the Company completed the acquisition of the remaining 50.09% equity interest of Zimi at a total consideration of approximately RMB1,461 million. Prior to the above acquisition, the Company held 49.91% equity interests of Zimi and accounted for as an associate. As a result, Zimi was accounted for as a subsidiary of the Group upon the completion of the transaction (“**Step-up Acquisition**”). The equity interests previously held under investment in an associate was accounted for a deemed disposal at its fair value and resulted in step up losses of approximately RMB409 million.

Goodwill of approximately RMB1,382 million was recognized as a result of the Step-up Acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from integration of the operations with the Group. None of the goodwill is expected to be deductible for income tax purpose.

The following table summarises the purchase consideration, fair value of assets acquired and liabilities assumed recognized as at the acquisition date of Zimi.

	As of July 5, 2021 RMB'000
Total consideration:	
Cash consideration	1,140,445
Share consideration	187,427
Deemed consideration arising from the grant of RSUs on Zimi's existing share options	133,007
Fair value of the previously held interests	1,317,460
	<u>2,778,339</u>
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Intangible assets	904,332
Inventories	83,103
Trade receivables	400,970
Prepayments and other receivables	19,267
Cash and cash equivalents	164,448
Investments accounted for using the equity method	5,082
Property and equipment	24,587
Deferred income tax assets	13,767
Long-term investments measured at fair value through profit or loss	203,165
Other assets	359,551
Deferred income tax liabilities	(252,303)
Trade payables	(481,260)
Other payables and accruals	(48,513)
	<u>1,396,196</u>
Total identifiable net assets:	1,396,196
Goodwill	1,382,143
	<u>2,778,339</u>

Note:

The Group's revenue for the year would be increased by not more than 3% and results for the year would not be materially different should the Step-up Acquisition have occurred on 1 January 2021.

The related transaction costs of the Step-up Acquisition are not material to the Group's consolidated financial statements.

For the period from the closing date to December 31, 2021, the revenue and the results contributed by Zimi were insignificant to the Group. The Group's revenue and results for the year would not be material different if the Step-up Acquisition had occurred on 1 January 2021.

(b) *Deepmotion Tech Limited (“Deepmotion”) acquisition*

On September 22, 2021, the Group completed the acquisition of Deepmotion at a total consideration of approximately US\$77.37 million (approximately RMB500,555,000), among which US\$24.40 million (approximately RMB 157,850,000) should be settled by cash. The remaining consideration of US\$52.97 million (approximately RMB342,705,000) will be paid evenly in future 4 years by equivalent shares of the Company (“Xiaomi Shares”) determined by reference to the average closing price of Xiaomi Shares for the last ten consecutive trading days prior to the fifth day of each delivery, but no later than August 31 of each year. All such amount is accounted for separately from the business combination and recognized as compensation cost in the post-acquisition period.

Upon closing, Deepmotion became a wholly-owned subsidiary of the Group. Deepmotion has technological and research and development capabilities in providing full software stack solutions including perception, localization, planning and control for advanced driver-assistance systems (ADAS) and automated driving applications, which can enhance the technological competitiveness of the Group’s smart electric vehicle business.

Goodwill of RMB61,245,000 was recognized as a result of the Deepmotion acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining operations of the Group and Deepmotion. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarises the purchase consideration, fair value of assets acquired and liabilities assumed recognized as at the acquisition date of the Deepmotion.

As of September 22, 2021
RMB’000

Total consideration:

Cash consideration	<u><u>157,850</u></u>
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Recognized amounts of identifiable assets acquired and liabilities assumed:

Intangible assets	95,000
Cash and cash equivalents	5,335
Trade receivables	1,882
Prepayments and other receivables	2,380
Property and equipment	283
Other assets	6,076
Deferred income tax liabilities	(14,250)
Other payables and accruals	<u>(101)</u>

Total identifiable net assets:	96,605
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Goodwill	<u><u>61,245</u></u>
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	<u><u>157,850</u></u>
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13 Contingencies

On December 21, 2021, the Income Tax Department of India (“Income Tax Department”) commenced an investigation on mobile phone manufacturing companies, including Xiaomi India, in relation to their compliance with relevant income tax regulations. As of the date of this announcement, as the investigation on Xiaomi India was still in progress, the Group has not received any notice on the findings of the investigation by the Income Tax Department. As such, the impact of any outcome, if any, is presently not ascertainable. As a result, as of December 31, 2021, the Group did not make any provisions for potential loss contingencies pertaining to this investigation. The management believes any impact to the financial position and results of operations as of and for the year ended December 31, 2021 would not be material.

On January 5, 2022, the Directorate of Revenue Intelligence of India (“**DRI**”) issued notices (“**Notices**”) to Xiaomi India for demand and recovery of duty amounting to Rs. 653 crore (equivalent to approximately RMB560 million) owed for the period from April 1, 2017 to June 30, 2020. Xiaomi India is in the process of preparing responses to the Notices to the DRI. Based on external professional opinion, management assessed and concluded that the likelihood of material resource outflow as a result of the Notices is remote. As a result, as of December 31, 2021, the Group did not make any provisions for potential loss contingencies pertaining to this matter.

Other than the matters mentioned above, the Group, in the ordinary course of its business, is involved in various claims, suits, and legal proceedings that arise from time to time. Although based on currently available information, the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or result of operations, litigations are inherently unpredictable. Therefore, the Group could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period. As of December 31, 2021 and 2020, no material provisions were recorded.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period and up to the date of the announcement, the Company repurchased a total of 357,813,400 Class B Shares (the “**Shares Repurchased**”) of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate consideration of approximately HK\$8,677,976,089. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
2021				
March	19,307,600	26.20	25.50	498,900,661
April	173,381,600	27.20	24.60	4,494,026,504
July	15,250,000	26.40	25.20	393,626,650
August	16,150,000	24.90	24.20	396,677,775
September	85,229,400	25.00	21.25	1,965,668,178
October	13,985,400	21.25	20.40	291,663,583
November	2,604,000	19.12	19.06	49,723,380
December	17,610,400	19.52	17.64	326,366,744
2022				
January	14,295,000	18.64	17.70	261,322,614
Total	357,813,400			8,677,976,089

As at the date of this announcement, the number of Class B Shares in issue was reduced by 357,813,400 as a result of the cancellation of the Shares Repurchased. Upon cancellation of the Shares Repurchased, the weighted voting rights (“**WVR**”) beneficiaries of the Company, simultaneously reduced their WVR in the Company proportionately by way of converting their Class A ordinary shares (“**Class A Shares**”) into Class B Shares on a one-to-one ratio pursuant to 8A.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), such that the proportion of shares carrying WVR of the Company shall not be increased, pursuant to the requirements under 8A.13 and 8A.15 of the Listing Rules.

The Shares Repurchased in March 2021 and April 2021 were subsequently cancelled on June 3, 2021. A total of 35,794,228 Class A Shares were converted into Class B Shares on a one-to-one ratio on June 3, 2021, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 32,236,626 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 3,557,602 Class A Shares. The Shares Repurchased in July 2021 were subsequently cancelled on August 20, 2021. A total of 2,831,101 Class A Shares were converted into Class B Shares on a one-to-one ratio on August 20, 2021, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 2,549,717 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 281,384 Class A Shares. The Shares Repurchased in August 2021, September 2021 and October 2021 were subsequently cancelled on November 12, 2021. A total of 21,394,443 Class A Shares were converted into Class B Shares on a one-to-one ratio on November 12, 2021, of which Mr. Lei Jun, through Smart Mobile Holdings

Limited, converted 19,268,041 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 2,126,402 Class A Shares. The Shares Repurchased in November 2021, December 2021 and January 2022 were subsequently cancelled on March 11, 2022. A total of 6,392,324 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 11, 2022, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 5,756,989 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 635,335 Class A Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period and up to the date of this announcement.

Compliance with the Corporate Governance Code

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

Save for code provision C.2.1 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, the Company has complied with all the code provisions set out in the CG Code throughout the Reporting Period.

Pursuant to code provision C.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 a separate chairman and chief executive officer and Mr. Lei Jun 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 Group and enabling more effective and efficient overall strategic planning for the Group. 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 chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group 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 the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiries of all the Directors, all the Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period and up to the date of this announcement.

Audit Committee

The Audit Committee (comprising one non-executive Director and two independent non-executive Directors, namely, Mr. Liu Qin, Dr. Chen Dongsheng and Mr. Wong Shun Tak) has reviewed the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Auditor on this announcement.

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

Use of Net Proceeds

1. Use of Net Proceeds from Issue of the 2030 Notes

The net proceeds received by the Company from the 2030 Notes were approximately US\$ 589.9 million. The Company intends to use the net proceeds of the 2030 Notes primarily for (i) general corporate purposes and (ii) to repay existing borrowings. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated April 20, 2020.

2. Use of Net Proceeds from Issue of the 2020 Placing and Subscription

The net proceeds received by the Company from the 2020 Placing and Subscription were approximately US\$3.1 billion. The Company intends to use the estimated net proceeds for (a) strengthening our working capital for business expansion; (b) investments to increase market share in key markets; (c) strategic ecosystem investments and (d) other general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated December 2, 2020.

3. Use of Net Proceeds from Issue of the 2027 Bonds

The net proceeds received by the Company from the 2027 Bonds were approximately US\$889.6 million. The Company intends to use the estimated net proceeds for (a) strengthening our working capital for business expansion; (b) investments to increase market share in key markets; (c) strategic ecosystem investments and (d) other general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated December 2, 2020.

4. Use of Net Proceeds from Issue of the 2031 Bonds and Green Bonds

The net proceeds received by the Company from the 2031 Bonds were approximately US\$789.0 million. The Group intends to use these proceeds for general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated July 8, 2021.

The net proceeds received by the Company from the Green Bonds were approximately US\$392.8 million. The Group intends to use these proceeds or an equivalent amount thereof for financing or refinancing, in whole or in part, one or more of the Group's new or existing eligible projects pursuant to the Group's Green Finance Framework. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated July 8, 2021.

Final Dividend

The Board has resolved not to declare any final dividend for the Reporting Period.

Events after the End of the Reporting Period

Save as disclosed in this announcement, there has been no other significant events that might affect the Group since the end of the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.mi.com. The annual report of the Company will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
Xiaomi Corporation
Lei Jun
Chairman

Hong Kong, March 22, 2022

As at the date of this announcement, the Board comprises Mr. Lei Jun as Chairman and Executive Director, Mr. Lin Bin as Vice-Chairman and Executive Director, Mr. Liu De as Executive Director, Mr. Liu Qin as Non-executive Director, and Dr. Chen Dongsheng, Mr. Wong Shun Tak and Prof. Tong Wai Cheung Timothy as Independent Non-executive Directors.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 10 FEBRUARY 2022 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

The information set out below is a reproduction of the press release dated 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2021.

RESULTS AT DECEMBER 31ST 2021

Press release

Paris, February 10th 2022

2021, RECORD GROUP NET INCOME

Substantial increase in underlying revenues of +16.1%⁽¹⁾ vs. 2020 (+17.2%^{(1)*}), with a historically high level of Financing & Advisory and Financial Services activities, very solid Global Markets activities throughout the year, and a healthy momentum in Retail Banking

Underlying gross operating income of EUR 8.5 billion⁽¹⁾, up 51.0%⁽¹⁾ vs. 2020, with a significant positive jaws effect and costs under control, up +4.3%⁽¹⁾

Still low cost of risk at 13 basis points

Underlying Group net income of EUR 5.3 billion⁽¹⁾ (EUR 5.6 billion on a reported basis)

Underlying profitability (ROTE) of 10.2%⁽¹⁾ (11.7% on a reported basis)

In Q4 21, underlying gross operating income of EUR 1.9 billion⁽¹⁾, +24.1% vs. Q4 20

Underlying Group net income of EUR 1.2 billion⁽¹⁾, +94.4% vs. Q4 20 (EUR 1.8 billion on a reported basis)

Underlying profitability (ROTE) of 9.2%⁽¹⁾ (16.6% on a reported basis)

ATTRACTIVE SHAREHOLDER DISTRIBUTION

Distribution equivalent to EUR 2.75 per share, or:

- **a dividend in cash**, proposed to the General Meeting, **of EUR 1.65 per share**
- **a share buyback programme**, for around EUR 915 million, **equivalent to EUR 1.1 per share**

Solid CET 1 ratio of 13.7%⁽²⁾ at end-2021, around 470 basis points above the regulatory requirement

ACCELERATION IN STRATEGIC AND BUSINESS DEVELOPMENTS

Strengthening of our competitive position on mobility, announcement of the planned acquisition of LeasePlan by ALD with a view to creating a mobility leader

Client onboarding by Boursorama one year ahead of schedule, announcement of entry into exclusive discussions with the ING group with a view to offering ING's customers in France the best alternative banking solution

Good momentum of the retail banking networks in France in the context of **preparations for the merger**

Continued digitalisation initiatives and improvement of operational efficiency in International Retail Banking

Solid performance by Global Markets throughout the year, with the successful repositioning of structured products and a reduction in the risk profile

Record performance by Financing & Advisory, driven by strong market momentum and an increase in allocated capital

Frédéric Oudéa, the Group's Chief Executive Officer, commented:

"2021 marks a milestone for the Société Générale Group, which achieved the best financial results in its history, enabling it to generate a good level of profitability and offer its shareholders an attractive return. All the businesses have contributed to this excellent performance. The Group also had a very robust balance sheet at the end of the year, with a very good quality loan portfolio and high capital ratios. In addition, the Group was able, firstly, to successfully continue advancing on major projects such as the merger of the two retail banking networks Société Générale and Crédit du Nord and secondly, achieve two strategic transactions strengthening two differentiating assets, with the entry into exclusive discussions for the acquisition of Leaseplan by ALD and with ING concerning its retail banking activities in France. The Group is therefore entering 2022 with confidence, with the priority objective of the disciplined execution of this high value-creating roadmap and the finalisation of its outlines by accelerating the transformations around ESG issues and new technologies."

⁽¹⁾ Underlying data (see methodology note section 10.5 for the transition from accounting data to underlying data)

⁽²⁾ Phased-in ratio (fully-loaded ratio of 13.6%) after distribution provision

The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates

1. GROUP CONSOLIDATED RESULTS

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	6,620	5,838	+13.4%	+11.7%*	25,798	22,113	+16.7%	+17.7%*
<i>Underlying net banking income⁽¹⁾</i>	6,503	5,838	+11.4%	+9.8%*	25,681	22,113	+4.3%	+17.2%*
Operating expenses	(4,565)	(4,351)	+4.9%	+3.6%*	(17,590)	(16,714)	+5.2%	+5.8%*
<i>Underlying operating expenses⁽¹⁾</i>	(4,617)	(4,318)	+6.9%	+5.6%*	(17,211)	(16,504)	+4.3%	+4.9%*
Gross operating income	2,055	1,487	+38.2%	+35.3%*	8,208	5,399	+52.0%	+55.1%*
<i>Underlying gross operating income⁽¹⁾</i>	1,886	1,520	+24.1%	+21.4%*	8,470	5,609	+51.0%	+53.9%*
Net cost of risk	(86)	(689)	-87.5%	-87.7%*	(700)	(3,306)	-78.8%	-78.6%*
Operating income	1,969	798	x 2.5	x 2.4	7,508	2,093	x 3.6	x 3.7*
<i>Underlying operating income⁽¹⁾</i>	1,800	851	x 2.1	x 2.1	7,770	2,323	x 3.3	x 3.4*
Net profits or losses from other assets	449	(94)	n/s	n/s	635	(12)	n/s	n/s*
Impairment losses on goodwill	(114)	0	n/s	n/s	(114)	(684)	n/s	n/s
Income tax	(311)	(125)	x 2.5	x 2.4	(1,697)	(1,204)	+41.0%	+43.2%*
Net income	1,995	582	x 3.4	x 3.3	6,338	196	x 32.3	x 43.8
O.w. non-controlling interests	208	112	+85.7%	+81.2%*	697	454	+53.5%	+53.6%*
Reported Group net income	1,787	470	x 3.8	x 3.7	5,641	(258)	n/s	n/s
<i>Underlying Group net income⁽¹⁾</i>	1,226	631	+94.4%	+90.4%*	5,264	1,435	x 3.7	x 3.8*
ROE	12.1%	2.4%			9.6%	-1.7%		
ROTE	16.6%	2.7%			11.7%	-0.4%		
<i>Underlying ROTE⁽¹⁾</i>	9.2%	4.1%			10.2%	1.7%		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on February 9th, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and full-year 2021.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income

Net banking income was substantially higher in 2021, up +16.7% (+17.7%*) vs. 2020, and +16.1% (+17.2%*) vs. 2020 on an underlying basis, with a very strong momentum in all the businesses.

French Retail Banking posted a solid performance in 2021. As a result, net banking income (excluding PEL/CEL provision) increased by +4.8% vs. 2020, driven by the recovery in net interest income and buoyant commissions, particularly financial commissions.

International Retail Banking & Financial Services enjoyed strong revenue growth (+9.9%* vs. 2020), underpinned by the excellent momentum in Financial Services to Corporates (+32.0%* vs. 2020) and Insurance (+8.6%* vs. 2020). International Retail Banking benefited from a rebound in its activities (+2.8%* vs. 2020).

Global Banking & Investor Solutions delivered a remarkable performance, with revenues up +25.2% (+26.1%*) vs. 2020. Financing & Advisory enjoyed a record performance, with growth of +14.8% (+15.8%*) vs. 2020, while the revenues of Global Markets & Investor Services were substantially higher (+35.6%, +36.9%*) than in 2020.

In Q4 21, the Group continued to enjoy a strong revenue growth momentum (+13.4%, +11.7%*) vs. Q4 20, with a positive and evenly balanced contribution from all the businesses.

Operating expenses

In 2021, operating expenses totalled EUR 17,590 million on a reported basis and EUR 17,211 million on an underlying basis (restated for transformation costs), an increase of +4.3% vs. 2020.

This increase can be explained primarily by the rise in variable costs linked to the growth in revenues (EUR +701 million) and the increase in the contribution to the Single Resolution Fund (EUR +116 million). The other operating expenses declined by EUR 70 million, excluding structure effect.

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+51.0%) to EUR 8,470 million and the underlying cost to income ratio improved by nearly 8 points (67.0% vs. 74.6% in 2020).

In **Q4 21**, operating expenses totalled EUR 4,565 million on a reported basis and EUR 4,617 million on an underlying basis (restated for the linearisation of IFRIC 21 and transformation costs), representing an increase of +6.9% vs. Q4 20.

Excluding the contribution to the Single Resolution Fund, the underlying cost to income ratio is expected to be between 66% and 68% in 2022 and improving onwards. This aggregate, excluding the contribution to the SRF, amounts to 64.7% in 2021, it being specified that the contribution to the Single Resolution Fund is EUR 586 million in 2021.

There is expected to be an increase in the contribution to the Single Resolution Fund until 2023 included.

The Group's radical transformations as announced in 2021 have led to changes in 2023 cost outlook. The various initiatives in progress will contribute to a decline in the Group's underlying cost to income ratio beyond 2022 excluding the contribution to the Single Resolution Fund year after year.

Cost of risk

In 2021, the cost of risk stood at a low level of 13 basis points, lower than in 2020 (64 basis points), or EUR 700 million (vs. EUR 3,306 million in 2020). It breaks down into a provision on non-performing loans of EUR 949 million and a provision write-back on performing loans of EUR 249 million.

The Group's provisions on performing loans amounted to EUR 3,355 million at end-2021.

In Q4 21, the cost of risk stood at 6 basis points, lower than in Q4 20 (54 basis points), or EUR 86 million and lower than in Q3 21 (15 basis points). It breaks down into a provision on non-performing loans of EUR 218 million and a provision write-back on performing loans of EUR 132 million.

In order to support its customers during the crisis, the Group granted State Guaranteed Loans. At December 31st 2021, the residual amount of State Guaranteed Loans represented around EUR 17 billion. In France, the total amount of State Guaranteed Loans ("PGE") amounts to around EUR 14 billion and net exposure is around EUR 1.5 billion.

The gross doubtful outstandings ratio amounted to 2.9%⁽¹⁾ at December 31st 2021, lower than at end-September 2021 (3.1%). The Group's gross coverage ratio for doubtful outstandings amounted to 51%⁽²⁾ at December 31st 2021.

The cost of risk is expected to be below 30 basis points in 2022.

⁽¹⁾ NPL ratio calculated according to the EBA methodology published on July 16th, 2019

⁽²⁾ Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

Group net income

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	1,787	470	5,641	(258)
Underlying Group net income (1)	1,226	631	5,264	1,435

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	16.6%	2.7%	11.7%	-0.4%
Underlying Group net income (1)	9.2%	4.1%	10.2%	1.7%

(1) Adjusted for exceptional items and linearisation of IFRIC21

Earnings per share amounts to EUR 5.97 in 2021 (EUR -1.02 in 2020). Underlying earnings per share amounts to EUR 5.52 over the same period (EUR 0.97 in 2020).

Distribution to shareholders

The Board of Directors has established its distribution policy at 50% of underlying Group net income⁽²⁾, which is equivalent to EUR 2.75 per share.

A dividend in cash of EUR 1.65 per share will therefore be proposed to the Combined General Meeting of Shareholders on May 17th 2022. The dividend will be detached on May 25th 2022 and paid on May 27th 2022.

Furthermore, the Group plans to launch a share buyback programme for a total amount of around EUR 915 million, or the equivalent of EUR 1.1 per share. This programme is subject to the customary authorisation of the ECB and the General Meeting for its implementation.

⁽²⁾ After deducting interest on deeply subordinated notes and undated subordinated notes

2. THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 65.1 billion at December 31st, 2021 (EUR 61.7 billion at December 31st, 2020). Net asset value per share was EUR 68.7 and tangible net asset value per share was EUR 61.1.

The consolidated balance sheet totalled EUR 1,464 billion at December 31st, 2021 (EUR 1,444 billion⁽¹⁾ at December 31st, 2020). The net amount of customer loan outstandings at December 31st, 2021, including lease financing, was EUR 488 billion (EUR 440 billion at December 31st, 2020) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 502 billion, vs. EUR 451 billion at December 31st, 2020 (excluding assets and securities sold under repurchase agreements).

At December 31st, 2021, the parent company had issued EUR 35.3 billion of medium/long-term debt, having an average maturity of 5.1 years and an average spread of 33 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 3.8 billion. In total, the Group had issued EUR 39.1 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 129% at end-December 2021 (131% on average in Q4), vs. 149% at end-December 2020. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 110% at end-December 2021.

The Group's **risk-weighted assets** (RWA) amounted to EUR 363.4 billion at December 31st, 2021 (vs. EUR 351.9 billion at end-December 2020) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 83.9% of the total, at EUR 304.9 billion, up 6.1% vs. December 31st, 2020.

At December 31st, 2021, the Group's **Common Equity Tier 1** ratio stood at 13.7%, or around 470 basis points above the regulatory requirement. The CET1 ratio at December 31st, 2021 includes an effect of +16 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.6%. The Tier 1 ratio stood at 15.9% at end-December 2021 (16% at end-December 2020) and the total capital ratio amounted to 18.8% (19.2% at end-December 2020).

The Group is aiming for a CET1 ratio between 200-250 basis points minimum above the regulatory requirement including after the entry into force of the regulation finalising the Basel III reform.

The **leverage ratio** stood at 4.9% at December 31st, 2021 (4.8% at end-December 2020).

With a level of 31.1% of RWA and 9.5% of leverage exposure at end-December 2021, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2021 and 2022. At December 31st, 2021, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

⁽¹⁾ Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of financial statements)

3. FRENCH RETAIL BANKING

In EURm	Q4 21	Q4 20	Change	2021	2020	Change
Net banking income	2,048	1,845	+11.0%	7,777	7,315	+6.3%
<i>Net banking income excl. PEL/CEL</i>	<i>2,027</i>	<i>1,870</i>	<i>+8.4%</i>	<i>7,738</i>	<i>7,381</i>	<i>+4.8%</i>
Operating expenses	(1,534)	(1,443)	+6.3%	(5,635)	(5,418)	+4.0%
<i>Underlying operating expenses⁽¹⁾</i>	<i>(1,573)</i>	<i>(1,476)</i>	<i>+6.6%</i>	<i>(5,635)</i>	<i>(5,418)</i>	<i>+4.0%</i>
Gross operating income	514	402	+27.9%	2,142	1,897	+12.9%
<i>Underlying gross operating income⁽¹⁾</i>	<i>454</i>	<i>394</i>	<i>+15.3%</i>	<i>2,103</i>	<i>1,963</i>	<i>+7.1%</i>
Net cost of risk	20	(276)	n/s	(104)	(1,097)	-90.5%
Operating income	534	126	x 4.2	2,038	800	x 2.5
Net profits or losses from other assets	22	19	+15.8%	24	158	-84.8%
Reported Group net income	400	104	x 3.8	1,492	666	x 2.2
<i>Underlying Group net income⁽¹⁾</i>	<i>356</i>	<i>99</i>	<i>x 3.6</i>	<i>1,463</i>	<i>712</i>	<i>x 2.1</i>
RONE	14.6%	3.7%		13.4%	5.8%	
<i>Underlying RONE⁽¹⁾</i>	<i>13.0%</i>	<i>3.5%</i>		<i>13.1%</i>	<i>6.2%</i>	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

Societe Generale and Cr dit du Nord networks

Average loan outstandings were -1% lower than in Q4 20 at EUR 210 billion. They were 9% higher than in Q4 19. Average outstanding loans to individuals were up +2%, bolstered by the growth in home loan production (+33% vs. Q4 20). The production of medium/long-term loans to corporate and professional customers climbed +45% excluding State Guaranteed Loans vs. Q4 20.

Average outstanding balance sheet deposits increased by +7% vs. Q4 20 to EUR 241 billion (+22% vs. Q4 19), still driven by sight deposits.

As a result, the average loan/deposit ratio stood at 87% in Q4 21 vs. 94% in Q4 20.

Insurance assets under management totalled EUR 93 billion at end-December 2021, up +6% year-on-year. Gross life insurance inflow amounted to EUR 1.9 billion in Q4 21, with the unit-linked share accounting for 36%.

Private Banking's assets under management totalled EUR 78 billion at end-December 2021. Net inflow was buoyant at EUR 4.1 billion in 2021, an increase of 68% vs. 2020.

Property/casualty insurance premiums were up +5% vs. Q4 20, while personal protection insurance premiums were up +4% vs. Q4 20. The penetration rate for our customer base has improved both for property/casualty insurance and personal protection insurance.

Boursorama

The bank consolidated its position as the leading online bank in France, with more than 3.3 million clients at end-December 2021, thanks to the onboarding of 266,000 new clients in Q4 21 (+38% vs. Q4 20). Boursorama is aiming to have more than 4 million clients at end-2022, one year ahead of schedule relative to its plan.

This quarter, Boursorama distinguished itself by obtaining the highest NPS score among French banks in 2021 in the classification established by Bain & Company in December 2021. Moreover, Boursorama was ranked No. 1 in the classification best bank for Customer Experience Excellence in France in 2021 awarded by KPMG in November 2021. The bank also obtained the highest rating scores for its App among French banks with 4.8 on iOS (App Store) and 4.9 on Android (Google Play Store). In addition, Boursorama was voted the least expensive bank for the 14th consecutive year by Le Monde and Meilleurebanque.com in December 2021.

Average outstanding loans rose +28% vs. Q4 20 to EUR 14 billion. Home loan outstandings were up +30% vs. Q4 20.

Average outstanding savings including deposits and financial savings were 25% higher than in Q4 20 at EUR 35 billion, while outstanding deposits were up +25% vs. Q4 20. Life insurance outstandings were 13% higher than in Q4 20 while assets under management in UCITS increased by +16% vs. Q4 20. Brokerage volumes were stable in 2021 compared to 2020 at a record level (x3 compared to 2019).

Net banking income excluding PEL/CEL

2021: revenues (excluding PEL/CEL) totalled EUR 7,738 million, up +4.8% vs. 2020. Net interest income (excluding PEL/CEL) was up +2.1% vs. 2020, underpinned by catch-up effects related to the TLTRO allowance and to State Guaranteed Loans. Commissions enjoyed a healthy momentum (+5.1% vs. 2020) against the backdrop of a recovery in activity following the lockdowns in 2020.

Q4 21: revenues (excluding PEL/CEL) totalled EUR 2,027 million, up +8.4% vs. Q4 20. Net interest income (excluding PEL/CEL) was up +6.7% vs. Q4 20. Commissions were 5.0% higher than in Q4 20.

Operating expenses

2021: operating expenses totalled EUR 5,635 million (+4.0% vs. 2020). The cost to income ratio (restated for the PEL/CEL provision) stood at 72.8%, an improvement of 0.6 points vs. 2020.

Q4 21: operating expenses amounted to EUR 1,534 million (+6.3% vs. Q4 20) and EUR 1,573 million on an underlying basis. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 77.6%, an improvement of 1.3 points vs. Q4 20.

Cost of risk

2021: the cost of risk amounted to EUR 104 million or 5 basis points, a substantial decline compared to 2020 (52 basis points) which was marked by an environment of uncertainty linked to the pandemic.

Q4 21: the cost of risk represented a write-back of EUR 20 million or -4 basis points, a significant improvement vs. Q4 20 (50 basis points) and Q3 21 (write-back of 1 basis point).

Contribution to Group net income

2021: the contribution to Group net income was EUR 1,492 million (x2.2 vs. 2020 impacted by the pandemic). RONE (restated for the PEL/CEL provision) stood at 13.1% in 2021 (6.2% in 2020) and 14.4% excluding Boursorama.

Q4 21: the contribution to Group net income was EUR 400 million vs. EUR 104 million in Q4 20. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 13.0% in Q4 21 (3.5% in Q4 20).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	2,159	1,919	+12.5%	+10.3%*	8,117	7,524	+7.9%	+9.9%*
Operating expenses	(1,088)	(1,018)	+6.9%	+4.2%*	(4,203)	(4,142)	+1.5%	+3.1%*
<i>Underlying operating expenses⁽¹⁾</i>	(1,112)	(1,042)	+6.7%	+4.1%*	(4,203)	(4,142)	+1.5%	+3.1%*
Gross operating income	1,071	901	+18.9%	+17.3%*	3,914	3,382	+15.7%	+18.3%*
<i>Underlying gross operating income⁽¹⁾</i>	1,047	877	+19.4%	+17.8%*	3,914	3,382	+15.7%	+18.3%*
Net cost of risk	(96)	(287)	-66.6%	-67.2%*	(504)	(1,265)	-60.2%	-59.4%*
Operating income	975	614	+58.8%	+57.5%*	3,410	2,117	+61.1%	+65.2%*
Net profits or losses from other assets	8	6	+33.3%	+36.6%*	18	15	+20.0%	+21.2%*
Reported Group net income	584	376	+55.3%	+54.9%*	2,082	1,304	+59.7%	+64.4%*
<i>Underlying Group net income⁽¹⁾</i>	570	362	+57.5%	+57.1%*	2,082	1,304	+59.7%	+64.4%*
RONE	22.2%	14.9%			20.3%	12.4%		
<i>Underlying RONE⁽¹⁾</i>	21.7%	14.3%			20.3%	12.4%		

(1) Adjusted for the linearisation of IFRIC 21

International Retail Banking's loan and deposit production provided confirmation in Q4 of its rebound in all geographical regions. Outstanding loans totalled EUR 93.6 billion. They rose +6.0%* vs. end-December 2020. Outstanding deposits were 8.5%* higher than in December 2020, at EUR 89.5 billion.

For the Europe scope, outstanding loans were up +6.6%* vs. December 2020 at EUR 59.9 billion, driven by all the regions: +6.5%* in the Czech Republic, +11.1%* in Romania, and +5.4%* in Western Europe. Outstanding deposits increased by +6.0%* to EUR 50.8 billion.

In Russia, outstanding loans rose +13.3%* vs. end-December 2020, with a robust commercial performance particularly in home loans (+15%* year-on-year) and in the corporate customers segment (+22%* year-on-year). There was a significant increase in outstanding deposits (+20.8%*).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.6%* year-on-year. Outstanding deposits continued to enjoy a healthy momentum, up +7.7%*.

In the Insurance business, the life insurance savings business saw outstandings increase +7%* at end-December 2021 vs. end-December 2020 to EUR 135 billion. The share of unit-linked products in outstandings was 37%, an increase of +4 points vs. December 2020.

Financial Services to Corporates also enjoyed a healthy momentum. Operational Vehicle Leasing and Fleet Management had 1.7 million contracts, including 1.4 million financed vehicles, an increase of +4.0% vs. end-December 2020. Equipment Finance's new leasing business was up +12.1%* vs. 2020, while outstanding loans rose +1.1% vs. end-December 2020, to EUR 14.7 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 8,117 million in 2021, up +9.9%* vs. 2020. Revenues amounted to EUR 2,159 million in Q4 21, up +10.3%* vs. Q4 20.

International Retail Banking's net banking income totalled EUR 5,000 million in 2021, an increase of +2.8%* vs. 2020. It was up +3.5%* in Q4 21 at EUR 1,311 million.

Thanks to a rise in interest rates, a healthy commercial momentum and an increase in commissions (+16%* vs. Q4 20), revenues in Europe were 10.7%* higher than in Q4 20. Activity in the individual customers segment remained particularly robust in specialised consumer finance, with revenues up +9%* vs. Q4 20.

In 2021, the revenues of SG Russia⁽¹⁾ were down -2.8%* (-7.0%* vs. Q4 20), adversely affected firstly, by a temporary squeeze on individual customer margins (part of the rise in rates not being passed on to individual customers) and secondly, by a non-recurring item affecting the recognition of commissions.

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +4.6%* vs. 2020 at EUR 1,770 million. Despite persistent supply chain pressures and the sharp decline in tourism, activity proved resilient in Q4 21, with a gradual improvement in the commercial momentum. As a result, revenues were slightly lower (-1.2%) at EUR 453 million, with strong growth in certain key countries of Sub-Saharan Africa (Cote d'Ivoire, Senegal and Madagascar) particularly in the corporate customers segment.

The Insurance business posted net banking income up +8.6%* vs. 2020, at EUR 963 million in 2021. The gross premiums of the life insurance savings business were 25%* higher in Q4 21 than in Q4 20, with an attractive share of unit-linked products (44%). Protection insurance saw an increase of +5%* vs. December 2020. Property/casualty premiums rose +9%* in Q4 21 (including +7%* in France and +10%* internationally) and +8%* in 2021, as did personal protection insurance (+3%* vs. 2020). The Insurance business' net banking income was 8.1%* higher in Q4 21 than in Q4 20 at EUR 243 million.

Financial Services to Corporates' net banking income was substantially higher (+32.0%*) than in 2020, at EUR 2,154 million. This performance was driven primarily by the activities of ALD which posted strong growth in its fleet and the used car sale result (EUR 1,422 per vehicle in 2021). Financial Services to Corporates' net banking income totalled EUR 605 million in Q4 21, up +30.6%* vs. Q4 20.

Operating expenses

Operating expenses totalled EUR 4,203 million, an increase of +3.1%* on a reported and underlying basis vs. 2020. Operating expenses amounted to EUR 1,088 million in Q4 21, up +4.2%* vs. Q4 20, in conjunction with the growth in revenue. As a result, the quarter generated a positive jaws effect. The cost to income ratio stood at 51.8% in 2021.

In International Retail Banking, operating expenses were slightly higher (+2.5%*) than in 2020. Operating expenses were 4.0%* higher than in Q4 20.

In the **Insurance** business, operating expenses were in line with the expansion ambitions and rose +4.8%* vs. 2020 and +6.6%* vs. Q4 20.

In **Financial Services to Corporates**, operating expenses increased by +4.4%* vs. 2020 and +4.7%* vs. Q4 20.

Cost of risk

Q4 21: the cost of risk amounted to 28 basis points (EUR 96 million), vs. 43 basis points in Q3 21 and 89 basis points in Q4 20.

2021: the cost of risk amounted to 38 basis points (EUR 504 million). It was 96 basis points in 2020.

Contribution to Group net income

The contribution to Group net income totalled EUR 2,082 million in 2021 (+64.4%* vs. 2020) and EUR 584 million in Q4 21 (+54.9%* vs. Q4 20).

Underlying RONE stood at 20.3% in 2021 (vs. 12.4% in 2020) and 21.7% in Q4 21 (14.3% in Q4 20), with RONE of 16% in International Retail Banking and 26% in Financial Services.

⁽¹⁾ SG Russia encompasses the entities Rosbank, Rosbank Insurance, ALD Automotive and their consolidated subsidiaries

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q4 21	Q4 20	Variation		2021	2020	Variation	
Net banking income	2,320	2,072	+12.0%	+9.7%*	9,530	7,613	+25.2%	+26.1%*
Operating expenses	(1,556)	(1,688)	-7.8%	-9.3%*	(6,863)	(6,713)	+2.2%	+2.7%*
<i>Underlying operating expenses⁽¹⁾</i>	<i>(1,681)</i>	<i>(1,638)</i>	<i>+2.6%</i>	<i>+0.9%*</i>	<i>(6,863)</i>	<i>(6,556)</i>	<i>+4.7%</i>	<i>+5.1%*</i>
Gross operating income	764	384	+99.0%	+91.5%*	2,667	900	x 3.0	x 3.0*
<i>Underlying gross operating income⁽¹⁾</i>	<i>639</i>	<i>434</i>	<i>+47.3%</i>	<i>+42.4%*</i>	<i>2,667</i>	<i>1,057</i>	<i>x 2.5</i>	<i>x 2.6</i>
Net cost of risk	(3)	(104)	-97.1%	-97.2%*	(86)	(922)	-90.7%	-90.5%*
Operating income	761	280	x 2.7	x 2.6	2,581	(22)	n/s	n/s
Reported Group net income	635	280	x 2.3	x 2.2	2,076	57	x 36.4	x 40.8
<i>Underlying Group net income⁽¹⁾</i>	<i>539</i>	<i>320</i>	<i>+68.4%</i>	<i>+64.1%*</i>	<i>2,076</i>	<i>183</i>	<i>x 11.4</i>	<i>x 11.8</i>
RONE	16.3%	7.8%			13.9%	0.4%		
<i>Underlying RONE⁽¹⁾</i>	<i>13.8%</i>	<i>9.0%</i>			<i>13.9%</i>	<i>1.3%</i>		

(1) Adjusted for the linearisation of IFRIC 21

Net banking income

In 2021, Global Banking & Investor Solutions posted substantially higher revenues (+25.2%) than in 2020 at EUR 9,530 million, driven by a very strong momentum in all the businesses. Revenues rose +9.5% compared to 2019. This solid financial performance reflects the successful execution of the strategic plan presented in May 2021.

In Q4 21, revenues rose +12.0% vs. Q4 20, to EUR 2,320 million.

In Global Markets & Investor Services, net banking income totalled EUR 5,648 million in 2021 (+35.6% vs. 2020). It amounted to EUR 1,260 million in Q4 21 (+8.6% vs. Q4 20).

Global Markets turned in a very strong performance in 2021 (EUR 5,001 million), with an increase of +40.2% compared to 2020 which was heavily impacted by the health crisis. Market conditions were favourable in the Equity market and more complex in the fixed income markets in 2021. The reduction in the risk profile of structured products was completed in the first half of the year, ahead of schedule.

Q4 21 also delivered a solid performance (EUR 1,103 million), with an increase of +9.5% vs. Q4 20. The fourth quarter was marked by very buoyant commercial activity in most client segments.

The Equity activity enjoyed its best year since 2009 (EUR 3,150 million vs. EUR 1,275 million in 2020 and EUR 2,502 million in 2019), driven by good market conditions and the successful repositioning of the Investment Solutions product offering.

In Q4 21, the business was able to take advantage of still favourable market conditions on all products, and posted revenues of EUR 727 million, up +22.6% vs. Q4 20.

Fixed Income & Currency activities posted revenues of EUR 1,851 million in 2021, down -19.2% compared to 2020 which was marked by exceptional market conditions in the first half of the year.

Q4 21 delivered a resilient performance (-9.2% vs. Q4 20) in a more complex market, with higher revenues in emerging markets and financing.

There was a significant increase in Securities Services' revenues in 2021, with revenues up +8.4% vs. 2020, at EUR 647 million. They were 2.6% higher in Q4 21 than in Q4 20, at EUR 157 million.

Securities Services' assets under custody and assets under administration amounted to EUR 4,586 billion and EUR 697 billion respectively, up +6.3% and +9.2% in 2021.

Financing & Advisory delivered the best historical annual performance, with revenues of EUR 2,924 million, up +14.8% vs. 2020. Firstly, the business capitalised on the good market momentum, particularly in Investment Banking, by playing key roles in our clients' major transactions and secondly, it benefited from an additional capital allocation.

In Q4 21, the business again enjoyed record revenues of EUR 814 million, substantially higher (+19.5%) than in Q4 20.

Investment Banking enjoyed an excellent quarter, driven by the strong momentum of M&A, Leveraged Buyout and equity capital market activities. Revenues from Asset Finance, Natural Resources and Infrastructure activities and the Asset-Backed Products platform also showed a substantial increase.

Global Transaction and Payment Services continued to experience strong growth, up +25.2% vs. Q4 20.

Asset and Wealth Management's net banking income totalled EUR 958 million in 2021 (+6.1% vs. 2020). It was 6.5% higher in Q4 21 vs. Q4 20.

In 2021, Private Banking posted an increase in revenues of +3.1% vs. 2020, to EUR 699 million (when restated for an exceptional impact of EUR +29 million related to an insurance payout received in 2020, revenues are up +7.7%). The business benefited from strong commercial activity in all regions. Net inflow amounted to EUR +7.7 billion in 2021. Assets under management totalled EUR 130 billion. They rose +12% in 2021.

In Q4 21, net banking income amounted to EUR 171 million, up +5.6% vs. Q4 20.

In 2021, Lyxor's net banking income totalled EUR 239 million, an increase of +15.5% vs. 2020. Assets under management were up +27% in 2021, at EUR 178 billion.

In Q4 21, revenues were 10.9% higher than in Q4 20.

Operating expenses

2021: operating expenses totalled EUR 6,863 million, an increase of +2.2% vs. 2020 on a reported basis, and +4.7% on an underlying basis (operating expenses included a restructuring charge of EUR 157 million in Q4 20). This increase can be explained by the rise in variable costs related to the increase in earnings and IFRIC 21 charges. Thanks to a very positive jaws effect, there was a significant improvement in the cost to income ratio of 14 points (72% vs. 86% on an underlying basis in 2020).

Q4 21: operating expenses were up +2.6% on an underlying basis (at EUR 1,681 million).

Net cost of risk

2021: the cost of risk was at a low level of 5 basis points (or EUR 86 million), well below 2020 (57 basis points) which was adversely affected by the health crisis.

Q4 21: it amounted to 1 basis point (or EUR 3 million), vs. 28 basis points in Q4 20.

Contribution to Group net income

2021: the contribution to Group net income was EUR 2,076 million.

Q4 21: it was EUR 635 million on a reported basis and EUR 539 million on an underlying basis (+68.4% vs. Q4 20).

Global Banking & Investor Solutions posted a significant RONE of 13.9% in 2021 (16.1% when restated for the impact of the contribution to the Single Resolution Fund).

The underlying RONE was 13.8% in Q4 21.

6. CORPORATE CENTRE

In EURm	Q4 21	Q4 20	2021	2020
Net banking income	93	2	374	(339)
<i>Underlying net banking income⁽¹⁾</i>	<i>(24)</i>	<i>2</i>	<i>257</i>	<i>(339)</i>
Operating expenses	(387)	(202)	(889)	(441)
<i>Underlying operating expenses⁽¹⁾</i>	<i>(251)</i>	<i>(162)</i>	<i>(510)</i>	<i>(388)</i>
Gross operating income	(294)	(200)	(515)	(780)
<i>Underlying gross operating income⁽¹⁾</i>	<i>(275)</i>	<i>(160)</i>	<i>(253)</i>	<i>(727)</i>
Net cost of risk	(7)	(22)	(6)	(22)
Net profits or losses from other assets	429	(105)	603	(185)
Impairment losses on goodwill	(114)	-	(114)	(684)
Income tax	193	52	187	(482)
Reported Group net income	168	(290)	(9)	(2,285)
<i>Underlying Group net income⁽¹⁾</i>	<i>(255)</i>	<i>(133)</i>	<i>(386)</i>	<i>(718)</i>

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes the property management of the Group's head office, the Group's equity portfolio, the Treasury activities for the Group, certain costs related to cross-functional projects as well as certain costs incurred by the Group not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR +374 million in 2021 vs. EUR -339 million in 2020 and EUR +93 million in Q4 21, including the positive impact of a revaluation of securities for EUR 117 million vs. EUR +2 million in Q4 20.

Operating expenses totalled EUR 889 million in 2021 vs. EUR 441 million in 2020. They include the Group's transformation costs for a total amount of EUR 379 million relating to the activities of French Retail Banking (EUR 194 million), Global Banking & Investor Solutions (EUR 99 million) and the Corporate Centre (EUR 86 million). Underlying costs came to EUR 510 million in 2021 compared to EUR 388 million in 2020.

Operating expenses totalled EUR 387 million in Q4 21 vs. EUR 202 million in Q4 20. They include the Group's transformation costs for a total amount of EUR 147 million relating to the activities of French Retail Banking (EUR 88 million), Global Banking & Investor Solutions (EUR 33 million) and the Corporate Centre (EUR 26 million). Underlying costs came to EUR 251 million in Q4 21 compared to EUR 162 million in Q4 20.

Gross operating income totalled EUR -515 million in 2021 vs. EUR -780 million in 2020 and EUR -294 million in Q4 21 vs. EUR -200 million in Q4 20. Underlying gross operating income came to EUR -253 million in 2021 vs. EUR -727 million in 2020.

Net profits or losses from other assets amounted to EUR +603 million in 2021 vs. EUR -185 million in 2020. In Q4 21, they totalled EUR +429 million including the proceeds of the disposal of Lyxor's asset management activities for EUR 439 million, vs. EUR -105 million in Q4 20 including EUR -101 million in respect of the disposal of SG Finans.

In Q4 21, the Group benefited from the recognition of EUR 130 million of deferred tax assets. Furthermore, the review of International Retail Banking's financial trajectory led to the impairment of goodwill for EUR 114 million in Q4 21.

The Corporate Centre's contribution to Group net income was EUR -9 million in 2021 vs. EUR -2,285 million in 2020 and EUR +168 million in Q4 21 vs. EUR -290 million in Q4 20. The Corporate Centre's contribution to Group net income on an underlying basis was EUR -255 million.

7. CONCLUSION

In 2021, the Group delivered the best annual performance in its history, with Group net income of EUR 5.6 billion and a strong contribution from all its businesses.

2021 was also marked by major progress in the execution of all our strategic initiatives and in the strategic reallocation of our capital in favour of businesses offering profitable growth. The Group therefore announced the planned acquisition of LeasePlan by ALD to create a mobility leader, as well as Boursorama's entry into exclusive discussions with ING with a view to offering ING's individual customers in France the best alternative banking solution.

At end-December 2021, the Group had a CET1 ratio of 13.7%⁽¹⁾, comfortably above its regulatory requirement.

The Board of Directors has established an attractive distribution of 2021 financial results to shareholders equivalent to EUR 2.75 per share. A dividend in cash of EUR 1.65 per share will be proposed to the General Meeting of Shareholders on May 17th.

Furthermore, the Group foresees a buyback programme for around EUR 915 million, or an amount equivalent to EUR 1.10 per share. Exceptionally, it has been retained a split of the distribution between 60% in cash and 40% through share buy-back.

In future, the Group intends to maintain a distribution policy of 50% of underlying Group net income⁽²⁾ with up to 20% of the distribution in the form of a share buyback.

⁽¹⁾ Phased-in (13.6% fully-loaded) post distribution provision

⁽²⁾ After deducting interest on deeply subordinated notes and undated subordinated notes

8. 2022 FINANCIAL CALENDAR

2022 Financial communication calendar

May 5 th , 2022	First quarter 2022 results
May 17 th , 2022	2022 General Meeting
August 3 rd , 2022	Second quarter and first half 2022 results
November 4 th , 2022	Third quarter and nine-month 2022 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences,
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on <https://investors.societegenerale.com/en>).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q4 21	Q4 20	Variation	2021	2020	Variation
French Retail Banking	400	104	x 3.8	1,492	666	x 2.2
International Retail Banking and Financial Services	584	376	+55.3%	2,082	1,304	+59.7%
Global Banking and Investor Solutions	635	280	x 2.3	2,076	57	x 36.4
Core Businesses	1,619	760	x 2.1	5,650	2,027	x 2.8
Corporate Centre	168	(290)	n/s	(9)	(2,285)	+99.6%
Group	1,787	470	x 3.8	5,641	(258)	n/s

CONSOLIDATED BALANCE SHEET

In EUR m	31.12.2021	31.12.2020
Cash, due from central banks	179,969	168,179
Financial assets at fair value through profit or loss *	342,714	411,916
Hedging derivatives	13,239	20,667
Financial assets at fair value through other comprehensive income	43,450	52,060
Securities at amortised cost	19,371	15,635
Due from banks at amortised cost	55,972	53,380
Customer loans at amortised cost	497,164	448,761
Revaluation differences on portfolios hedged against interest rate risk	131	378
Investments of insurance companies	178,898	166,854
Tax assets *	4,812	4,995
Other assets	92,898	67,341
Non-current assets held for sale	27	6
Investments accounted for using the equity method	95	100
Tangible and intangible fixed assets	31,968	30,088
Goodwill	3,741	4,044
Total *	1,464,449	1,444,404

In EUR m	31.12.2021	31.12.2020
Due to central banks	5,152	1,489
Financial liabilities at fair value through profit or loss *	307,563	372,705
Hedging derivatives	10,425	12,461
Debt securities issued	135,324	138,957
Due to banks	139,177	135,571
Customer deposits	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk	2,832	7,696
Tax liabilities *	1,577	1,227
Other liabilities	106,305	84,937
Non-current liabilities held for sale	1	-
Insurance contracts related liabilities	155,288	146,126
Provisions *	4,850	4,732
Subordinated debts	15,959	15,432
Total liabilities *	1,393,586	1,377,392
Shareholder's equity		
Shareholders' equity, Group share		
Issued common stocks and capital reserves	21,913	22,333
Other equity instruments	7,534	9,295
Retained earnings *	30,631	32,102
Net income	5,641	(258)
Sub-total *	65,719	63,472
Unrealised or deferred capital gains and losses	(652)	(1,762)
Sub-total equity, Group share *	65,067	61,710
Non-controlling interests *	5,796	5,302
Total equity *	70,863	67,012
Total *	1,464,449	1,444,404

(*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of financial statements)

10. APPENDIX 2: METHODOLOGY

1 –The financial information presented in respect of Q4 and 2021 was examined by the Board of Directors on February 9th, 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2021 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2020 (pages 466 et seq. of Societe Generale's 2021 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2021 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q4 21 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	6 620	(4 565)	(86)	449	(114)	(311)	1 787	
(+) Revaluation gain*	(117)					2	(115)	Corporate Center
(+) IFRIC 21 linearisation		(199)				46	(149)	
(+) Transformation charges*		147				(39)	108	Corporate Center ⁽¹⁾
(+) Lyxor disposal*				(439)		50	(389)	Corporate Center
(+) DTA recognition*						(130)	(130)	Corporate Center
(+) Goodwill impairment*					114		114	Corporate Center
Underlying	6 503	(4 617)	(86)	10	0	(382)	1 226	

Q4 20 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	5 838	(4 351)	(689)	(94)	0	(125)	470	
(+) IFRIC 21 linearisation		(177)				52	(121)	
(+) Transformation charges*		210				(63)	147	o/w GBIS (EUR -157m), Corporate Center (EUR -53m)
(+) Group refocusing plan*			20	101		14	135	Corporate Center
Underlying	5 838	(4 318)	(669)	7	0	(123)	631	

2021 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	25 798	(17 590)	(700)	635	(114)	(1 697)	5 641	
(+) Lyxor disposal*				(439)		50	(389)	Corporate Center
(+) Transformation charges*		379				(104)	275	Corporate Center ⁽²⁾
(+) Capital gains on Haussmann office disposal*				(185)		53	(132)	Corporate Center
(+) Revaluation gain*	(117)					2	(115)	Corporate Center
(+) DTA recognition*						(130)	(130)	Corporate Center
(+) Goodwill impairment*					114		114	Corporate Center
Underlying	25 681	(17 211)	(700)	11	0	(1 826)	5 264	

2020 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	22 113	(16 714)	(3 306)	(12)	(684)	(1 204)	(258)	
(+) Transformation charges*		210				(63)	147	o/w GBIS (EUR -157m), Corporate Center (EUR -53m)
(+) Group refocusing plan*			20	178		14	212	Corporate center
(+) Goodwill impairment*					684		684	Corporate center
(+) DTA impairment*						650	650	Corporate center
Underlying	22 113	(16 504)	(3 286)	166	0	(603)	1 435	

(*) Exceptional item

(1) Transformation and/or restructuring charges in Q4 21 related to RBDF (EUR 88m), GBIS (EUR 33m) and Corporate Center (EUR 26m)

(2) Transformation and/or restructuring charges in 2021 related to RBDF (EUR 194m), GBIS (EUR 99m) and Corporate Center (EUR 86m)

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 635 of Societe Generale's 2021 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q4 21	Q4 20	2021	2020
French Retail Banking	Net Cost Of Risk	(20)	276	104	1,097
	Gross loan Outstandings	219,522	222,926	218,043	212,185
	Cost of Risk in bp	(4)	50	5	52
International Retail Banking and Financial Services	Net Cost Of Risk	96	287	504	1,265
	Gross loan Outstandings	137,018	128,965	133,321	132,082
	Cost of Risk in bp	28	89	38	96
Global Banking and Investor Solutions	Net Cost Of Risk	3	104	86	922
	Gross loan Outstandings	178,116	147,508	165,603	160,918
	Cost of Risk in bp	1	28	5	57
Corporate Centre	Net Cost Of Risk	7	22	6	22
	Gross loan Outstandings	14,574	14,044	13,835	11,611
	Cost of Risk in bp	16	62	4	20
Societe Generale Group	Net Cost Of Risk	86	689	700	3,306
	Gross loan Outstandings	549,229	513,443	530,801	516,797
	Cost of Risk in bp	6	54	13	64

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2021 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2021 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q4 21	Q4 20	2021	2020
Shareholders' equity Group share*	65,067	61,710	65,067	61,710
Deeply subordinated notes	(8,003)	(8,830)	(8,003)	(8,830)
Undated subordinated notes		(264)		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19	20	19
OCI excluding conversion reserves	(489)	(942)	(489)	(942)
Dividend provision	(2,286)	(467)	(2,286)	(467)
ROE equity end-of-period*	54,310	51,227	54,310	51,227
Average ROE equity*	53,878	51,307	52,634	52,091
Average Goodwill	(3,776)	(3,928)	(3,890)	(4,172)
Average Intangible Assets	(2,687)	(2,477)	(2,584)	(2,432)
Average ROTE equity*	47,415	44,902	46,160	45,487
Group net Income (a)	1,787	470	5,641	(258)
Underlying Group net income (b)	1,226	631	5,264	1,435
Interest on deeply subordinated notes and undated subordinated notes (c)	(151)	(164)	(590)	(611)
Cancellation of goodwill impairment (d)	337	-	337	684
Ajusted Group net Income (e) = (a)+ (c)+(d)	1,973	306	5,388	(185)
Ajusted Underlying Group net Income (f)=(b)+(c)	1,075	467	4,674	824
Average ROTE equity (g)*	47,415	44,902	46,160	45,487
ROTE [quarter: (4*e/g), 12M: (2*e/g)]	16.6%	2.7%	11.7%	-0.4%
Average ROTE equity (underlying) (h)*	46,854	45,063	45,783	47,180
Underlying ROTE [quarter: (4*f/h), 12M: (2*f/h)]	9.2%	4.1%	10.2%	1.7%

(*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EUR m	Q4 21	Q4 20	Change	2021	2020	Change
French Retail Banking	10,990	11,186	-1.8%	11,149	11,427	-2.4%
International Retail Banking and Financial Services	10,523	10,112	+4.1%	10,246	10,499	-2.4%
Global Banking and Investor Solutions	15,602	14,287	+9.2%	14,916	14,302	+4.3%
Core Businesses	37,115	35,585	+4.3%	36,310	36,228	+0.2%
Corporate Center	16,763	15,722	+6.7%	16,324	15,863	+2.9%
Group	53,878	51,307	+5.0%	52,634	52,091	+1.0%

(*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2021 Universal Registration Document. The items used to calculate them are presented below:

End of period – in EUR m	2021	2020	2019
Shareholders' equity Group share*	65,067	61,710	63,527
Deeply subordinated notes	(8,003)	(8,830)	(9,501)
Undated subordinated notes		(264)	(283)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19	4
Bookvalue of own shares in trading portfolio	37	301	375
Net Asset Value*	57,121	52,936	54,122
Goodwill	(3,624)	(3,928)	(4,510)
Intangible Assets	(2,733)	(2,484)	(2,362)
Net Tangible Asset Value*	50,764	46,524	47,250
Number of shares used to calculate NAPS**	831,162	848,859	849,665
Net Asset Value per Share	68.7	62.4	63.7
Net Tangible Asset Value per Share	61.1	54.8	55.6

(*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

(* *) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2021 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2021 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands) – in EUR m	2021	2020	2019
Existing shares	853,371	853,371	834,062
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	3,861	2,987	4,011
Other own shares and treasury shares	3,249		149
Number of shares used to calculate EPS**	846,261	850,385	829,902
Group net Income	5,641	(258)	3,248
Interest on deeply subordinated notes and undated subordinated notes	(590)	(611)	(715)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	5,051	(869)	2,533
EPS (in EUR)	5.97	(1.02)	3.05
Underlying EPS* (in EUR)	5.52	0.97	4.03

(*) Calculated on the basis of underlying Group net income.

(**) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 – The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, Credit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

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