JS Global Lifestyle Company Limited
JS 环球生活有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1691)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS OF THE 2021 ANNUAL RESULTS ANNOUNCEMENT

- Total revenue of the Group was approximately US$5,150.6 million, representing a year-on-year increase of approximately 22.8%;
- Gross profit was approximately US$1,924.4 million, a year-on-year increase of approximately 10.4%;
- Profit for the year ended December 31, 2021 was approximately US$460.7 million, a year-on-year increase of approximately 14.5%;
- Adjusted net profit for the year ended December 31, 2021 was approximately US$502.4 million, a year-on-year increase of approximately 19.8%;
- Profit attributable to owners of the parent for the year ended December 31, 2021 increased by 22.1% year-on-year to approximately US$420.5 million;
- Adjusted net profit attributable to owners of the parent for the year ended December 31, 2021 was approximately US$464.0 million, a year-on-year increase of approximately 22.8%;
- EBITDA for the year ended December 31, 2021 increased by 1.5% year-on-year to approximately US$711.4 million;
- Adjusted EBITDA for the year ended December 31, 2021 increased by 10.7% year-on-year to approximately US$733.5 million;
- The Board resolved to propose a final dividend of HK$0.4098 (equivalent to approximately US$0.0527) per share for the year 2021.

The board (the "**Board**") of directors (the "**Directors**") of JS Global Lifestyle Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**" or "**we**") for the year ended December 31, 2021 (the "**Reporting Period**").

FINANCIAL INFORMATION

The financial information below is an extract of the consolidated financial statements of the Group for the year ended December 31, 2021:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2021

	Notes	2021 US$'000	2020 US$'000
REVENUE	4	**5,150,593**	4,195,816
Cost of sales		**(3,226,210)**	(2,453,030)
Gross profit		**1,924,383**	1,742,786
Other income and gains	5	**41,308**	71,220
Selling and distribution expenses		**(808,793)**	(695,517)
Administrative expenses		**(537,607)**	(487,349)
Impairment losses on financial assets		**(7,500)**	(12,602)
Other expenses		**(9,779)**	(11,111)
Finance costs	7	**(27,890)**	(80,493)
Share of profits and losses of associates		**713**	(159)
PROFIT BEFORE TAX	6	**574,835**	526,775
Income tax expense	8	**(114,133)**	(124,469)
PROFIT FOR THE YEAR		**460,702**	402,306
Attributable to:			
Owners of the parent		**420,499**	344,430
Non-controlling interests		**40,203**	57,876
		460,702	402,306
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
— Basic		**US12.4 cents**	US10.4 cents
— Diluted		**US12.3 cents**	US10.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2021

	2021	2020
	US$'000	*US$'000*
PROFIT FOR THE YEAR	**460,702**	402,306
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**16,071**	54,109
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**16,071**	54,109
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Financial assets designated at fair value through other comprehensive income:		
Changes in fair value	**1,370**	608
Income tax effect	**(88)**	(188)
	1,282	420
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period	**1,282**	420
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,353**	54,529
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**478,055**	456,835
Attributable to:		
Owners of the parent	**432,358**	380,344
Non-controlling interests	**45,697**	76,491
	478,055	456,835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2021

	Notes	2021 US$'000	2020 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**205,840**	208,432
Investment properties		**19,997**	16,231
Prepaid land lease payments		**16,170**	16,212
Right-of-use assets		**78,641**	68,673
Goodwill	*11*	**849,296**	848,238
Other intangible assets		**588,369**	562,447
Investments in associates		**27,330**	26,688
Financial assets at fair value through profit or loss		**81,197**	73,719
Financial assets designated at fair value through other comprehensive income		**44,728**	40,023
Deferred tax assets		**77,073**	60,970
Other non-current assets		**41,095**	18,761
Total non-current assets		**2,029,736**	1,940,394
CURRENT ASSETS			
Inventories	*12*	**782,280**	575,497
Trade and bills receivables	*13*	**1,245,748**	1,203,531
Prepayments, other receivables and other assets		**84,964**	121,364
Financial assets at fair value through profit or loss		**82,068**	209,405
Pledged deposits		**28,558**	33,107
Cash and cash equivalents		**555,457**	570,810
Total current assets		**2,779,075**	2,713,714

	Notes	**2021** **US$'000**	2020 *US$'000*
CURRENT LIABILITIES			
Trade and bills payables	*14*	**879,078**	885,345
Other payables and accruals		**618,441**	642,638
Derivative financial instruments		**66**	—
Interest-bearing bank borrowings	*15*	**85,272**	46,571
Lease liabilities		**19,167**	15,272
Tax payable		**21,373**	28,033
Total current liabilities		**1,623,397**	1,617,859
NET CURRENT ASSETS		**1,155,678**	1,095,855
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,185,414**	3,036,249
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*15*	**856,874**	892,845
Lease liabilities		**68,174**	60,919
Deferred tax liabilities		**151,661**	146,651
Other non-current liabilities		**19,810**	15,467
Total non-current liabilities		**1,096,519**	1,115,882
Net assets		**2,088,895**	1,920,367
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*16*	**34**	34
Treasury shares		**(2,956)**	—
Share premium		**1,064,487**	1,062,659
Capital reserve		**(27,266)**	69,538
Reserves		**825,798**	479,547
		1,860,097	1,611,778
Non-controlling interests		**228,798**	308,589
Total equity		**2,088,895**	1,920,367

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended December 31, 2021

1. CORPORATE AND GROUP INFORMATION

JS Global Lifestyle Company Limited (JS 环球生活有限公司 , the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- Design, marketing, manufacture, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "**Shark**" and "**Ninja**".
- Design, manufacture, marketing, export and distribution of small kitchen electrical appliances under the brand of "**Joyoung**".

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is JS Holding Limited Partnership ("**JS Holding**"), which is incorporated in the Cayman Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations issued and approved by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial liabilities associated with the put option which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its operations and has two reportable operating segments of SharkNinja and Joyoung.

(a) the SharkNinja segment was involved in the design, marketing, manufacture, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances; and

(b) the Joyoung segment was involved in the design, manufacture, marketing, export and distribution of small kitchen electrical appliances.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except the head office and corporate income and expenses which are excluded from such measurement. The head office and corporate income and expenses include exchange gains or losses, interest income, non-lease-related finance costs, and other unallocated corporate income and expenses.

Year ended December 31, 2021

	Joyoung *US$'000*	SharkNinja *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	**1,435,745**	**3,714,848**	**5,150,593**
Intersegment sales	**183,275**	**12,143**	**195,418**
	1,619,020	**3,726,991**	**5,346,011**
Reconciliation:			
Elimination of intersegment sales			**(195,418)**
Revenue *(note 4)*			**5,150,593**
Segment results	**124,214**	**507,151**	**631,365**
Reconciliation:			
Interest income			**2,465**
Exchange losses			**(668)**
Unallocated income			**556**
Finance costs			**(24,281)**
Corporate and other unallocated expenses			**(34,602)**
Profit before tax			**574,835**
Other segment information			
Share of profits and losses of associates	**713**	**—**	**713**
Impairment/(reversal of impairment) of inventories and financial assets recognized in profit or loss	**(197)**	**19,063**	**18,866**
Depreciation and amortization	**19,022**	**97,752**	**116,774**
Interest income	**5,437**	**182**	**5,619**
Finance costs	**516**	**3,093**	**3,609**
Investments in associates	**27,330**	**—**	**27,330**
Capital expenditure*	**24,689**	**122,970**	**147,659**

Year ended December 31, 2020

	Joyoung *US$'000*	SharkNinja *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	1,463,147	2,732,669	4,195,816
Intersegment sales	108,258	20,496	128,754
	1,571,405	2,753,165	4,324,570
Reconciliation:			
Elimination of intersegment sales			(128,754)
Revenue *(note 4)*			4,195,816
Segment results	154,788	487,216	642,004
Reconciliation:			
Interest income			4,301
Exchange losses			(6,269)
Unallocated income			3,711
Finance costs			(74,912)
Corporate and other unallocated expenses			(42,060)
Profit before tax			526,775
Other segment information			
Share of profits and losses of associates	159	—	159
Impairment of inventories and financial assets recognized in profit or loss	3,114	31,755	34,869
Depreciation and amortization	15,293	89,625	104,918
Interest income	4,336	2,545	6,881
Finance costs	2,684	2,897	5,581
Investments in associates	26,688	—	26,688
Capital expenditure*	8,949	120,797	129,746

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets, including assets from the acquisition of a subsidiary.

Geographical information

(a) Revenue from external customers

	2021	2020
	US$'000	*US$'000*
North America	**2,964,033**	2,209,960
Mainland China	**1,398,210**	1,438,520
Europe	**616,765**	451,272
Other countries/regions	**171,585**	96,064
	5,150,593	4,195,816

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021	2020
	US$'000	*US$'000*
North America	**717,080**	693,162
Mainland China	**177,838**	168,400
Europe	**7,611**	5,281
Other countries/regions	**6,488**	5,152
	909,017	871,995

The non-current asset information above is based on the locations of the assets and included property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and intangible assets other than goodwill.

Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for the years ended December 31, 2021 and 2020 are listed below:

	2021	2020
	%	*%*
Customer A	**11.6**	10.9
Customer B	**11.1**	9.5

All the revenues derived from other single external customers were less than 10% of the Group's total revenues for the years ended December 31, 2021 and 2020.

4. REVENUE

An analysis of revenue is as follows:

	2021	2020
	US$'000	*US$'000*
Revenue from contracts with customers		
Sale of goods and provision of extended warranties	**5,150,593**	4,195,816

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2021	2020
	US$'000	*US$'000*
Geographical markets		
North America	**2,964,033**	2,209,960
Mainland China	**1,398,210**	1,438,520
Europe	**616,765**	451,272
Other countries/regions	**171,585**	96,064
Total revenue from contracts with customers	**5,150,593**	4,195,816

	2021	2020
	US$'000	*US$'000*
Timing of revenue recognition		
Goods transferred at a point in time	**5,148,735**	4,195,269
Services transferred over time	**1,858**	547
Total revenue from contracts with customers	**5,150,593**	4,195,816

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	US$'000	*US$'000*
Sale of goods and provision of extended warranties	**81,394**	53,386

(b) *Performance obligations*

Information about the Group's performance obligations is summarized below:

Sale of home appliance products

The performance obligation is satisfied upon delivery of the home appliance products and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with a right of return, sales rebates and extended warranties which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2021	2020
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	**28,060**	81,394
More than one year	**2,575**	2,267
	30,635	83,661

5. OTHER INCOME AND GAINS

	2021 US$'000	2020 US$'000
Other income		
Bank interest income	**8,084**	11,182
Net rental income from investment property operating leases	**1,382**	1,738
Government grants	**13,172**	8,726
Others	**3,305**	1,124
	25,943	22,770
Gains		
Gain on disposal of items of property, plant and equipment	**39**	36
Gain on disposal of an investment property	**—**	23,405
Gain on financial assets at fair value through profit or loss, net	**9,844**	23,238
Gain/(loss) on disposal of associates, net	**1,097**	(939)
Others	**4,385**	2,710
	15,365	48,450
	41,308	71,220

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2021 US$'000	2020 US$'000
Cost of inventories sold	**3,226,210**	2,453,030
Depreciation of property, plant and equipment	**65,517**	62,507
Depreciation of investment properties	**2,448**	2,023
Depreciation of right-of-use assets	**21,431**	16,402
Amortization of prepaid land lease payments	**425**	398
Amortization of other intangible assets (excluding capitalized development costs)*	**21,911**	21,353
Research and development costs:		
Amortization of capitalized development costs	**5,042**	2,235
Current year expenditure	**214,418**	161,031
	219,460	163,266
Lease payments not included in the measurement of lease liabilities	**11,703**	2,454
Auditor's remuneration	**1,905**	1,733
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**347,577**	303,662
Equity-settled share award expense	**21,495**	20,086
Pension scheme contributions**	**10,848**	7,922
	379,920	331,670

	2021	2020
	US$'000	*US$'000*
Foreign exchange differences, net	**6,324**	9,048
Impairment of inventories	**11,366**	22,267
Impairment of financial assets, net:		
Impairment of trade receivables, net	**7,458**	11,385
Impairment of financial assets included in prepayments, other receivables and other assets	**42**	1,217
	7,500	12,602
Product warranty provision:		
Additional provision	**20,171**	24,061
Gain on disposal of items of property, plant and equipment	**(39)**	(36)
Gain on disposal of an investment property	**—**	(23,405)
Gain on financial assets at fair value through profit or loss, net	**(9,844)**	(23,238)
(Gain)/loss on disposal of associates, net	**(1,097)**	939
Government grants***	**(13,172)**	(8,726)

Notes:

* The amortization of patents, retailer relationship and software for the year is included in "Administrative expenses" and "Selling and distribution expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Various government grants have been received for setting up research activities and alleviating unemployment in Mainland China. Government grants received for which related expenditure has not yet been undertaken are recognised as deferred income and included in other payables in the statement of financial position.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	US$'000	*US$'000*
Interest on bank loans	**20,038**	36,528
Interest on lease liabilities	**3,452**	3,174
Amortization of deferred finance costs	**3,629**	34,347
Other finance costs	**771**	6,444
	27,890	80,493

8. INCOME TAX

	2021	2020
	US$'000	*US$'000*
Current income tax charge/(credit):		
In Mainland China	**12,853**	13,046
In the United States	**88,489**	86,562
In Hong Kong	**17,769**	14,999
In the United Kingdom	**4,550**	828
Elsewhere	**2,184**	464
Deferred income tax:		
In Mainland China	**2,681**	18,125
In the United States	**(7,145)**	(9,042)
In the United Kingdom	**(7,248)**	(513)
Total tax charge for the year	**114,133**	124,469

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The determination of current and deferred income taxes was based on the enacted tax rates.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the relevant PRC income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2020: 25%) on their respective taxable income. During the year, five (2020: five) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

The US income tax includes (a) federal income tax calculated at a fixed rate of 21% (2020: 21%) for the year ended December 31, 2021 on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates on the estimated state taxable income for the respective states.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

The Group realized tax benefits during the year through applying the preferential corporate income tax rates and the corporate income tax exemptions. These preferential tax treatments were available to the Group pursuant to the enacted PRC tax rules and regulations and are subject to assessment by the relevant PRC tax authorities.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

2021

	Mainland China		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Profit/(loss) before tax	121,891		391,377		96,415		(15,976)		(18,872)		574,835	
Tax at the statutory tax rates	30,413	25.0	82,189	21.0	15,995	16.5	(3,035)	19.0	640	(3.4)	126,202	22.0
(Lower)/higher tax charges for specific provinces or enacted by local authority	(11,364)	(9.3)	10,908	2.8	—	—	—	—	277	(1.5)	(179)	—
Effect of withholding tax on the distributable profits of Group's PRC subsidiaries	2,308	1.9	—	—	—	—	—	—	—	—	2,308	0.4
Effect on opening deferred tax of decrease in tax rates	(1,566)	(1.3)	—	—	—	—	1,489	(9.3)	—	—	(77)	—
Adjustments in respect of current tax of prior years	380	0.3	(772)	(0.2)	405	0.4	—	—	1,050	(5.6)	1,063	0.2
Expenses not deductible for tax	368	0.3	—	—	620	0.7	—	—	217	(1.1)	1,205	0.2
Income not subject to tax	(115)	(0.1)	(6,305)	(1.6)	—	—	(489)	3.1	—	—	(6,909)	(1.2)
Profits and losses attributable to associates	(278)	(0.2)	—	—	—	—	—	—	—	—	(278)	(0.1)
Super deduction on research and development costs	(8,357)	(6.9)	(4,676)	(1.2)	—	—	(663)	4.1	—	—	(13,696)	(2.4)
Tax losses not recognized	3,745	3.1	—	—	749	0.8	—	—	—	—	4,494	0.8
Tax charge/(credit) at the Group's effective tax rate	15,534	12.8	81,344	20.8	17,769	18.4	(2,698)	16.9	2,184	(11.6)	114,133	19.9

2020

	Mainland China		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Profit/(loss) before tax	161,085		348,073		63,747		1,799		(47,929)		526,775	
Tax at the statutory tax rates	40,272	25.0	73,095	21.0	10,518	16.5	342	19.0	540	(1.1)	124,767	23.7
(Lower)/higher tax charges for specific provinces or enacted by local authority	(12,352)	(7.7)	13,014	3.7	—	—	—	—	242	(0.5)	904	0.2
Effect of withholding tax on the distributable profits of Group's PRC subsidiaries	9,449	5.9	—	—	—	—	—	—	—	—	9,449	1.8
Effect on opening deferred tax of decrease in tax rates	251	0.2	—	—	—	—	372	20.7	—	—	623	0.1
Adjustments in respect of current tax of prior years	(654)	(0.4)	—	—	—	—	—	—	—	—	(654)	(0.1)
Expenses not deductible for tax	380	0.2	—	—	4,038	6.3	1	0.1	(21)	—	4,398	0.8
Income not subject to tax	(121)	(0.1)	(4,696)	(1.3)	—	—	—	—	(297)	0.6	(5,114)	(1.0)
Profits and losses attributable to associates	(40)	—	—	—	—	—	—	—	—	—	(40)	—
Super deduction on research and development costs	(6,399)	(4.0)	(3,893)	(1.1)	—	—	(400)	(22.3)	—	—	(10,692)	(2.0)
Tax losses utilized from previous years	(1,630)	(1.0)	—	—	—	—	—	—	—	—	(1,630)	(0.3)
Tax losses not recognized	2,015	1.3	—	—	443	0.7	—	—	—	—	2,458	0.4
Tax charge/(credit) at the Group's effective tax rate	31,171	19.4	77,520	22.3	14,999	23.5	315	17.5	464	(1.0)	124,469	23.6

The share of tax credit attributable to associates amounting to US$278,000 (2020: US$40,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

9. DIVIDENDS

	2021	2020
	US$'000	*US$'000*
Proposed final dividend — HK$0.4098 (equivalent to US$0.0527) (2020: HK$0.2661 (equivalent to US$0.0343)) per ordinary share	**184,254**	120,000
	184,254	120,000

The proposed final dividend for the year were approved by the board of directors of the Company on March 29, 2022.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,402,181,000 (2020: 3,305,567,000) shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive effect arising from the share award scheme of Joyoung Co., Ltd., a subsidiary of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2021 ***US$'000***	2020 *US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**420,499**	344,430
Effect of dilution — impact arising from the share award scheme of Joyoung Co., Ltd.	**—**	(185)
	420,499	344,245

	Number of shares 2021 ***'000***	Number of shares 2020 *'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,402,181**	3,305,567
Effect of dilution — weighted average number of ordinary shares:		
Share award scheme	**18,696**	45,345
	3,420,877	3,350,912

11. GOODWILL

	2021 ***US$'000***	2020 *US$'000*
Goodwill at January 1	**848,238**	839,767
Acquisition of a subsidiary	**830**	8,471
Exchange realignment	**228**	—
Less: provision for impairment	**—**	—
Goodwill at December 31	**849,296**	848,238

Impairment testing of goodwill and indefinite life intangible assets

Goodwill and trademarks recorded in other intangible assets with indefinite lives acquired through business combinations are allocated to the cash-generating unit ("**CGU**") of SharkNinja Global and its subsidiaries (collectively referred to as the "**SharkNinja Global**") for impairment testing.

The Group performed its annual impairment test as at December 31, 2021. The recoverable amount of the SharkNinja Global CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management at December 31, 2021, and corroborated by the market approach. The discount rate applied to the cash flow projections is 16% (2020: 11%). The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.5% (2020: 3%).

Assumptions were used in the value in use calculation of the SharkNinja Global CGU at December 31, 2021. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth — The bases used to determine the future earnings potential are historical sales and average expected growth rates of the markets in North America, Europe, Asia and other markets.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Expenses — The value assigned to the key assumptions reflects past experience and management's commitment to maintain the SharkNinja Global CGU's operating expenses to an acceptable level.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on the result of the impairment test on the SharkNinja Global CGU, the estimated recoverable amount of the SharkNinja Global CGU exceeded its carrying amount by US$3,549 million (2020: US$3,918 million) as at December 31, 2021.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment test. Had the estimated key assumptions been changed as follows, the headroom would be increased/(decreased) by:

	2021	2020
	US$'000	*US$'000*
Five-year period growth rate increased by 5%	**212,593**	171,593
Five-year period growth rate decreased by 5%	**(207,190)**	(153,208)
Discount rate decreased by 5%	**395,424**	461,184
Discount rate increased by 5%	**(349,814)**	(390,141)

With regard to the assessment of the value in use of the SharkNinja Global CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the CGU to exceed its recoverable amount.

12. INVENTORIES

	2021 *US$'000*	2020 *US$'000*
Raw materials	**35,797**	22,053
Finished goods	**753,839**	559,521
Less: Impairment	**(7,356)**	(6,077)
	782,280	575,497

The movements in provision for impairment of inventories are as follows:

	2021 *US$'000*	2020 *US$'000*
At the beginning of the year	**6,077**	2,846
Impairment losses	**11,366**	22,267
Less: Amount written off	**(10,095)**	(19,060)
Exchange realignment	**8**	24
At the end of the year	**7,356**	6,077

13. TRADE AND BILLS RECEIVABLES

	2021 *US$'000*	2020 *US$'000*
Bills receivable	**347,605**	406,766
Trade receivables	**904,961**	803,389
Less: Impairment	**(6,818)**	(6,624)
	1,245,748	1,203,531

Certain of the Group's trading terms with its customers are payments in advance, while for other customers, credit is granted. The credit period is generally 30 days to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department and, in certain cases, credit insurance to minimize credit risk. Overdue balances are reviewed regularly by senior management.

Included in the Group's trade and bills receivables are amounts due from the Group's associates of US$11,293,000 (2020: US$12,470,000) as at December 31, 2021, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2021 *US$'000*	2020 *US$'000*
Within 6 months	**1,226,556**	1,194,320
6 months to 1 year	**18,607**	7,902
1 to 2 years	**585**	917
Over 2 years	**—**	392
	1,245,748	1,203,531

The movements in provision for impairment of trade receivables are as follows:

	2021	2020
	US$'000	*US$'000*
As at the beginning of the year	**6,624**	4,077
Impairment losses, net	**7,458**	11,385
Amount written off as uncollectible	**(7,264)**	(8,838)
As at the end of the year	**6,818**	6,624

As at December 31, 2021 and 2020, the trade receivables were denominated in US$ and RMB, and the fair values of trade receivables approximated to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix or assessed individually to measure expected credit losses. As at December 31, 2021, the amount of individually assessed provision was US$2,314,000 (2020: US$2,288,000). The provision rates used in the provision matrix are based on the days from the billing date for customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2021

	Past due				
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.17%	31.68%	54.15%	100%	
Gross carrying amount (US$'000)	882,199	3,782	1,276	1,117	888,374
Expected credit losses (US$'000)	1,498	1,198	691	1,117	4,504

At December 31, 2020

	Past due				
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.10%	34.36%	54.69%	100%	
Gross carrying amount (US$'000)	771,126	3,594	980	1,821	777,521
Expected credit losses (US$'000)	744	1,235	536	1,821	4,336

14. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	US$'000	*US$'000*
Within 1 year	**877,927**	884,641
1 to 2 years	**1,151**	704
	879,078	885,345

Included in the trade and bills payables are trade payables of US$9,981,000 (2020: US$42,178,000) due to associates which are repayable within 90 days, which represents credit terms similar to those offered by the associates to their major customers.

The Group's bills payable were secured by pledged deposits of the Group of US$28,558,000 (2020: US$33,107,000) as at December 31, 2021, and secured by bills receivable of the Group of US$189,054,000 (2020: US$171,138,000) as at December 31, 2021.

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

15. INTEREST-BEARING BANK BORROWINGS

	December 31, 2021			December 31, 2020		
	Interest rate (%)	**Maturity**	***US$'000***	Interest rate (%)	Maturity	*US$'000*
Current						
Bank loans — secured (a)	**1.56+LIBOR**	**2022**	**35,870**	1.56+LIBOR	2021	34,718
Bank loans — secured (a)	**1.80+LIBOR**	**2022**	**49,402**	1.80+LIBOR	2021	11,853
			85,272			46,571
Non-current						
Bank loans — secured (a)	**1.80+LIBOR**	**2023 to 2025**	**435,953**	1.80+LIBOR	2022 to 2025	485,096
Bank loans — secured (a)	**1.56+LIBOR**	**2023 to 2025**	**420,921**	1.56+LIBOR	2022 to 2025	407,749
			856,874			892,845
			942,146			939,416

	2021	2020
	US$'000	*US$'000*
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	**85,272**	46,571
In the second year	**135,092**	84,412
In the third to fifth years, inclusive	**721,782**	808,433
	942,146	939,416

Notes:

(a) The bank loans are secured by:

(i) The pledge of 307,618,897 (2020: 307,618,897) shares of Joyoung Co., Ltd. as at December 31, 2021, and the pledge of 103,939,172 shares of Joyoung Co., Ltd which was effective starting from January 24, 2022;

(ii) 82.90% of shares in Shanghai Lihong Enterprise Management Company Limited ("**Shanghai Lihong**") held by JS Global Trading HK Limited;

(iii) 0.86% of shares in Shanghai Lihong held by Easy Appliance Limited;

(iv) Certain of the Group's assets amounting to US$2,564,917,000 (2020: US$2,228,813,000) as at December 31, 2021; and

(v) The pledge of equity interests of the following companies:

	Percentage of equity interests
Global Appliance LLC	100%
EP Midco LLC	100%
SharkNinja Operating LLC	100%
Euro-Pro International Holding Company	100%
SharkNinja Sales Company	100%
SharkNinja Management LLC	100%
Global Appliance UK Holdco Limited	100%
SharkNinja Global SPV, Ltd.	100%
SharkNinja Global SPV 2 Limited	100%
Bilting Developments Limited	100%
JS (BVI) Holding Limited	100%
JS Global Trading HK Limited	100%
Euro-Pro Hong Kong Limited	100%
SharkNinja (Hong Kong) Company Limited	100%
Shenzhen SharkNinja Technology Co., Ltd	100%
Suzhou SharkNinja Technology Co., Ltd	100%

The Group's unutilized available bank borrowing facilities amounted to US$200,000,000 (2020: US$250,000,000) as at December 31, 2021.

16. ISSUED CAPITAL

	Notes	**2021** **US$'000**	2020 *US$'000*
Authorized:			
5,000,000,000 (2020: 5,000,000,000) ordinary shares of US$0.00001 each	*(i)(ii)*	**50**	50
Issued and fully paid:			
3,494,612,277 (2020: 3,489,112,277) ordinary shares of US$0.00001 each	*(iii)–(vii)*	**34**	34

	Notes	Number of ordinary shares	Nominal Value *US$'000*
At the date incorporation (July 26, 2018) and December 31, 2018	*(i)*	1.00	—
Issue of shares prior to the Reorganization	*(i)*	269,074,976.28	27
Shares subdivision	*(ii)*	2,421,674,795.52	—
Shares repurchased	*(ii)*	(4.80)	—
Allotment to RSU Plan	*(iii)*	141,618,409.00	—
Issue of shares under the global offering	*(iv)*	574,804,500.00	6
At December 31, 2019 and January 1, 2020		**3,407,172,677.00**	**33**
Issue of shares in exchange of vested shares in a subsidiary	*(v)*	**5,481,600.00**	**—**
Subscription of new shares	*(vi)*	**76,458,000.00**	**1**
At December 31, 2020 and January 1, 2021		**3,489,112,277.00**	**34**
Issue of shares to the RSU Plan	*(vii)*	**5,500,000.00**	**—**
At December 31, 2021		**3,494,612,277.00**	**34**

A summary of movements in the Company's share capital is as follows:

(i) On July 26, 2018, the Company was incorporated in the Cayman Islands as an exempted company with authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with par value of US$0.0001 each. On July 26, 2018, the Company issued one ordinary share with a par value of US$0.0001 to Mapcal Limited as the initial subscriber. On the same day, the one issued share was transferred to JS Holding;

On April 10, 2019, the Company issued 99,613,965.34 ordinary shares with a par value of US$0.0001 to JS Holding in exchange for US$9,961.40;

On April 16, 2019, the Company issued 36,830,424.53 ordinary shares with a par value of US$0.0001 to Mr. Lee Puay Khng in exchange for his 100% equity interests in Bilting;

On June 19, 2019, the Company issued 60,743,866.83 ordinary shares with a par value of US$0.0001 to JS Holding as part of the Reorganization;

On June 24, 2019, the Company issued 29,600,413.96 ordinary shares with a par value of US$0.0001 to Easy Home Limited in exchange for its 30% equity interests in Global Appliance 1 Limited;

On June 24, 2019, the Company issued 6,555,616.63 ordinary shares with a par value of US$0.0001 to Comfort Home Limited, and as the consideration, Comfort Home Limited transferred 2,325.44 ordinary shares of SharkNinja Global it held to the Company;

On June 24, 2019, the Company issued an aggregate of 35,730,688.99 ordinary shares with a par value of US$0.0001 to a group of investors comprising BMS Ventures LLC, Casa Brima LLC, Barrocas Family 2017 Children's Trust, SMCSB 2018 Trust, PR2 LLC, and SN Aggregator LLC (collectively as the "**SN Investors**"), and as the consideration, SN Investors transferred their respective equity interests in SharkNinja Global to the Company.

(ii) On October 9, 2019, the shareholders of the Company resolved that each issued and unissued ordinary share of the then par value of US$0.0001 each will be subdivided into 10 shares of par value of US$0.00001 each. Upon the subdivision, the authorized share capital of the Company shall be US$50,000 divided into 5,000,000,000 shares of a par value of US$0.00001 each. And 269,074,977.28 ordinary shares shall be subdivided into 2,690,749,772.80 ordinary shares. Immediately after the subdivision, on October 9, 2019, the Company repurchased a total of 4.8 ordinary shares from shareholders of the Company and canceled such 4.8 ordinary shares for the purpose of eliminating fractional shares.

(iii) On October 9, 2019, the Company adopted a restricted stock units plan (the "**RSU Plan**"). On October 25, 2019, the Company issued and allotted 141,618,409 ordinary shares with no par value to Golden Tide International Limited and Grand Riches Ventures Limited pursuant to the RSU Plan.

(iv) The final number of issued shares under the global offering comprised 49,983,000 ordinary shares in the Hong Kong public offering, 449,847,000 ordinary shares (before any exercise of the over-allotment option) and 74,974,500 ordinary shares (fully exercise of the over-allotment option) in the international public offering.

In December 2019, upon its listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Company issued 574,804,500 ordinary shares at par value of US$0.00001 per share for a cash consideration of HK$5.20 each, and raised gross proceeds of approximately US$386,864,000. The respective issued capital amount was approximately US$6,000 and the share premium arising from the issuance was approximately US$374,572,000 after deducting incremental costs of approximately US$12,286,000 that are directly attributable to the issue of the new shares.

(v) In June 2020, vested shares in a subsidiary of the Company were cancelled, and exchanged to 5,481,600 shares of the Company.

(vi) In October 2020, a total of 76,458,000 ordinary shares with a nominal value of US$0.00001 each were issued upon completion of the subscription to Easy Home Limited. The net proceeds received by the Company from the subscription was approximately US$138,223,000.

(vii) In January 2021, the Company issued and allotted 5,500,000 ordinary shares with a nominal value of US$0.00001 each to Grand Riches Ventures Limited pursuant to the RSU Plan.

17. BUSINESS COMBINATION

In February 2021, SharkNinja Operating LLC, a subsidiary of the Group, acquired the assets of Viper Design LLC ("**Viper**") from a third party. Viper is principally engaged in the research and development for the manufacture of robotic products. The acquisition was made as part of the Group's strategy to procure the technology used in the Group's advanced navigation robot products. The purchase consideration for the acquisition was US$2,400,000, with US$1,800,000 paid by the acquisition date.

The fair values of the identifiable assets and liabilities acquired at the date of acquisition were as follows:

	Fair value recognized on acquisition *US$'000*
Other intangible assets	1,570
Total provisional identifiable net assets at fair value	1,570
Goodwill on acquisition	830
Satisfied by cash	1,800
Contingent liabilities	600

Included in the goodwill of US$830,000 recognized above is the assembled workforce, which is not recognized separately. Since the workforce is not separable, it does not meet the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	US$'000
Cash consideration	(1,800)
Cash and bank balances acquired	—
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(1,800)

18. EVENTS AFTER THE REPORTING PERIOD

On March 23, 2022, the Office of the United States Trade Representative announced in a "Notice of Reinstatement of Certain Exclusions: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation" that the United States Trade Representative has determined to reinstate exclusions of certain products from additional duties to be applied as of October 12, 2021 and be extended through December 31, 2022. As of the date of approval of these financial statements, according to the management's preliminary assessment, these exclusions cover the majority of vacuums, air purifiers and air friers that the Group imports from China to the United States, and management is assessing the possible amount of tariff refunds in 2022.

The following discussion should be read in conjunction with the consolidated financial information of the Group, including the related notes, set forth in the financial information section of this announcement.

BUSINESS OVERVIEW

Our mission is to positively impact people's lives around the world every day through transformational, innovative, and design-driven smart home products.

We are a global leader in high-quality, innovative small household appliances and our success is centered around our deep understanding of consumer needs and is built on our strong product innovation and design capability powered by a global research and development platform, marketing strengths driving high brand engagement, and an omni-channel distribution model with high penetration. Through continuously creating new products, expanding, and diversifying our product portfolio to stimulate consumers' demand and grow the market, we are the leader of the market, reshaping the consumer behavior and their lifestyle globally. With trusted market-leading brands, Shark, Ninja and Joyoung, we continue to maintain a leading position in the global small household appliance market. According to Frost & Sullivan, as of December 31, 2021, the Group ranked fourth in the global small household appliance market, an increase of one placement compared to the 2020 year end ranking of #5.

We focus on three core competencies: (i) developing transformational innovative products with appealing designs; (ii) effecting multi-form brand marketing; and (iii) building a global omnichannel sales network. They are supported by operational infrastructure, including a global research and development platform which utilizes consumer engagement to amass information on consumer preferences and behaviors that informs and influences the product development process, a centralized supply chain with a global reach and a comprehensive information management system across the entire value chain.

We offered our transformational and innovative small household appliances under the brand names of Shark, Ninja and Joyoung, within the following two business segments during the Reporting Period:

- the SharkNinja segment focuses on home environment appliances and kitchen appliances which are sold in North America, Europe, Japan and various other countries throughout the world. The Shark and Ninja brands maintain leading market share in multiple product categories and in a number of countries through an intense focus on quality, reliability, consumer satisfaction and accessible innovation to consumers.

- the Joyoung segment continues offering small household appliances, focusing on kitchen, and cleaning appliances. In China, our Joyoung brand maintains the largest market share in several innovative product categories.

Global Update

2021 marked another strong year of top-line and bottom-line growth for the Company, continuing to build on our growth leading up to, and following our initial public offering in December 2019. Revenue increased by 22.8% organically year over year, driven by growing demand for our products in North America and Great Britain, along with continued expansion in Europe and other regions. Our sustained topline growth occurs amidst a persistently challenging global environment, including a strained supply chain, growing inflation, and remaining uncertainty around the global health crisis. Our global team remains vigilant in navigating these challenges to keep our products in stock at retailers, while aggressively controlling and leveraging costs, allowing us to increase full year adjusted net profit attributable to the parent by 22.8% compared to 2020. We recognize that the industry environment is everchanging, with many factors that vary market by market, impacting the Group from both supply and demand sides. The pace, degree, and timing of the world's recovery from the COVID-19 pandemic remains uncertain and many people would consider the way we work and live has been permanently changed. Remote work, hybrid in-office models, new daily habits and rituals around the home, and components of the "stay-at-home economy" are likely to remain the new norms.

Despite the uncertainties that the COVID-19 pandemic has created from both the supply and demand perspectives, we have remained committed to our strategy of growing market share within our existing product categories, launching into new product categories and expanding internationally. Our 2021 results are evidence of the strength of our long-term strategy and ability to execute on it despite the challenges we have faced and the continued hard work and ongoing dedication of our associates and partners around the globe.

The United States

Shark remains the #1 vacuum brand in the United States (the "**U.S.**"), while Ninja continues to be the #1 brand in small kitchen appliances in the U.S. Retaining these incredible standings, in very competitive markets, is a direct result of executing on our strategy of growing market share in existing categories and launching into new categories.

Our market share grew in every major category that we operate in, and every major category that we operate in experienced double-digit growth year-on-year. Our market share within cleaning appliances grew from 28.1% to 30.9%[1], cooking appliances from 22.6% to 27.4%[2], and food preparation appliances from 28.6% to 33.1%[3] in the U.S. We have been able to grow our market share in the U.S. by the following ways:

1 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2021 vs. January–December 2020. "Cleaning appliances" include: Bare Floor Cleaners, Hand Vacuums, Robotic Vacuums, Stick Vacuums, Upright Vacuums

2 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2021 vs. January–December 2020. "Cooking appliances" include: Air Fryers, Electric Grills, Fryers, Multi-Cookers, Toaster Oven

3 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2021 vs. January–December 2020. "Food preparation appliances" include: Juice Extractor, Kitchen System, Single Serve Blending & Processing, Traditional Blending, Traditional Food Processor

- Launching into numerous new categories in 2021 which allowed us to start winning market share in those new categories. The following list represents product launches in new product categories in 2021:

  - **Shark Air Purifier 4 and 6** which quietly distribute air through 4 or 6 powerful fans, track air quality and auto-adjusts power to constantly maintain clean air – air purification is a new product category for SharkNinja in 2021 (Launched: 1st Half 2021)

  - **Shark HyperAIR Fast-Drying Hair Blow Dryer,** marking our first entry into the personal care space, delivering premium air power and next-generation intelligence for an easy, healthy, hair-care experience (Launched: Q4 2021)

  - **Ninja CREAMi,** which transforms everyday ingredients into ice cream, gelato, smoothie bowls, milkshakes and more, marking our first expansion into the ice cream making category (Launched: Q3 2021)

  - **Ninja Cold Press Juicer Pro** developed in collaboration with Joyoung which makes nutrient filled juices and wellness shots at home (Launched: 1st Half 2021)

  - **Ninja Foodi NeverDull Premium Knife System,** offering the consumer premium knives that stay razor sharp (Launched: Q4 2021)

  - **Ninja Precision Temperature Electric Kettle,** allowing consumers to brew at the perfect temperature for each tea or coffee type (Launched: Q4 2021)

  - **Ninja Foodi 2-in-1 Flip Toaster,** combining capabilities of a toaster and oven, in one small footprint (Launched: Q4 2021)

  - **Ninja DualBrew Pro Specialty Coffee System,** bringing K-Cup coffee pod capability to the Ninja Coffee line up for the first time (Launched: Q4 2021)

  - **Shark Vertex Canister Vacuum with DuoClean PowerFins**, bringing powerful Shark suction and advanced cleaning technology into a compact canister vacuum (Launched: Q4 2021)

- Securing strong placement of these new categories at retailers as a result of our solid track record of success when we have expanded into new product categories in the past, and our willingness to invest in advertising to support the new product launches.

- Launching numerous new products in existing categories in order to grow market share globally.

- Continuing to heavily leverage, with respect to all of our product launches, consumer insights in order to validate that the products we are bringing to the market will resonate with consumers and create excitement, while also living up to the claims we are making in our advertising.

- Launching innovative new products under the Shark brand during 2020 in both existing product categories and new product categories which contributed incremental revenue in 2021, such as the Shark VacMop, which is a cordless vacuum that combines powerful suction for dry debris and spray mopping for wet stuck on messes in one no-touch disposable pad and the Shark AI VacMop robot vacuum.

- Launching innovative new products under the Ninja brand during 2020 in both existing product categories and new product categories which contributed incremental revenue in 2021 including the Ninja Foodi Power Blender and Processor which has Variable Speed Control function with smartTorque that blends and powers through at any speed and never stalls, the Ninja Foodi Smart XL 6-in-1 Indoor Grill with the innovative Smart Cook System and XL capacity, the Ninja Foodi 10-in-1 XL Pro Air Fry Oven and a new series of Ninja Foodi NeverStick cookware. These new products have built upon the portfolio of successful Ninja Foodi products that we launched in 2018 and 2019 to accelerate the strong growth trend across the entire Ninja Foodi series.

Marketing and advertising continued to be a significant area of spending for us, as we continued to invest in digital advertising, short-form and long-form television advertising to provide further knowledge to consumers about the products we are bringing to the market. Further, we are leveraging new media channels, broadening advertising support by pushing notification wherever the consumer spends time across streaming, social platforms, and mobile, while maintaining close partnerships with platforms to test, learn and scale up. We increased influencer marketing activity, with a bigger focus on promoting consumer 5-star reviews and experiences to drive online conversation and spread authentic word-of-mouth, showcasing our strong and growing consumer loyalty.

We have continued to leverage our omni-channel distribution strategy as sales shifted from offline to online and consumers are able to find our products wherever they choose to shop. We have leveraged our strong relationships with retailers to gain incremental product placements and key promotions during Amazon Prime Day, Black Friday, Cyber Week, and other key promotional periods.

According to the U.S. Bureau of Economic Analysis, real gross domestic production ("**GDP**") of the U.S. grew at a 5.7% rate during 2021. Personal consumption increased at an annualized rate of 11.8% in the second quarter, accelerating from 11.4% at the end of the first quarter of 2021.

All the categories that we operate in experienced substantial market size year-on-year growth in 2021. The U.S. Home Environment market achieved 8% dollar growth year on year, with full size vacuums, hand/stick vacuums, and specialty cleaning combined accounting for 71% of the incremental dollar growth. Meanwhile, U.S. Kitchen Electrics saw 5.9% dollar growth, with coffee/espresso makers, toaster ovens, and blending & processing combined accounting for 63% of the incremental dollar growth[4]. We saw a deceleration of this growth in the second half of 2021 as compared to the first half as year-on-year comparisons became harder to comp, but overall demand for these categories remained strong.

China

The Group's Joyoung segment actively expanded into new categories, new channels and new media, promoted the online and offline integrated development, and launched a series of new products in a timely manner to satisfy demands of consumers of different age groups. The Joyoung segment vigorously deployed and developed offline new retail channels, promoted the construction of high-end brand stores represented by shopping malls, proactively adapted to the online-offline omni-channel development trend and built the closed loop of new retail O2O shopping experience, which brought the brand closer to consumers, users and followers and accumulated the big data foundation for deep cultivation of the value of digital economy in the future.

In 2021, our existing kitchen appliance categories gave full play to the competitive advantages of new products to capture new niche opportunities and maintain existing market share, and at the same time, it also made full use of its advantages to seize market share, such as promoting the HarmonyOS Connect wash-free high-performance multi-functional blender Y521, the visual steam and air fryer SF series, the smart carbon steel kettle rice cooker F921, the Damowang wear-resistant non-stick fry pan (大磨王耐磨不粘炒鍋) and Rexiaojin RO reverse osmosis and heat purification integrated machine (熱小淨 RO 反滲透淨熱一體機) and other rigid-needed products to satisfy the public's desire for quality life. In the meantime, the Group expanded the mix of cookware and water purification products, such as launching diamond wear-resistant non-stick cookware and Rexiaojin RO reverse osmosis and heat purification integrated machine (熱小淨 RO 反滲透淨熱一體機).

Furthermore, the Shark brand offered a more localized, lightweight product with disinfection feature to the Chinese market, and the Shark brand also launched the first scrubber drier product (Shark Scrubber Drier ED200), a hot-selling product in the industry, and electric steam mop T21. The brand initiated a large-scale promotion campaign through media, circulating the specially crafted promotional music and delivering content marketing in the form of immersive communication to targeted groups. In June 2021, the Shark all-in-one disposable cordless scrubber drier V5 was launched in the market.

In 2021, as a move to adapt to the new economic development trend, the Group actively collaborated with mainstream livestream platforms, seized the opportunities of livestream to build the systematic livestream structure of its own, which consisted of celebrities, KOLs (Key Opinion Leaders), KOCs (Key Opinion Consumers) and in-house livestream salespersons, and further improved the brand recognition and reputation. At the same time, we will keep establishing the retail stores "Shopping Mall" offline steadily to seize the opportunities in the markets of lower tier cities, and establish the good image of high quality small home appliances.

Although facing challenging and complicated internal and external environments, especially the enormous shock of COVID-19 pandemic, China's GDP grew year on year in 2021, with the two-year average growth of the second quarter being higher than that of the first quarter, which indicated that China's economy is recovering and getting better quarter over quarter with strong resilience and vitality. According to All View Cloud ("**AVC**"), in 2021, China's small kitchen appliance industry decreased by double-digits, particularly the demand for non-core products such as food preparation appliances.

4 Source: The NPD Group/Retail Tracking Service, 52WE January 1, 2022 vs. YA

Under the backdrop of fierce market competition, increasing disposable income of Chinese consumers and the trend of consumption upgrading, Chinese consumers' consumption behaviors are changing dramatically. Small household appliances including soymilk makers, smart cookers and robotic vacuums are entering people's kitchens and living rooms. The consumption upgrade also triggers the trend of product premiumization and branding.

As of December 31, 2021, data of AVC showed that the Group's Joyoung segment ranked the first in both of the online and offline markets for the categories of soymilk makers and high-performance multi-functional blenders. In addition, according to Tmall Industry Data, Joyoung recorded a better retail performance than the industry level in the product segments of rice cookers, air fryers and water purifiers.

Europe

The Shark and Ninja brands continued to gain market share and deliver significant growth in all major categories we operate in within the European market. These positive trends in Europe continue to be driven by executing on our strategy of growing market share in existing categories, expanding into new markets, and launching into new categories.

During 2021, the Shark brand grew its share in the Great Britain vacuum cleaner market from 29.1% in 2020 to 30.6%[5] in 2021. The Ninja brand held 12.5% market share of the food preparation market, increased from 7.8% in 2020[6].

Ninja currently holds nearly half of the market value share (47.9%) of electrical cooking pots in Great Britain – this is up from 30.1% in the same period in 2020[7]. The Ninja brand has grown in sales value within the deep fryers market as well and now holds 35.1% market share[8].

According to the Office for National Statistics, GDP of the United Kingdom (the "**U.K.**") is estimated to have grown by 1.0% in Q4 2021, capping off an annual rise of 7.5% for the U.K. GDP in 2021. Economic performance in Europe overall has varied from country to country based on a multitude of factors.

Similar to the U.S. small household appliance market, the European market sees noticeable changes in trends including the growth of online channels, the increased use of social media, the shift toward premium and high value-added products, the increased demand for high aesthetic appearance and the rise of Internet of Things technology.

5 GfK; Market Intelligence; Total Vacuum Cleaners; Sales, GB; Jan-Dec 2020 & Jan-Dec 2021

6 GfK; Market Intelligence; Total Food Preparation; Value Sales, GB; Jan-Dec 2020 & Jan-Dec 2021

7 GfK; Market Intelligence; Total Electrical Cooking Pots; Value Sales, GB; Jan-Dec 2020 & Jan-Dec 2021

8 GfK; Market Intelligence; Total Deep Fryers; Value Sales, GB; Jan-Dec 2020 & Jan-Dec 2021

Other Markets

During 2021, the Group also reported strong growth in other markets, particularly in Israel and Japan where we have launched several cleaning appliances designed specifically for Japan, which have been widely embraced by consumers.

FINANCIAL REVIEW

Overall performance

During the year ended December 31, 2021, the total revenue of the Group was US$5,150.6 million, a year-on-year increase of 22.8%. Gross profit was US$1,924.4 million, a year-on-year increase of 10.4%. Gross profit margin was 37.4%, a decrease of 4.1 percentage points compared to 41.5% in 2020. Profit for the year ended December 31, 2021 increased by 14.5% year-on-year to approximately US$460.7 million. EBITDA[9] for the year ended December 31, 2021 increased by 1.5% year-on-year to approximately US$711.4 million and adjusted EBITDA[10] for the year ended December 31, 2021 increased by 10.7% year-on-year to approximately US$733.5 million. Adjusted net profit[11] for the year ended December 31, 2021 increased by 19.8% year-on-year to approximately US$502.4 million. Profit attributable to owners of the parent increased by approximately 22.1% year-on-year to approximately US$420.5 million. The Board recommends the payment of a final dividend of HK$0.4098 (equivalent to approximately US$0.0527) per share.

Revenue

For the year ended December 31, 2021, the Group recorded a total revenue of US$5,150.6 million (2020: US$4,195.8 million), representing a year-on-year increase of 22.8%.

The following table sets forth the breakdown of the Group's revenue by business segment:

	For the year ended December 31,			
	2021		2020	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
SharkNinja segment	**3,714.9**	**72.1**	2,732.7	65.1
Joyoung segment	**1,435.7**	**27.9**	1,463.1	34.9
Total	**5,150.6**	**100.0**	4,195.8	100.0

9 EBITDA is defined as profit before taxation plus finance costs, depreciation and amortization, less interest income. For a reconciliation of profit before tax for the year to EBITDA as defined, see "— Non-IFRS Measures" below.

10 For a reconciliation of EBITDA for the year ended December 31, 2021 to adjusted EBITDA as defined, see "— Non-IFRS Measures" below.

11 Adjusted net profit is defined as profit for the year adjusted for certain items that do not affect the Company's ongoing operating performance, including items arising from acquisition and relating to the reorganization in preparation for the global offering and non-recurring items and items not related to the Company's ordinary course of business (each without considering tax effect). For a reconciliation of profit for the years to adjusted profit, see "— Non-IFRS Measures" below.

The SharkNinja segment represents the Group's SharkNinja business unit, which distributes its products in the U.S., Europe and other markets around the world and is primarily focused on cleaning appliances and kitchen appliances. The Joyoung segment represents the Group's Joyoung business unit, which focuses on kitchen appliances in China.

Revenue from the SharkNinja segment was US$3,714.9 million (2020: US$2,732.7 million), up by 35.9% year-on-year, and accounting for 72.1% of the total revenue of the Group; revenue from the Joyoung segment was US$1,435.7 million (2020: US$1,463.1 million), slightly decreased by 1.9% year-on-year, and accounting for approximately 27.9% of the total revenue of the Group.

The revenue growth of the SharkNinja segment was attributable to continued market share growth in existing product categories including corded and cordless vacuum cleaners, robotic vacuum cleaners, motorized blenders and heated kitchen appliances, along with the successful launch of products into new categories in 2020 that have provided year-on-year growth during 2021 including the Shark VacMop and Ninja Foodi Neverstick Cookware. Further contributing to this organic revenue growth was the launch of numerous new products, and the expansion into new categories in 2021, including the Shark Air Purifiers 4 and 6, Shark HyperAir Hair Dryer, Shark Vertex Canister Vacuum, Ninja Cold Press Juicer Pro, Ninja CREAMi ice cream maker, Ninja Foodi NeverDull Premium Knife System, Ninja Precision Temperature Electric Kettle, and Ninja Foodi 2-in-1 Flip Toaster. In addition, the continued international expansion of the SharkNinja segment within Europe and other regions provided significant growth during 2021. The strength of the Shark and Ninja brands continues to enable both new category entry in existing markets, and further penetration into new markets. Growth in both cleaning appliances and cooking appliances was supported by our ability to continuously bring innovative new products to market in North America, Europe and other markets while at the same time addressing significant supply chain challenges. This high level of execution has enabled us to further enhance our relationships with retailers and our brand reputation among consumers to gain market share in both existing and new product categories.

Despite the strong performance of both the Shark and Ninja brands, many new product launches were delayed, or sales was hindered due to the macro supply chain issues that our industry, and many others are facing. Most of the new products we launched in 2021 and some of our existing products were out of stocks recurringly while demand outpaced what we were able to deliver.

The decrease of revenue in the Joyoung segment was primarily attributable to the persistent challenges within the China market, and the competitive categories we operate in.

The following table sets forth the breakdown of the Group's revenue by brand:

	For the year ended December 31,			
	2021		2020	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Shark	**2,013.0**	**39.1**	1,706.4	40.7
Ninja	**1,722.5**	**33.4**	1,061.2	25.3
Joyoung	**1,415.1**	**27.5**	1,428.2	34.0
Total	**5,150.6**	**100.0**	4,195.8	100.0

For the year ended December 31, 2021, the revenue contributed by the Shark brand was US$2,013.0 million (2020: US$1,706.4 million), representing a year-on-year increase of approximately 18.0%. The increase was attributable to the growth in all areas of the cleaning appliances category including corded vacuums, cordless vacuums, robotic vacuums and hard floor cleaners including steam mops. Cordless vacuums delivered significant growth across all major regions, North America, Europe, and other markets including Japan. Success in robotic vacuums was primarily driven by North American channels, and strong consumer reception to our advanced navigation robotic vacuums. Hard floor cleaning continued to see strong demand for our steam cleaning products globally.

For the year ended December 31, 2021, the revenue contributed by the Ninja brand was US$1,722.5 million (2020: US$1,061.2 million), representing a year-on-year increase of approximately 62.3%. The increase was primarily attributable to an expanded assortment in North America, new product launches, and entry into new European markets. Specifically, new product launches within food preparation appliances and cooking appliances categories have driven significant growth in 2021.

For the year ended December 31, 2021, the revenue contributed by the Joyoung brand was US$1,415.1 million (2020: US$1,428.2 million), representing a year-on-year decrease of approximately 0.9%.

The following table sets forth the breakdown of the revenue by geography of the Group:

	For the year ended December 31,			
	2021		2020	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
North America	**2,964.0**	**57.6**	2,210.0	52.7
China	**1,398.2**	**27.1**	1,438.5	34.3
Europe	**616.8**	**12.0**	451.3	10.8
Other markets	**171.6**	**3.3**	96.0	2.2
Total	**5,150.6**	**100.0**	4,195.8	100.0

For the year ended December 31, 2021, total revenue generated from North America was approximately US$2,964.0 million (2020: US$2,210.0 million), representing year-on-year growth of 34.1%. The growth was driven by success across all product categories along with the year-on-year benefit of new product categories launched throughout 2020 and 2021. Growth was further aided by the sustained overall demand for cooking and cleaning appliances in the new "stay-at-home economy" while we worked to further improve our brand reputation and retailer relationships in order to grow market share.

For the year ended December 31, 2021, total revenue generated from China was approximately US$1,398.2 million (2020: US$1,438.5 million), representing a year-on-year decrease of approximately 2.8%. The decrease in China was primarily due to the macro environment that the overall demand in the small household appliance industry slowed down and offline channels were affected, as the small household appliance industry in China encountered temporary challenges.

For the year ended December 31, 2021, total revenue generated from Europe was approximately US$616.8 million (2020: US$451.3 million), representing a year-on-year growth of 36.7%. With enhanced brand recognition driven by successful marketing campaigns, we were successful in obtaining additional retailer shelf space in the U.K. market, while seeing continued success in vacuums, including corded upright and canister vacuums (new in 2021) and cordless vacuums, combined with the growth in Ninja Heated Cooking appliances. Meanwhile, the Group remains on track with regards to its expansion plans into Germany, France, Italy and Spain. Despite challenging conditions throughout the COVID-19 pandemic, we have been successful in launching a direct sales business in both Germany and France at the end of 2020, and Spain and Italy during 2021, and have secured product placements at key retailers in these countries. We are actively investing in advertising in those countries in order to grow our brand awareness and revenue in those markets.

For the year ended December 31, 2021, total revenue generated from other markets was approximately US$171.6 million (2020: US$96.0 million), representing a year-on-year growth of 78.8%, driven primarily by the Japanese and Israeli markets.

The following table sets forth the breakdown of the Group's revenue by product category:

	For the year ended December 31,			
	2021		2020	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Cleaning appliances	**1,962.5**	**38.1**	1,699.7	40.5
Cooking appliances	**1,868.1**	**36.3**	1,317.3	31.4
Food preparation appliances	**1,045.6**	**20.3**	990.3	23.6
Others	**274.4**	**5.3**	188.5	4.5
Total	**5,150.6**	**100.0**	4,195.8	100.0

Cleaning appliances include upright vacuums, robotic vacuums, cordless and corded stick vacuums and other floor care products. Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, countertop grills and ovens, coffee and tea makers and other appliances and utensils for cooking.

Food preparation appliances include high-performance multifunctional blenders, soymilk makers, food processors and other small household appliances that facilitate the food preparation process. Others product category includes small household appliances, such as water purifiers, ventilators, water heaters, air purifiers, garment care and thermos.

For the year ended December 31, 2021, cleaning appliances remained the Group's largest product category, with revenue contribution of 38.1% for the Reporting Period. The cleaning category grew by 15.5% year-on-year to US$1,962.5 million. The growth of cleaning category was primarily attributable to the Shark brand noted above for its market share growth within existing product categories within North America and the U.K. and expansion into new product categories in 2020 and 2021, which were further aided by year-on-year category growth.

The cooking category grew by 41.8% year-on-year to US$1,868.1 million for the year ended December 31, 2021. This was driven by the continued success of SharkNinja's Foodi family of products which include the Ninja Foodi Grill, Digital Air Fry Oven and Deluxe Pressure Cooker & Air Fryer and the expansion of our kitchenware and cookware line-ups. We have continued to gain market share within North America and Europe in 2021 as a result of successful new product launches over the course of the past several years including in 2020 and 2021.

For the year ended December 31, 2021, food preparation appliances recorded revenue growth of 5.6%, with the revenue of US$1,045.6 million. The growth was primarily attributable to the continued demand for Ninja's motorized blender products, in addition to the application of creative products and technologies to the lower end categories and the expansion to the products of prevailing market price range, coupled with the relatively strong growth of the Group's food preparation product categories, such as high-performance multifunctional blenders, food processors, and specialty blending including ice cream and juicers.

For the year ended December 31, 2021, others product category recorded a year-on-year growth of 45.6% to approximately US$274.4 million, which was mainly driven by the cookware series in China's market, with products such as milk pots being well received.

OTHER FINANCIAL INFORMATION

Cost of sales

For the year ended December 31, 2021, the cost of sales of the Group was approximately US$3,226.2 million (2020: US$2,453.0 million), representing a year-on-year increase of approximately 31.5%. The increase was primarily attributable to increased sales as well as other factors impacting our cost of sales as described further below.

The following table sets forth the breakdown of the cost of sales of the Group by business segment:

	For the year ended December 31,			
	2021		2020	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
SharkNinja segment	**2,227.8**	**69.1**	1,467.8	59.8
Joyoung segment	**998.4**	**30.9**	985.2	40.2
Total	**3,226.2**	**100.0**	2,453.0	100.0

For the year ended December 31, 2021, the SharkNinja segment recorded a total cost of sales of approximately US$2,227.8 million (2020: US$1,467.8 million), representing a year-on-year increase of approximately 51.8%. The increase was primarily the result of increased sales along with higher ocean freight costs, higher product costs because of foreign currency and raw material fluctuations and the expiration of tariff exclusions on vacuums and air fryers imported from China to the U.S.. In addition, there were non-recurring tariff refunds of US$38.1 million in 2020 related to tariffs recognized in 2019.

For the year ended December 31, 2021, the Joyoung segment recorded a total cost of sales of approximately US$998.4 million (2020: US$985.2 million), representing a year-on-year increase of approximately 1.3%. The increase was primarily attributable to the change of product mix and increase in overall cost of raw materials during the year.

Gross profit

For the year ended December 31, 2021, the gross profit of the Group was approximately US$1,924.4 million (2020: US$1,742.8 million), representing a year-on-year increase of approximately 10.4%. The increase was primarily attributable to the increase in revenue.

Gross profit margin was 37.4% in 2021, a decrease of 4.1 percentage points from 41.5% in 2020.

The following table sets forth the Group's gross profit and gross margin by business segment:

	For the year ended December 31,			
	2021		2020	
	Gross Profit	**Gross Margin %**	Gross Profit	Gross Margin %
	(in US$ million, except percentage)			
SharkNinja segment	**1,487.1**	**40.0**	1,264.9	46.3
Joyoung segment	**437.3**	**30.5**	477.9	32.6
Total	**1,924.4**	**37.4**	1,742.8	41.5

The gross profit margin for the year ended December 31, 2021 was 37.4%, representing a decrease of 4.1 percentage points from 41.5% for the year ended December 31, 2020. The decrease in gross profit margin was partly due to the non-recurring tariff refunds of US$38.1 million which were recognized in 2020 related to tariffs incurred in 2019, while no such tariff refunds were recognized in 2021. If not for those refunds, our gross profit margin would have been 40.6% in 2020, resulting in a decrease of 3.2 percentage points in gross profit margin during 2021 as compared to 2020. The decrease in gross profit margin was due to the expiration of tariff exclusions on most vacuums, air fryers and air purifiers imported into the U.S. from China, supply chain related challenges including ocean freight, commodities and unfavorable foreign currency impact. These were partially offset by pricing and promotion activity and cost optimization initiatives. On March 23, 2022, the Office of the United States Trade Representative announced that tariff exclusions would be reinstated through December 31, 2022 and retroactive to October 12, 2021. As of the date of approval of these financial statements, according to the management's preliminary assessment, these exclusions cover the majority of vacuums, air purifiers and air friers that the Group imports from China to the U.S., and the management is assessing the possible amount of tariff refunds in 2022.

For the year ended December 31, 2021, the SharkNinja segment recorded a gross profit of approximately US$1,487.1 million (2020: US$1,264.9 million), representing a year-on-year increase of approximately 17.6%, and its gross profit margin decreased by 6.3 percentage points in 2021. The decrease in gross profit margin was partly due to the non-recurring tariff refunds of

US$38.1 million which were recognized in 2020 while no such tariff refunds were recognized in 2021. If not for those refunds, the gross profit margin of the SharkNinja segment would have been 44.9% in 2020, resulting in a decrease of 4.9 percentage points in gross profit margin in 2021 as compared to 2020. Such decrease in gross profit margin was the result of higher ocean freight costs, higher product costs as a result of foreign currency and raw material fluctuations and increased tariffs. We have been able to partially mitigate the impact of those external factors by finding product cost savings opportunities through synergies between the SharkNinja and Joyoung segments and by raising our selling prices where appropriate.

For the year ended December 31, 2021, the Joyoung segment recorded a gross profit of approximately US$437.3 million (2020: US$477.9 million), representing a year-on-year decrease of approximately 8.5%, mainly due to the change of product mix and increase in overall cost of raw materials during the year. The gross profit margin decreased from 32.6% in 2020 to 30.5% in 2021.

Other income and gains

Other income and gains of the Group primarily include (i) gain on financial assets at their fair value; (ii) government grants (mainly relating to research and promotion activities, innovation and patents); and (iii) bank interest income.

The following table sets forth the breakdown of the Group's other income and gains:

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Other income		
Bank interest income	**8.1**	11.2
Rental income	**1.4**	1.7
Government grants	**13.2**	8.7
Others	**3.3**	1.2
Subtotal	**26.0**	22.8
Gains		
Gain on disposal of an investment property	**—**	23.4
Gain on financial assets at fair value through profit or loss, net	**9.8**	23.2
Gain/(loss) on disposal of associates, net	**1.1**	(0.9)
Others	**4.4**	2.7
Subtotal	**15.3**	48.4

In 2021, other income and gains of the Group was approximately US$41.3 million (2020: US$71.2 million), representing a year-on-year decrease of approximately 42.0%. The decrease was primarily due to decrease in the gain from financial assets at fair value through profit or loss and no any gain noted on disposal of investment property in 2021.

Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of (i) advertising expenses; (ii) warehousing and transportation expenses for sales of products; (iii) staff cost in relation to sales and distribution staff; (iv) trade marketing expenses in relation to marketing and branding expenses primarily at sales channel; (v) business development expenses; and (vi) office expenses and others.

The following table sets forth the breakdown of the Group's selling and distribution expenses:

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Advertising expenses	**316.5**	281.6
Warehousing and transportation expenses	**172.2**	135.9
Trade marketing expenses	**143.1**	127.0
Staff cost	**108.1**	92.9
Business development expenses	**17.5**	16.4
Office expenses and others	**51.4**	41.7
Total	**808.8**	695.5

The Group's selling and distribution expenses increased by approximately 16.3% year-on-year from approximately US$695.5 million in 2020 to approximately US$808.8 million in 2021, which was mainly due to the increase in advertising expenses, warehousing and transportation expenses as a result of the sales growth, expansion into new product categories and market expansion during the year.

Administrative expenses

Administrative expenses primarily consist of (i) staff cost in relation to product development and administrative staff; (ii) depreciation and amortization; (iii) professional service fees primarily consisting of (a) legal fees, (b) tax, audit and advisory fees, and (c) engineering consulting fees; (iv) office expenses; and (v) other expenses.

The following table sets forth the breakdown of the Group's administrative expenses:

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Staff cost	**286.0**	263.1
Professional service fees	**63.4**	67.6
Depreciation and amortization	**54.4**	59.2
Office expenses	**25.6**	23.5
Other expenses[12]	**108.2**	73.9
Total	**537.6**	487.3

The Group's administrative expenses increased by approximately 10.3% year-on-year from approximately US$487.3 million for the year ended December 31, 2020 to approximately US$537.6 million for the year ended December 31, 2021. This represents a significant leveraging of our administrative expense base, as we sought to control expenses and invest more strategically. The increase was primarily attributable to headcount investments within new product development and the impact of international business expansion.

Finance costs

Finance costs primarily represent (i) interest expenses on bank loans; (ii) interest expenses on lease liabilities; (iii) amortization of deferred finance costs, representing amortization of various fees associated with the bank loans; and (iv) other finance costs.

The following table sets forth the breakdown of the Group's finance costs:

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Interest on bank loans	**20.0**	36.5
Interest on lease liabilities	**3.5**	3.2
Amortization of deferred finance costs	**3.6**	34.3
Other finance costs[13]	**0.8**	6.5
Total	**27.9**	80.5

12 Other expenses primarily include bank transaction fees, prototype expenses, patent fee and traveling expenses.

13 Other finance costs primarily include transaction fees for bills discounting.

Finance costs of the Group decreased by approximately 65.3% year-on-year from approximately US$80.5 million for the year ended December 31, 2020 to approximately US$27.9 million for the year ended December 31, 2021. The decrease was primarily attributable to decrease in interest expenses on bank loans as the Group has refinanced its credit facilities in 2020 for lowering interest expense for future periods; and no one-time acceleration of the amortization of deferred finance cost in 2021 while such item was noted in 2020 due to replacement of previous credit facilities in prior year.

Income tax

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which its entities are domiciled and operate. Under the relevant PRC income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2020: 25%) on their respective taxable income. During the year, five (2020: five) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

During 2021, the Group's U.S. subsidiaries were subject to U.S. federal income tax at the rate of 21%, and to various U.S. state income taxes at rates ranging from 0.38% to 11.5%.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits rates regime.

Income tax expense of the Group decreased by approximately 8.3% year-on-year from approximately US$124.5 million in 2020 to approximately US$114.1 million in 2021. The decrease was primarily attributable to the loss incurred in the Group's U.K. subsidiaries and decreased accrual of PRC dividend withholding tax.

Net profit

As a result of the foregoing reasons, net profit for the Group for the year ended December 31, 2021 increased by approximately 14.5% from approximately US$402.3 million in 2020 to approximately US$460.7 million in 2021.

NON-IFRS MEASURES

To supplement the Group's consolidated statements of profit or loss which are presented in accordance with IFRS, the Group also uses adjusted net profit, EBITDA and adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The Group believes that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provide useful information to potential investors and management in facilitating a comparison of the Group's operating performance from period to period by eliminating potential impacts of certain items that do not affect the Group's ongoing operating performance, including expenses arising from the acquisition of SharkNinja and the reorganization (the "**Reorganization**") in preparation for the global offering of the Company in 2019 (the "**Global Offering**"), and non-operational or one-off expenses and gains (each without considering tax effect). Such non-IFRS measures allow investors to consider matrices used by the Group's management in evaluating the Group's performance. From time to time in the future, there may be other items that the Group may exclude in reviewing the Group's financial results. The use of the non-IFRS measures has limitations as an analytical tool, and it should not be considered in isolation from, or as a substitute for or superior to analysis of, the Group's results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table shows the Group's adjusted net profit, EBITDA and adjusted EBITDA:

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Profit for the year	**460.7**	402.3
Add:		
Items arising from acquisition and relating to the Reorganization	***19.6***	*23.7*
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	**19.6**	23.7
Non-recurring items and items not related to the Company's ordinary course of business	***22.1***	*(6.8)*
Stock-based compensation	**28.4**	38.0
Tariff refunds	**—**	(38.1)
Acceleration of the amortization of deferred finance cost[14]	**—**	31.3
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(1.1)**	(23.4)
Gain on fair value change from equity investments	**(5.2)**	(14.6)
Adjusted net profit	**502.4**	419.2
Attributable to:		
Owners of the parent	**464.0**	377.8
Non-controlling interests	**38.4**	41.4
	502.4	419.2

14 One-off expense for the acceleration of the amortization of deferred finance cost due to the replacement of credit facilities.

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Profit before tax	**574.8**	526.8
Add:		
Finance cost	**27.9**	80.5
Depreciation and amortization	**116.8**	104.9
Bank interest income	**(8.1)**	(11.2)
EBITDA	**711.4**	701.0
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	***22.1***	*(38.1)*
Stock-based compensation	**28.4**	38.0
Tariff refunds	**—**	(38.1)
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(1.1)**	(23.4)
Gain on fair value change from equity investments	**(5.2)**	(14.6)
Adjusted EBITDA	**733.5**	662.9

The non-IFRS measures used by the Group adjusted for, among other things, (i) amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja, (ii) stock-based compensation, (iii) tariff refunds, (iv) acceleration of the amortization of deferred finance cost, (v) gain on disposal of property, plant and equipment, investment property, associates and subsidiaries, and (vi) gain on fair value change from equity investments, which may be considered recurring in nature but are neither considered by the Group as related to the Group's ordinary course of business nor indicative of the Group's ongoing core operating performance. Therefore, the Group believes that these items should be adjusted for when calculating adjusted EBITDA and adjusted net profit, as applicable, in order to provide potential investors with a complete and fair understanding of the Group's core operating results and financial performance, so that potential investors can assess the Group's underlying core performance undistorted by items unrelated to the Group's ordinary course of business operations, especially in (i) making period-to-period comparisons of, and assessing the profile of, our operating and financial performance, and (ii) making comparisons with other comparable companies with similar business operations but without any material acquisition.

Liquidity and financial resources

Inventory

The Group's inventory increased by 35.9% from approximately US$575.5 million as of December 31, 2020 to approximately US$782.3 million as of December 31, 2021. This increase is primarily due to continued sales growth in 2021 and expected growth in the first quarter of 2022. Inventory turnover days[15] increased from 71 days in 2020 to 76 days in 2021.

Trade and bills receivables

The Group's trade receivables increased by 3.5% from approximately US$1,203.5 million as of December 31, 2020 to approximately US$1,245.8 million as of December 31, 2021. The increase was primarily due to continued sales growth partially offsetting the improvement in trade receivables collection in 2021. Trade receivables turnover days[16] maintained stable at 86 days as 2020.

Trade and bills payables

The Group's trade payables decreased by 0.7% from approximately US$885.3 million as of December 31, 2020 to approximately US$879.1 million as of December 31, 2021. Trade payables turnover days[17] decreased from 104 days in 2020 to 98 days in 2021.

During the year ended December 31, 2021, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from (i) bank borrowings; and (ii) cash generated from operations.

As of December 31, 2021, the Group had cash and cash equivalents of approximately US$555.5 million as compared to US$570.8 million as of December 31, 2020. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of December 31, 2021, the Group's total borrowings amounted to approximately US$942.1 million, representing an increase of approximately 0.3% compared to approximately US$939.4 million as of December 31, 2020. As at December 31, 2021, all of the Group's borrowings were denominated in US$, and the borrowings were based on floating interest rates.

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15 Average inventories equal inventories at the beginning of the year plus inventories at the end of the year, divided by two. Turnover of average inventories equals average inventories divided by cost of sales and multiplied by the number of days in the year.

16 Average trade and bills receivables equal trade and bills receivables at the beginning of the year plus trade and bills receivables at the end of the year, divided by two. Turnover of average trade and bills receivables equals average trade and bills receivables divided by revenue and then multiplied by the number of days in the year.

17 Average trade and bills payables equal trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year, divided by two. Turnover of average trade and bills payables equals average trade and bills payables divided by cost of sales and then multiplied by the number of days in the year.

The table below sets forth a breakdown of the bank borrowings of the Group as of December 31, 2021:

	As of December 31, 2021 *(in US$ million)*
Interest-bearing bank borrowings (current portion)	**85.2**
Interest-bearing bank borrowings (non-current portion)	**856.9**
Total	**942.1**

The table below sets forth the aging analysis of the repayment terms of interest-bearing borrowings as of December 31, 2021:

	As of December 31, 2021 *(in US$ million)*
Repayable within one year	**85.2**
Repayable within two years	**135.1**
Repayable within three to five years	**721.8**
Total	**942.1**

As of December 31, 2021, the Group had total bank facilities of approximately US$1,150.0 million (2020: approximately US$1,200.0 million), of which bank facilities of approximately US$200.0 million were unutilized (2020: approximately US$250.0 million).

Gearing ratio

As of December 31, 2021, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity) was 49.3%, representing a decrease of 3.6 percentage points as compared with 52.9% as of December 31, 2020. The decrease was mainly attributable to growth in equity this year being higher than growth of total debt.

Foreign exchange risk

The Group's currency exposures arise from sales or purchases by business units in currencies other than their respective functional currencies.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As the borrowings of the Group are all denominated in US$, the interest rates on its borrowings are primarily affected by the benchmark interest rates set by the LIBOR.

The Group manages its interest rate risk by closely monitoring and regulating the debt portfolio of the Group and will consider entering into interest rate swap contracts should the need arise.

Charge on assets

As of December 31, 2021, certain assets of the Group's subsidiaries had been pledged to secure the Group's borrowings of a total amount of US$942.1 million and total pledged assets accounted for approximately 53.3% of the total assets of the Group. As of December 31, 2021, the equity interest of certain of the Group's subsidiaries had been pledged to secure the Group's borrowings.

Capital expenditures

The capital expenditures of the Group primary consist of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets. For the year ended December 31, 2021, capital expenditures of the Group amounted to approximately US$149.6 million (2020: US$129.7 million).

Contingent liabilities

As of December 31, 2021, the Group had no material contingent liabilities.

PROSPECT & STRATEGY

Growth Strategies

The Company is committed to driving sustainable long-term growth and strengthening the market position as a global leader in small household appliances through the following strategies:

- Develop and commercialize innovative products, combining powerful technology with appealing designs;
- Drive sustainable long-term growth through sales network and product category expansion;
- Maximize synergies between the Joyoung segment and the SharkNinja segment;
- Strengthen the Group's brand recognition and enhance consumer engagement; and
- Pursue strategic partnerships and acquisitions.

With respect to growth through our sales network, in 2021, we focused on expanding internationally including further growth within the U.K. and Japan, building momentum from our 2020 launch in Germany and France, and starting direct operations in Spain and Italy in 2021, and at the same time working with major retailers in these countries to have the products placed through local sales teams. In the long run, the Group's development strategy focuses on three dimensions: the growth of existing products, the increase in new product offerings and the expansion to new global markets. We will continue to follow and explore consumer demands, launch innovative products continuously through our strong global R&D platform, and create winning products leveraging our strong marketing and media communication capabilities and omni-channel sales network.

With regards to product innovation, we continually seek to expand the product portfolio within the categories that we are already in. Further, we plan to expand into categories that are brand new to the U.S., including outdoor cooking, bakeware, and home environment, in addition to further expansion within personal care and beauty, cutlery, air purifiers, cookware, and ice cream maker where the Ninja CREAMi was launched in 2021. We also plan to continue to develop new products within existing categories including additional hard floor cleaning products, new products within the Ninja Foodi series, a new series of robotic vacuums and a new series of cordless vacuums.

We also focus on continuing to drive synergies between SharkNinja and Joyoung businesses on both the cost side and the sales side. With respect to the cost side, the supply chain and engineering teams have been working closely to identify common materials and components used by both businesses in order to use combined volumes to negotiate for lower costs. In addition, end suppliers are being shared by both segments in order to increase the total number of suppliers available to both segments and help to create a more competitive supplier landscape. On the sales side, we continue to expand the product portfolio under the Shark brand in China.

The core competitiveness of Joyoung is mainly reflected in the advantages of mid-to-high-end, all category and multi-brand positionings; the nationwide online and offline sales network, especially the new retail channels represented by retail stores "Shopping Mall" and the operational advantages of content e-commerce; the product advantages of insight into consumer needs and focusing on the core mainstream category innovation; and the use of digital middle platform to explore the value of big data and strengthen the advantages of digital operation.

Impact of COVID-19

The COVID-19 outbreak has caused a global health emergency that has impacted our business in a number of ways. The health and safety of our employees and their families, suppliers and other business partners and customers has been and will continue to be our top priority throughout this pandemic so we have proactively implemented preventative health measures. Although the COVID-19 vaccine is now available, the duration of the COVID-19 outbreak remains uncertain due to recent variants formed and its full impact is not yet known. From the second quarter of 2020, the COVID-19 outbreak was under control in China and offline stores re-opened and were back to normal operation. In the U.S. and Europe, people have returned to their pre-pandemic routines to a certain extent as vaccines have been rolled out, although we are still seeing a much higher percentage of people working at home rather than at the office than prior to the COVID-19 pandemic. We expect some elements of the stay-at-home economy to remain even after the COVID-19 pandemic is behind us.

Throughout the COVID-19 pandemic, a higher percentage of our sales in North America and Europe were done through online channels than offline channels. Supported by its strong omni-channel advantage, SharkNinja met the needs of consumers through its existing e-commerce platforms and relationships with online retailers. As vaccines were made available and infection rates began declining in North America and Europe, people began to return to their previous shopping habits including a return to offline retailers. As sales shift between online and offline channels, the SharkNinja segment will continue to have its products placed wherever consumers choose to shop.

We have shifted production from China to other countries including Vietnam and Thailand. However, COVID-19 outbreaks in those countries caused significant disruption at factories and at ports, which led to lost production and delays in delivery of products from our manufacturing partners in those countries. As a result, we were not able to produce as many products in Vietnam and Thailand as we had planned to, which led to a reduced ability to offset the impact of tariffs on certain products, as well as an inability to meet all of the demand for those products in the second half of 2021.

As the vaccination rate in China increases and the awareness of personal protection increases, we believe the epidemic will eventually end and the domestic small home appliance innovation will continue to lead the global market. As a leading brand in the domestic small home appliance industry, Joyoung will continue to insist on innovation, actively grasp the growth trend, develop and innovate more new categories to meet the market demand, devote itself to entering new fields such as cleaning small home appliances, and devote itself to building the company into a full category of high-quality small home appliance leader.

Moving forward, there are still inherent uncertainties about the future impacts of COVID-19. However, we firmly believe that no matter how the macro market environment changes, we will always adhere to research and development and innovation in both existing and new categories to offer better small household appliances solutions to consumers, thus maintaining our rapid growth in the industry.

Global Supply Chain and Macroeconomic Factors

Starting in the second half of 2020 and continuing through 2021, we saw a number of disruptions to the global supply chain which have impacted our business. Due to these circumstances, we saw an increase in global ocean freight costs, and an overall shortage of containers which are needed to ship our goods from China and other countries to North America, Europe and other markets. As demand has remained strong in 2021, we have seen a shortage of shipping containers, congestion and back up at ports, and rising ocean freight costs. We believe these increased ocean freight costs and port congestion will continue to be a factor throughout at least the first half of 2022, creating the need to carry higher amounts of inventory due to the unpredictability of transit times.

We are also seeing rising commodities and component prices as well as a shortage of certain key commodities and components that are needed to manufacture our products. While our business is not directly impacted by the Russo-Ukranian War, it may also impact the availability and price of certain key commodities. During 2021, we were able to manage through these headwinds and secure the majority of the products that we needed to meet our demand around the world.

The increased costs for key commodities and components is likely to continue in 2022, contributing to concerns about global inflation. We will continue to mitigate these increased costs by finding offsetting ways to reduce our product costs through re-engineering where appropriate, through leveraging our economies of scale to negotiate better costs, and by raising the selling prices of our products where appropriate. We believe the demand for our products will continue to be strong moving forward, in particular as concerns about inflation continue we anticipate that people will continue to cook at home more and otherwise continue to spend more time at home, thereby increasing their need to cook and clean.

Go-Forward Impact of Trade War

Most of the vacuums, air fryers and air purifiers that we import from China to the U.S. have been subject to the ongoing trade war between the U.S. and China. As a result, we paid 25% tariffs on those goods imported into the U.S. during 2021. However, on March 23, 2022, the Office of the United States Trade Representative announced that tariff exclusions on most of our products that had been subject to those 25% tariffs would be reinstated through December 31, 2022, retroactive to October 12, 2021. Accordingly, we expect to be able to import the majority of the vacuums, air friers and air purifiers that are produced in China into the U.S. without tariffs during 2022.

As a result of trade war between the U.S. and China as well as the desire to further diversify our supply chain, we have continued to source finished goods from outside of China with suppliers in Vietnam and Thailand. We are also working with those suppliers to improve supply chain efficiency and reduce their costs to be closer to the cost we pay for products produced in China moving forward. Despite tariff exclusions being reinstated for 2022, we are maintaining our focus on a diversified supply chain by shifting production out of China and working on initiatives to lower our product cost on those goods.

USE OF PROCEEDS FROM THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

For the purposes of (i) repayment of revolving credit facilities and/or for research; (ii) research and development expenses for technology upgrade in existing product lines and ongoing new products development; and (iii) increasing brand awareness and expanding online market channels, as well as obtaining retailer shelf space in the new markets in Europe and Asia, the Company and Easy Home Limited entered into a placing and subscription agreement with China International Capital Corporation Hong Kong Securities Limited and Merrill Lynch (Asia Pacific) Limited (the "**Placing Managers**") on September 24, 2020 (the "**Placing and Subscription**"). Pursuant to the placing and subscription agreement, the Placing Managers will have procured on a best effort basis purchasers to purchase, an aggregate of 109,226,000 shares of the Company at the price of HK$14.12 per share to no less than six placees which are professional, institutional and/or individual investors. The closing price of the share of the Company on September 23, 2020, being the last trading day prior to the date of the placing and subscription agreement, was HK$16.04. On September 28, 2020, an aggregate of 109,226,000 shares of the Company have been successfully placed at the price of HK$14.12 per share. Subsequently, a total of 76,458,000 ordinary shares of the Company with a nominal value of US$0.00001 each were issued upon completion of the subscription to Easy Home Limited (with an aggregate nominal value of US$764.58) on October 6, 2020.

The net proceeds received by the Company from the Placing and Subscription was approximately HK$1,070,423,400. The net subscription price, after deducting such fees, costs and expenses, was therefore approximately HK$14.00 per subscription share. Details are set out in the announcements issued by the Company dated September 24, 2020 and October 6, 2020.

As at December 31, 2021, approximately HK$1,070 million of the net proceeds had been utilized in line with the proposed use of proceeds as set out in the announcement of the Company dated October 6, 2020.

The following table sets forth a breakdown of the utilization of net proceeds as of December 31, 2021:

Purpose	Percentage of total amount *(approx.)*	Net proceeds *HK$ million*	Utilised amount *HK$ million*	Unutilised amount *HK$ million*
1. Partial repayment of an existing revolving credit facility as a part of the facilities in the aggregate amount of USD1,200,000,000 due 2025	36%	390	390	—
2. Committing research and development expenses for technology upgrade in existing product lines and ongoing new products development	32%	340	340	—
3. Committing expenses such as increasing brand awareness and expanding online market channels, as well as obtaining retailer shelf space in the new markets in Europe and Asia	32%	340	340	—
	100%	1,070	1,070	—

The net proceeds have been used up according to the purposes as stated in the announcement of the Company dated October 6, 2020, and there are no material change or delay in the use of proceeds.

CONTINUING CONNECTED TRANSACTIONS — SHANGHAI LIHONG CEASED TO BE A CONNECTED SUBSIDIARY OF THE COMPANY

Reference is made to the prospectus of the Company dated December 9, 2019 under the section headed "Connected Transactions", the announcements of the Company dated November 2, 2020, December 23, 2020 and March 31, 2021 (together the "**Announcements**") in relation to, among other things, revision of annual caps for the Purchasing Distribution Agreement and Commissioned Manufacturing Framework Agreement. Since Shanghai Lihong Enterprise Management Company Limited (上海力鴻企業管理有限公司) ("**Shanghai Lihong**") and its subsidiaries are connected subsidiaries of the Company under Rule 14A.16 of the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**"), therefore transactions contemplated under the Purchasing Distribution Agreement and the Commissioned Manufacturing Framework Agreement were subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is also made to the announcement of the Company dated April 6, 2021 in relation to the Share Purchase Agreement dated April 6, 2021 between JS Global Trading HK Limited (an indirect wholly-owned subsidiary of the Company) as purchaser; and the Controlling Shareholders Group, Shanghai Hezhou Investment Co., Ltd and the other individual shareholders (the "**Sellers**"). The Sellers collectively agreed to sell and the purchaser agreed to purchase the shares of Shanghai Lihong representing approximately 16.247% of the total issued shares of it (the "**Target Shares**").

Upon completion of the acquisition of the Target Shares, Shanghai Lihong becomes a wholly-owned subsidiary of the Company on June 10, 2021. Therefore, Shanghai Lihong ceased to be a connected subsidiary of the Company. The transactions contemplated under the Purchasing Distribution Agreement and Commissioned Manufacturing Framework Agreement as stipulated in the Announcements ceased to be connected transactions under Chapter 14A of the Listing Rules.

As of June 10, 2021, the existing annual caps under the Purchasing Distribution Agreement and the Commissioned Manufacturing Framework Agreement of RMB250 million and RMB1,100 million, respectively, had not been exceeded.

BOARD COMMITTEES

The Company has established four Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the strategy committee, the audit committee (the "**Audit Committee**"), the remuneration committee and the nomination committee.

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely Dr. Wong Tin Yau Kelvin (Chairman), Mr. Timothy Roberts Warner and Mr. Yang Xianxiang, has discussed with the external auditor of the Company, Ernst & Young, and reviewed the Group's consolidated financial information for the year ended December 31, 2021, including the accounting principles and practices adopted by the Group.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2021, the Group had approximately 5,582 employees in total (as of December 31, 2020: 4,926), of which approximately 3,857 employees were with its China operation, approximately 984 employees were with its U.S. operations, and approximately 741 employees were with other countries or regions operations. For the year ended December 31, 2021, the Group recognized staff costs of US$394.1 million (2020: US$356.0 million).

The Group implements training programs for all of its employees, from entry-level employees to management on subjects such as corporate culture, research and development, strategies, policy and internal control, internal systems and business skills. Some of the Group's subsidiaries have labor unions that protect employees' rights, help fulfill the subsidiaries' economic objectives, encourage employee participation in management decisions and assist in mediating disputes between the subsidiaries and union members. The remuneration package for employees generally includes salary and bonuses. Employees typically receive welfare benefits, including medical care, pension, occupational injury insurance and other miscellaneous benefits.

In order to recognize and reward the management and employees of the Group for their contribution, to attract the best available talents, and to provide additional incentives to them to remain with and further promote the success of business, the Company adopted the restricted stock unit plan (the "**RSU Plan**") on October 9, 2019 (amended on December 14, 2020, June 4, 2021 and December 30, 2021, respectively), and (i) issued and allotted 141,618,409 ordinary shares with a par value of US$0.00001 pursuant to the RSU Plan on October 25, 2019, which represent approximately 4.05% of the issued share capital of the Company as at the date of this announcement; and (ii) issued and allotted 5,500,000 ordinary shares with a par value of US$0.00001 pursuant to the RSU Plan on January 18, 2021, which represent approximately 0.16% of the issued share capital of the Company as at the date of this announcement. As of December 31, 2021, the Company had granted an aggregate of 140,560,148 restricted stock units, of which 16,351,623 and 17,989,208 restricted stock units were vested on April 29, 2021 and May 10, 2021, respectively, in accordance with the terms and conditions of the RSU Plan.

With the aim to further improving the corporate governance structure of Joyoung Co., Ltd. ("**Joyoung**"), establishing and enhancing the long-term incentive and constraint mechanism of Joyoung, attracting and retaining talents, the Company approved and adopted the share option incentive scheme of Joyoung (the "**Subsidiary Option Scheme**"). On June 1, 2021 following the registration on Shenzhen Stock Exchange, it has offered the first grant of 15,600,000 options pursuant to the Subsidiary Option Scheme to 107 eligible persons upon the approval of the Company's shareholders at the extraordinary general meeting of the Company held on May 28, 2021. For more details, please refer to the circular of the Company dated May 12, 2021 and the announcements of the Company dated May 28, 2021 and June 2, 2021.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. During the Reporting Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision C.2.1 of the CG Code — Chairman and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wang Xuning ("**Mr. Wang**") currently holds both positions.

After taking into consideration the factors below, the Board considers that vesting the roles of the Chairman and Chief Executive Officer in the same person, being Mr. Wang, is beneficial to the Group's business prospects and operational coordination between Joyoung and SharkNinja: Mr. Wang is responsible for formulating the overall business strategies and conducting general management of the Group. He has been the key person contributive to the development and business expansion of Joyoung since the invention of the soymilk maker in 1990s. Also, since the acquisition of SharkNinja, being the chairman of Joyoung and Global Chief Executive Officer of SharkNinja Global SPV Ltd. (the holding company of SharkNinja), he has acted as the main point of communication between the corporate operation of Joyoung and SharkNinja. Regarding the rapidly evolving small household appliance industry in which the Group operates, the Chairman and Chief Executive Officer need to have a profound understanding and be equipped with extensive industry knowledge to stay abreast of market changes, so as to facilitate the Group's business development.

COMPLIANCE WITH MODEL CODE REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules, which applies to all Directors and relevant employees of the Company who are likely to possess inside information in relation to the Company or its securities due to his/her office or employment.

The Company has made specific enquiries with each Director, and each of them confirmed that he/she had complied with all required standards under the Model Code during the Reporting Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF ASSETS

The Group did not have any significant investments during the Reporting Period. During the Reporting Period, the Group also did not carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 23, 2022, the Office of the United States Trade Representative announced in a "Notice of Reinstatement of Certain Exclusions: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation" that the United States Trade Representative has determined to reinstate exclusions of certain products from additional duties to be applied as of October 12, 2021 and be extended through December 31, 2022. As of the date of approval of these financial statements, according to the management's preliminary assessment, these exclusions cover the majority of vacuums, air purifiers and air friers that the Group imports from China to the United States, and management is assessing the possible amount of tariff refunds in 2022.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on April 29, 2022. The notice of the Annual General Meeting will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com) and despatched to the shareholders of the Company in due course.

PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.4098 per share for the year ended December 31, 2021 (the "**Final Dividend**") to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on May 10, 2022, subject to approval by the shareholders of the Company at the Annual General Meeting. The Final Dividend will be paid in Hong Kong dollars, which is expected to be payable on or around July 29, 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders to attend and vote at the Annual General Meeting

The register of members of the Company will be closed from April 26, 2022 to April 29, 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on April 25, 2022.

For determining the entitlement of the shareholders to the proposed Final Dividend

Subject to the approval of shareholders of the Company at the Annual General Meeting, the Final Dividend will be paid on or about July 29, 2022. For determining the entitlement to the proposed Final Dividend, the Register of Members will be closed from May 6, 2022 to May 10, 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed Final Dividend, all transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on May 5, 2022.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com). The 2021 annual report of the Company will be dispatched to the shareholders of the Company and published on the same websites in due course.

By order of the Board
JS Global Lifestyle Company Limited
Wang Xuning
Chairman

Hong Kong, March 29, 2022

As at the date of this announcement, the Board comprises Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling as executive Directors, Mr. Hui Chi Kin Max, Mr. Stassi Anastas Anastassov and Mr. Mao Wei as non-executive Directors and Dr. Wong Tin Yau Kelvin, Mr. Timothy Roberts Warner and Mr. Yang Xianxiang as independent non-executive Directors.