Annual Report 2021

WELCOME TO SIX

We are strengthening the competitiveness of our clients in our domestic and international financial markets through top-class services and innovation.

PERFORMANCE
INNOVATION
STABILITY
EXPERTISE
RESPONSIBILITY

WHAT WE DO

SIX provides and operates stable and efficient infrastructure for the Swiss and Spanish financial centers, thus ensuring access to the capital markets and the flow of information and money between financial market players. We are the Swiss competence center for payments and other banking services. We provide data, regulatory services, and indices to customers around the world.

EXCHANGES
SECURITIES SERVICES
FINANCIAL INFORMATION
BANKING SERVICES

CUSTOMER FOCUS
COLLABORATION
OWNERSHIP
TRUST

WHAT WE STAND FOR

Our corporate culture is shaped by four central values. Customer focus: We generate added value for our customers. Collaboration: We collaborate constructively with customers and partners, and work in teams. Ownership: We assume responsibility and drive innovation. Trust: We promote a culture of transparency and mutual trust.

FINANCIAL INSTITUTIONS
CORPORATES
ASSOCIATIONS
AUTHORITIES
EMPLOYEES
ACADEMIA

WHO WE WORK WITH

SIX connects financial market participants in Switzerland, Spain, and around the world. We are owned by more than 120 national and international financial institutions. They are the main users of our infrastructure, and our most important clients.

WHERE WE ARE HEADING

As a financial market infrastructure provider, SIX stands at the core of financial centers in Switzerland and Spain. At the same time, our financial infrastructure services serve not only the financial industry but benefit the entire economy and society as a whole. Therefore, SIX pursues a holistic set of targets that are geared not only toward its customers and shareholders, but are also mindful of the broader economy as well as people and the environment.

To achieve these targets in a rapidly changing and globalizing environment, SIX continuously invests into the development of its current infrastructure and the expansion of its service offering. In order to be able to keep financing these investments going forward, SIX itself must remain attractive for investors. The diligent execution of its ambitious growth strategy ensures that SIX realizes economies of scale and reaches its financial targets.

PURPOSE

We strengthen the competitiveness of our clients in our home markets and on the international financial markets through first-class services and innovations.

TARGETS

CUSTOMERS	FINANCIAL CENTER & ECONOMY	PEOPLE & ENVIRONMENT	SHAREHOLDERS
First-class innovative products and services.	**Secure, stable, and efficient infrastructure for conventional & digital assets.**	**Enabling a sustainable future.**	**Vehicle for growth and value creation.**
SIX provides a unique portfolio of products and services in a highly dynamic market environment. Our services and innovations enable our clients to excel in their core business, reduce their operational costs, and create value.	As a financial market infrastructure, SIX plays a systemically important role in Swiss and Spanish financial centers. SIX is committed to the stability and efficient running of the financial markets – today and tomorrow.	As an FMI, SIX plays a pivotal role in the transition to a greener, more sustainable economy by enabling the mobilization and reallocation of capital necessary for this transformation.	The consolidating global capital markets infrastructure and financial information landscape remains highly attractive. The diversified business portfolio of SIX allows the company to tap into the most promising growth opportunities within that field, creating an attractive value proposition for shareholder value creation.

STRATEGY

SIX Growth Strategy to ensure sufficient financing for necessary investments for scalable business success

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Foreword

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Thomas Wellauer, Chairman of the Board of Directors (left), and Jos Dijsselhof, CEO (right).
six-group.com

Dear readers

For 2021, we had all expected to see a step toward normality. It turned out otherwise, as again in 2021 the situation posed by the global pandemic remained a challenge for us all. The health of our employees and the stability of our systems were, and remain, our top priorities. We met that challenge. All of our platforms ran smoothly and our stable services enabled our customers to deliver on their service promises to their clients. Moreover, thanks to our dedicated employees, we continued to deliver on our growth strategy and reached important milestones in 2021. We are pleased to provide you with an insight into our progress, and to share some of the highlights we achieved together in this challenging year.

> “We want to shape the financial markets of tomorrow.”
>
> **Thomas Wellauer,**
> Chairman of the Board of Directors of SIX

Financial Results
In 2021, our income benefitted from organic growth and the newly combined business of SIX in Switzerland and Spain: The Spanish business acquired by SIX in mid-2020 contributed for a full 12 months for the first time. All four business units performed well, although they were differently impacted by various external factors, not least in connection with the pandemic. As foreseen in our strategy, organic and inorganic growth resulted in an increase of operating income: It was up by 8.9% compared to 2020. Thanks to strict cost discipline, we were able to increase EBITDA by 14.8%.

The non-operating result saw significant one-off effects attributable to our investment in Worldline. In 2020, a partial sale of our Worldline shares and the merger of Worldline with Ingenico had a very positive effect on our net financial result. In contrast, an impairment resulting from the announced sale of Worldline’s Terminals, Solutions & Services (“TSS”) business negatively affected the share of profit or loss of associates in 2021. Earnings before interest and tax (EBIT) and Group net profit therefore strongly deviated in a year-on-year comparison. EBIT amounted to CHF 147.2 million (–71.4%) and Group net profit to CHF 73.5 million (–83.2%) in the year under review. Without Worldline-related effects, Group net profit rose 37.3% compared to the previous year.

Growth Strategy
SIX continues to pursue its business growth strategy, and not only for the sake of increasing profits. We want to grow to be able to shape the financial markets of tomorrow. Growth allows us to expand our stable infrastructure, set up new digital infrastructures, and invest in the security of our systems, all of which are necessary if we are to differentiate ourselves from our competitors and serve our financial centers in the long term.

In 2021, key achievements in this respect included the launch of SIX Digital Exchange, the continuing growth of digital billing and invoicing in Switzerland, and the launch of “Sparks”, a new equity segment for SMEs at the Swiss stock exchange.

As of January 1, 2021, the new organizational structure following the BME transaction took effect. With the new structure in place, the organization is clearly aligned to fully deliver on the business purpose of SIX to strengthen the competitiveness of its customers. Given the rapidly evolving state of industry consolidation, M&A has remained key to strengthening the competitive position in core offerings as well as helping improve margins and acquiring additional capabilities and technologies. In the year under review, SIX announced three further targeted acquisitions, two of which were in the financial information business and one in the post-trading area.

Further Growth Opportunities

Growth is a prerequisite for successfully operating a platform business. As volumes on our platforms increase, economies of scale reduce unit costs. By lowering transaction costs within networks and creating recurring added value for its customers, SIX stays competitive.

Besides focusing on organic growth in core products and services, we are investing in the transformational opportunities of data and digital assets eco-systems. Following the launch of SDX in 2021, we are now focusing on onboarding new customers and bringing liquidity to this cutting-edge platform. Further, we see growth potential in the Singapore-based Asia Digital Exchange. This joint venture of SIX and SBI Digital Asset Holdings will drive institutional digital asset liquidity through a digital issuance platform, exchange, and CSD venue. The go-live is currently subject to regulatory approvals from the Monetary Authority of Singapore.

Bolt-on acquisitions and partnering opportunities will continue to strengthen our portfolio. The establishment of a data ecosystem, for example, is a key driver of our strategy. The aim is to bring all data offered by Financial Information into a seamless distribution, analytics, and insights solutions offering. This marks the transition from a data vendor to an insights and workflow solutions provider in a fully integrated financial market ecosystem.

→ SIX sees its biggest growth opportunities in digital assets and data. Read the respective “Focus” on pages 15 and 22.

Financial Flexibility and Cost Optimization

By recently entering the capital market, SIX further strengthened its financial flexibility. The successful placement of three bonds within just a few months has proven our capital markets ability: A benchmark Eurobond offering (EUR 650 million) in late 2020 was followed by a CHF bond offering (CHF 450 million) in the third quarter of 2021. By issuing the world’s first senior unsecured digital CHF bond with a total volume of CHF 150 million in the fully regulated environment of SIX Digital Exchange, we broke new ground in November 2021. All three bond placements allow the refinancing of the outstanding bridge facility associated with the acquisition of BME. Additionally, they allow for general investments in future infrastructure.

In order to remain attractive to investors in the future, SIX is enhancing its profitability with an intensified focus on improving margins. We therefore continue to successfully execute our Continuous Improvement Program (CIP) begun in 2018, aimed at optimizing our cost structure, and to realize synergies from the BME integration. Additionally, in 2021 we announced a comprehensive new efficiency program for the coming years. This program will build on the ongoing CIP and the synergies from the integration of SIX and BME, and will make further use of the broader European footprint of SIX.

“After the launch of SDX in 2021, we now focus on bringing liquidity to the platform.”

Jos Dijsselhof,
CEO SIX

Sustainability
The global shift toward sustainable finance continues apace. Sustainability is increasingly important to companies and their stakeholders – whether shareholders, employees, customers, partners, regulators or governments. SIX is no exception.

SIX manages environmental, social, and governance (ESG) topics across three dimensions: first, as a financial markets infrastructure (FMI) provider; second, as a company with shareholders, customers, and employees; and third, as a strategic commercial opportunity.

For example, in our role as an FMI we enable and promote disclosure and transparency to enable sustainable capital flows; as an organization we pay attention to our own performance from carbon emissions to cyber security, from diversity and inclusion to leadership development, and from corporate governance to social financial literacy; and we are building on the success of our ESG index launches to create products and services that enable our clients to meet their goals in sustainability. Our sustainability strategy will build on our strong heritage of supporting stable and reliable capital markets for the benefit of all and further develop our role in sustainable finance, delivering across all three dimensions.

We at SIX truly believe that the future of finance is happening now, therefore we are continuously investing in technology, services, and people. Thank you for your ongoing support in this transformational journey.

Yours sincerely,

Dr Thomas Wellauer   Jos Dijsselhof

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REPORT ON THE BUSINESS YEAR

Financial Review

2021 was another successful year for SIX, despite the challenges and uncertainties that recurring waves of COVID-19 continued to inflict on society and financial markets. Operating income totaled CHF 1.5 billion (+8.9%), EBITDA CHF 421.7 million (+14.8%). The non-operating result fell year-on-year due to significant one-off effects in 2020 and 2021. EBIT were accordingly lower (–71.4%), Group net profit amounted to CHF 73.5 million.

With recurring waves of the COVID-19 pandemic, 2021 was in many ways an extrapolation of the previous financial year. For the first time, the Spanish units acquired by SIX in mid-2020 contributed to the Group's income for a full 12 months. Operating income amounted to CHF 1,498.3 million. The year-on-year increase of 8.9% was above all due to the fact that BME's contribution in the comparison year 2020 was incorporated into the income statement only as of June.

All four business units performed well, although they were differently impacted by various external factors – not least in connection with the ongoing pandemic. Despite a general recovery of the global economy and a global demand that grew stronger and stronger over the course of the year, uncertainty increased again in late 2021, when a new wave of the pandemic disrupted supply chains and fueled inflation. Consumer prices in advanced economies escalated to 10-year highs, but central banks were cautious about tapering stimuli, and kept interest rates low. Market volatility remained high by historical standards, although it did not reach the record levels of 2020.

Operating Income Benefits from Organic Growth and the Combined Business of Switzerland and Spain

While equity trading on the stock exchanges did not reach the unprecedented volumes of the previous year, the economic environment was still favorable for the **Exchanges and Securities Services business units.** As of 1 January 2021, these units consist of the combined businesses of SIX in Switzerland and BME in Spain (see page 16).

Compared to the previous year, both stock exchanges of SIX saw a growing number of IPOs again – including the first ever SPAC (Special Purpose Acquisition Company) listing in Switzerland. Settlement transactions and deposit volumes, in particular, benefitted from the activity in the market and from high index levels. The Swiss Market Index SMI reached new all-time highs, ending the year 20.3% above 2020. The IBEX-35 in Spain grew 7.9%. As volatility levels dropped below the extraordinary peaks of the previous year, trading activity stabilized on the exchanges resulting in a year-on-year decline in trading turnover. Additionally, trading in Swiss equities on platforms outside of Switzerland was resumed in the UK following the restoration of stock exchange equivalence between Switzerland and the UK in February 2021. The market share of SIX in Swiss equity trading consequently dropped from almost 100% in 2020 to an average of 70.2% at the end of the fourth quarter 2021.

In its data business, SIX was able to increase sales in the year under review, thereby continuing the targeted turnaround in the **Financial Information business unit**. As in previous years, the

All four business units of SIX performed well in 2021.

core business with reference data, pricing data, and corporate actions contributed the most to the unit's operating income, and grew in 2021. Revenue from tax and regulatory services increased for another successive year. In February 2021, SIX expanded its offering in ESG and alternative performance data by taking a majority stake in Orenda Software Solutions. In July, SIX completed the acquisition of international index and ETF data specialist Ultumus, therewith expanding its data offering in the fast-growing ETF trading market.

In the payments sector, the decline of cash usage that started with the outbreak of the coronavirus in 2020 continued in 2021, negatively affecting revenues of SIX in the **Banking Services business unit.** However, the very low card transaction numbers due to the pandemic at the beginning of 2021 recovered during the course of the year and were able to offset the negative corona effect on the business unit's income from cash processing. Electronic billing continued to grow as well: With a good half of all Swiss households using eBill in the meanwhile, the platform recorded a new high of over 50 million transactions in 2021. Overall, the business unit recorded an increased operating income compared to the previous year, which was even more strongly affected by the pandemic.

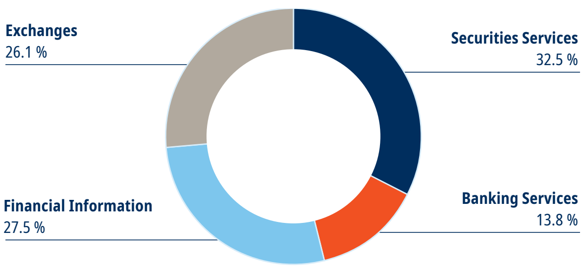
Growth and Cost Reductions Are to Increase EBITDA Margin

SIX has a growth strategy aiming at more volumes on its infrastructure and a broader international reach. Investments in selected organic and inorganic growth initiatives therefore remained a focus of SIX in 2021. This included, for example, the go live of SIX Digital Exchange (SDX), the further internationalization of post-trading services and the expansion of the data business. In the year under review, SIX also made three acquisitions, two of them in the data business (see above) and one in the post-trading business, where SIX agreed to become the sole shareholder of Regis-TR by taking over Clearstream's stake of 50%.

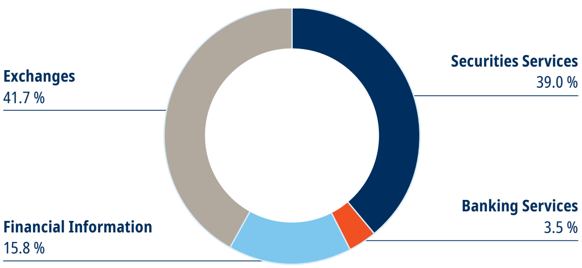
Growth goes hand in hand with strict cost management. In the year under review, operating expenses rose by 6.7% compared to 2020 due to the full contribution of the BME units versus only seven-month in 2020. In order to cope with its margin-ambitions, SIX is continuing to successfully execute on its current Continuous Improvement Program (CIP) and to realize the synergies from the BME integration. In 2021, this resulted in increased earnings before interest, tax, depreciation and amortization (EBITDA) of CHF 421.7 million (+14.8%), leading to an EBITDA margin of 28.1%. Continued growth and increased efficiency will further improve the EBITDA margin going forward.

SIX aims for further growth alongside a sustainable and significant increase in profitability.

OPERATING INCOME: CONTRIBUTION OF BUSINESS UNITS*
*excl. corporate functions



PROFIT CONTRIBUTION OF BUSINESS UNITS
*excl. corporate functions



Non-operating Result Substantially Impacted by One-Off Effects
Despite the improved operating result, earnings before interest and tax (EBIT) and Group net profit substantially decreased compared to the previous year. This was due to two opposing effects from the stake of SIX in Worldline in 2020 and 2021.

In 2020, a partial sale of Worldline shares held by SIX as well as the merger of Worldline with payment services provider Ingenico had a highly positive effect on the 2020 net financial result, increasing EBIT and Group net profit. In 2021, an impairment resulting from the announced sale of Worldline's Terminals, Solutions & Services ("TSS") business negatively affected the share of profit or loss of associates of SIX (CHF –102.1 million). Compared to the highly positive result of the previous year, EBIT and Group net profit saw a strong year-on-year deviation: EBIT amounted to CHF 147.2 million (–71.4%) and Group net profit resulted to CHF 73.5 million (–83.2%). Without Worldline-related effects, Group net profit rose 37.3% compared to the previous year.

For 2021, the Board of Directors recommends that the Annual General Meeting approve an ordinary dividend of CHF 4.75 per share.

SIX Strengthens Its Financing Capabilities by Entering the Capital Market
In the year under review, SIX has proven that its business model, its innovation capacities and its potential to grow is rated very positively by investors: Following its first successful placement of a Euro bond and subsequent listing at the Spanish exchange in December 2020, SIX entered the Swiss bond market in the third quarter of 2021 by placing a bond with a volume of CHF 450 million. The offer aroused considerable interest among a broad investor base in Switzerland. SIX used the net proceeds of both issuances, among others, for the refinancing of the outstanding bridge facility associated with the acquisition of BME.

In the fourth quarter of 2021, SIX issued the world's first tokenized bond in a fully regulated environment. The innovative bond is comprised of two interchangeable parts: The digital

Bond placements provide SIX with financial flexibility for investments in future infrastructure.

Overview of Key Figures

CHF million	2021	2020 restated[1]	Change in %
Total operating income	1,498.3	1,375.9	8.9%
Total operating expenses	–1,076.6	–1,008.6	6.7%
Earnings before interest, tax, depreciation and amortization (EBITDA)	**421.7**	**367.3**	**14.8%**
Depreciation, amortization and impairment	–173.6	–141.9	22.4%
Net financial result	1.3	273.8	–99.5%
Share of profit or loss of associates and joint ventures	–102.1	15.7	n/a
Earnings before interest and tax (EBIT)	**147.2**	**515.0**	**–71.4%**
Net interest and tax expenses	–73.7	–76.7	–3.9%
Group net profit	**73.5**	**438.2**	**–83.2%**
Workforce as at 31/12 (full-time equivalents)	3,685.1	3,528.7	4.4%
Total assets as at 31/12	17,983.4	18,399.5	–2.3%
Equity ratio (average)	71.6%	76.0%	–4.4 pp
Return on equity (average)	1.4%	8.9%	–7.5 pp

[1] See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement.

part with an issue volume of CHF 100 million is listed and traded at SDX, where it is also centrally held. The traditional part with an issue volume of CHF 50 million is listed and traded at SIX Swiss Exchange, and is held centrally by the longstanding custodian SIX SIS. The transaction was significant in many ways: SIX was therewith bridging the gap between the digital and traditional world and proved that the forward-looking distributed ledger technology (DLT) of its digital exchange SDX works very well in the highly regulated capital market. Further, SIX also demonstrated its innovative power and its significance for the transformation of the Swiss financial center. The net proceeds of the digital bond will be used for strategic financing purposes.

Financial Outlook

For the coming years, SIX aims for further growth alongside a sustainable and significant increase of profitability: EBITDA will continue to increase. Revenue growth and cost reductions will go hand in hand to achieve this target.

Revenue increases will come from synergies as a result of the BME acquisition and from leveraging the market position of SIX in the financial information business, particularly by leveraging the acquisitions made in 2021. Further, SIX will continue innovating to bring new products and services to market, but will also expand its existing offerings by entering adjacent markets. The increase in top-line growth will lead to increased profitability given the extensive fixed costs that are associated with some core business activities of SIX.

In addition, SIX will further improve its cost-side. Apart from substantial cost synergies stemming from the ongoing integration of BME, cost-cutting measures will include reducing supplier costs, critically prioritizing the project portfolio, making better use of international locations, and gradually reducing the workforce through natural turnover and targeted job cuts.

This will not only allow SIX to offset investments in the transformation of its business, but will also positively contribute to its refinancing capabilities, both eventually increasing the international competitiveness of SIX as a financial market infrastructure. ■

SIX will continue innovating to bring new products and services to market.

SIX Enables the Swiss Financial Center to Pioneer in Digital Assets

Bitcoin, Ether, Solana – cryptocurrencies are a global phenomenon. In contrast, digital assets such as securities remain – from a regulatory perspective – a national responsibility long term. With SDX from SIX at the forefront, Switzerland set the course in 2021 for the infrastructure that will be required to handle this.

It is often said that markets for digital assets are global in nature. That would be due to Distributed Ledger Technology (DLT), on which they were built, and the smart contracts that controlled them (see box). In practice, however, there are many regulatory challenges when it comes to issuing digital assets in one country, and offering them for sale to investors in other countries. This is especially true in the case of securities. Securities are highly regulated financial instruments overseen by national bodies. There is no such thing as an international asset. Of course, there are bilateral agreements and efforts toward harmonization, but the development of a global set of regulations would take a long time to achieve. This makes national initiatives all the more important.

Swiss Blueprint To Go Global?
From a legal and regulatory perspective, Switzerland is an excellent location for establishing infrastructure needed to handle digital assets. The government and authorities are committed to advancing corresponding laws and regulations. In mid-2021, for example, the Swiss Federal Council gave full passage to the DLT Act, amending ten existing federal laws. Furthermore, in September, the Swiss financial market supervisory authority FINMA approved the licenses required to operate SIX Digital Exchange (SDX). This allows SIX to operate its fully integrated infrastructure for trading, settlement, and custody of digital assets based on DLT in a regulated environment. The globally unique value proposition manifested itself in November 2021 with the first issue of a tokenized bond. The Swiss National Bank, too, is interested in the implications of technological change, as they depend on having financial market infrastructure that is secure, efficient, and fit for the future. Together with the Bank for International Settlement's Innovation Hub, along with SIX, they launched Project Helvetia to research how transactions involving tokenized assets can be settled on the cash leg. Both the issuance of digital central bank money on the DLT infrastructure of SDX and, alternatively, connection of SDX to the existing Swiss interbank clearing system SIC – completely without digital central bank money – were successfully implemented experimentally in 2021.

Distributed Ledger Technology and Tokenization

Securities trading has long been running electronically. Back in 1996, the Swiss stock exchange was the world's first securities exchange to switch from open-outcry floor trading to an electronic trading system with fully integrated transaction clearing and settlement. But the process behind the purchase or sale of a stock has remained the same. Trading, clearing, and settlement proceed in sequential steps. Distributed ledger technology (DLT) – also known as blockchain technology – now enables digital exchanges like SDX to simultaneously clear and settle transactions in real time. This frees up funds that today still have to be deposited as collateral with a central counterparty. The decentralized DLT architecture has the potential to replace the function of a central counterparty because it gives everyone involved in a transaction a "single view of the truth" and transactions can be executed automatically through smart contracts. On a digital exchange, assets exist in a tokenized form, i.e., in a uniform format that can be fractionalized infinitely in principle. Tokenization also makes non-bankable assets such as real estate tradable.

Business Performance & Highlights

Despite a global situation that remained challenging for businesses and individuals alike, SIX maintained the stability and reliability of its infrastructure and services at all times. Besides the contribution of the Spanish business acquired in mid-2020, new offerings and targeted initiatives in all four business areas reflected the Group's growth strategy.

As of January 2021, SIX established a new organizational structure to integrate the business of BME, acquired in mid-2020, in order to serve its customers best and bring about synergies and economies of scale from the acquisition as swiftly as possible. The securities business of SIX and BME was thus combined across countries and divided into Exchanges and posttrading activities ("Securities Services"). The financial data business of BME, including indices and value-added services, was integrated into the respective business portfolio of the Financial Information business unit. The Banking Services business unit stayed as it was, continuing its activities focusing on the Swiss financial center. All Finance and Services functions of BME as well as Human Resources, Risk, Legal and Compliance, IT, and Marketing and Communications were integrated into the SIX management.

Although travelling remained difficult and many of the staff at SIX still worked from home or in split operations for a large part of the year, the integration went well, with people and business continuously growing together. SIX was able to keep its platforms and services running smoothly in the interest of all market participants. Safety of staff was ensured thanks to consistent measures, which were adapted to the current pandemic situation.

The successful launch of SIX Digital Exchange in autumn stood out in the year under review as it marked an important milestone in the biggest innovation project of SIX, giving Switzerland a pioneering role in the internationally evolving field of digital assets (see page 15). On September 10, SDX formally received the authorizations from Swiss Financial Market Supervisory Authority FINMA to operate a stock exchange and a central securities depository for digital assets in Switzerland. The authorizations enabled SIX to go live with a fully regulated, integrated trading, settlement, and custody infrastructure based on distributed ledger technology (DLT) for digital securities. With these licenses, SDX can now offer the highest Swiss standards of oversight and regulation in the cutting-edge ecosystem of digital assets.

Another innovative achievement was the launch of the Secure Swiss Finance Network (SSFN) in collaboration with the Swiss National Bank (SNB). The SSFN is a monitored and protected network that allows authorized participants operating in the Swiss financial center to communicate securely with each other and with financial market infrastructures. This is intended to increase the security and stability of communication with the SIC payment system and other SIX services. The launch of the SSFN should make a significant contribution to combating cyber risks.

Several new offerings were introduced in all four business units, and with two acquisitions in the financial information business and the signed acquisition of the European trade repository Regis-TR, SIX continued to grow inorganically as well.

With SDX, SIX now offers the highest Swiss standards of oversight and regulation in the digital assets ecosystem.

As trading volumes return to normal, SIX prepares the ground for further organic growth on its exchanges.

Exchanges Business Unit
At CHF 381.3 million, the Exchanges business unit accounted for a quarter of operating income at SIX in 2021.

Compared to the unprecedented market fluctuations of the previous year, volatility levels were high but stable in 2021, resulting in a year-on-year decrease of trading volumes on the exchanges of SIX in Switzerland and Spain.

Trading in Swiss equities on platforms outside of Switzerland was resumed in the UK following the mutual recognition of equivalence of market regulation between the two countries in February. Consequently, the market share of SIX in Swiss equities trading declined from 100% in 2020 to an average of 70.2% in the fourth quarter of 2021. With CHF 1,281.6 billion, the trading turnover on SIX Swiss Exchange was 26.9% less than the previous year, while on the Spanish stock exchange trading turnover in equities was down by 11.7% (EUR 379.5 billion in 2021).

Indices reached new highs in the year under review. The SMI ended the year 20.3% above 2020, at 12,875.7 points, while peaking at the all-time high of 12,980.1 points (intraday value) on the year's last trading day on December 30. The IBEX-35 grew 7.9% compared to the previous year, ending the year at 8,713.8 points.

With the stabilization of the economy, more companies than last year decided to list on the stock exchange: SIX recorded five IPOs on SIX Swiss Exchange and five on the Spanish exchange in the year under review, including the first SPAC (special purpose acquisition company) that went public in Switzerland. In response to a regulatory need, SIX had developed a new listing standard specifically for SPACs as of December 6. Approval from all relevant authorities has been granted.

Another new trading segment was launched in October 2021: With "Sparks," SIX Swiss Exchange has created an equity segment specifically for small and medium-sized enterprises (SMEs). In addition to more efficient capital market access and a liquidity-enhancing trading model, SMEs benefit from various ancillary services, for example, from the Sparks IPO Academy, which is a training program for managers from high-growth SMEs preparing them for a possible IPO. SIX estimates that around 200 Swiss SMEs could seek equity capital on public markets in the next five to ten years. About ten to twenty could decide to list on SIX Swiss Exchange.

SIX in Switzerland and BME in Spain have both been working for several years to facilitate the financing capacity and liquidity of SMEs on the stock market. The Spanish exchange has had an equity market specifically for SMEs since 2009 (BME Growth). It developed very positively over the last decade, counting 127 listed companies at the end of 2021 – some 16 of which had been admitted during the course of the year.

Further trends that shaped capital markets in 2021 included the increasing relevance of ESG (environmental, social, and governance) factors for investors as well as high investor demand in crypto-based assets. With its exchanges in Switzerland and Spain, SIX was well positioned to profit from both trends: On the Spanish fixed income market, in particular, the number of ESG-linked bonds increased by 31 in the course of 2021, totaling a volume of EUR 12.7 billion tradable on the Spanish exchange at the end of the year. In September, the Spanish government listed its first green bond with investor demand exceeding the issuance volume (EUR 5 billion) 12-fold.

The Swiss stock exchange struck a chord with its great variety of tradable crypto products. Trading turnover reached CHF 8.6 billion, an increase of 673% compared with the previous year (CHF 1.1 billion). With 191 products in 15 different cryptocurrencies at the end of 2021, the Swiss stock exchange is one of the world's leading regulated trading venues for crypto-based assets.

With its biggest innovation project, SDX, SIX has underscored its ambition to be a key player in the innovative ecosystem of digital assets. With the receipt of FINMA licenses, SDX now offers the highest supervisory and regulatory standard in the Swiss digital financial ecosystem. By issuing the world's first tokenized bond on this fully regulated infrastructure in November, SIX officially put SDX in operation (see page 12, "SIX strengthens its financing capabilities by entering the capital market"). Along with the Bank for International Settlements (BIS) and the Swiss National Bank (SNB), SDX continued its work on the issuance and use of central bank digital currency (CBDC).

Securities Services Business Unit
In the Securities Services business unit, SIX combines its post-trading activities in Switzerland and Spain: clearing, settlement, and (international) custody as well as collateral management, repo trading, and trade repositories. With CHF 474.7 million, the business accounted for the biggest income share of the four business units in 2021 (33%).

Besides the combined strength of the two successful businesses in Switzerland and Spain, the favorable market environment with elevated volatility and high index levels contributed to the strong results. Clearing and settlement transactions of the business unit rose due to organic growth at Swiss and EU trading venues. Average deposit volumes increased by 15.8% in Switzerland, and by 8.4% in Spain. New custody volumes were added from Athex, the Greek central securities depository (CSD), which moved all international assets under custody to SIX. BME has a new settlement connection with the Italian CSD.

The Swiss repo market once again recorded record volumes of over CHF 70 billion in outstanding trades. The reference interest rate SARON is generated in this market; the multitude of trades and offers results in the robust benchmark that has now finally replaced LIBOR for calculating derivatives and mortgages in Swiss francs.
With the establishment of new legal entities of its central securities depository in Singapore and the US, SIX further expanded its global reach in the custody business in 2021. Therewith, SIX not only aims to attract additional volumes, but also to enhance its proximity to the market to better understand the needs of its clients in the individual regions and offer them support regardless of time zones. This was already rewarded in 2021 when SIX as international central securities depository scored above average in the annual Agent Bank of Major Markets survey conducted by the trade magazine Global Custodian. Besides the expansion of global reach and the attraction of additional volumes, further growth in the post-trading area is expected to come from an acquisition: In September, SIX signed an agreement to become the sole shareholder of Regis-TR, the leading European trade repository for reporting trades and transactions across multiple product classes and legal systems. Founded as a joint venture between Iberclear, the Spanish settlement and custody entity of SIX, and Clearstream, which is part of Deutsche Börse Group, SIX will take over Clearstream's stake of 50%. The transaction is expected to be completed in the first half of 2022.

Financial Information Business Unit
In mid-2020, SIX entered the next phase of driving its data business, with an optimized strategy that fully focuses on growth and further improving margins. The year under review saw a successful turnaround to an increasing growth rate. Accounting for an income share of around 27% (CHF 401.8 million), the Financial Information business unit is expected to become one of the growth engines of SIX in 2022 and beyond.

Main growth drivers in 2021 were the core business of reference data, pricing data, and corporate actions, which ›

The combined post-trading services of SIX account for a third of its operating income in 2021.

traditionally accounts for the largest share of the financial information business at SIX, as well as tax and regulatory services, which has been a growing segment for the past several years. SIX is today regarded as one of the leaders in the tax and regulatory space, and will continue to expand its coverage in the future. In 2021, it further expanded its offering to ESG regulatory data supporting the upcoming Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy.

The SIX index universe also expanded in 2021, with the launch of several new indices in Switzerland, Spain, and the Nordics. The Swiss Performance Index (SPI) and the Swiss Bond Index (SBI) are the basis for the first Swiss ESG indices by SIX which serve as benchmarks for corporate sustainability in the Swiss capital market. Gender Equality Indices, part of the ESG series, were launched in both Switzerland and Spain with the SPI Gender Equality Index (and the IBEX Gender Equality Index, respectively). SIX enhanced the cryptocurrency index offering with the SIX crypto market index 10 and the SDX Bi-Cap Index. The first one includes the SIX Crypto Currency Average rates for ten major cryptocurrencies and the latter comprises of the SDX BTC (Bitcoin) and SDX ETH (Ether) indices. With its new indices, SIX continues to support new market developments and investment trends as outlined in the Exchanges business unit chapter on page 17.

Two strategic acquisitions were completed in the year under review: In February, SIX expanded its offering in ESG and alternative performance data by taking a majority stake in Orenda Software Solutions. In July, SIX completed the acquisition of international index and ETF data specialist Ultumus. With a data universe that covers approximately 7,700 ETF products, accounting for 95% of the market, Ultumus is among the largest ETF calculation houses in the world. The acquisition expands the data offering of SIX on the fast-growing ETF trading market and already contributed to revenue growth in 2021.

As well as on a strong growth agenda, SIX is focused on efficiency improvements. In 2021, SIX was able to increase the automation rate in its data operations, further reducing operational costs. A major achievement in terms of efficiency, not only for SIX but for the financial industry as a whole, was the migration of the Association of National Numbering Agencies (ANNA) service bureau from a legacy infrastructure to a cloud-based platform. ANNA is a global association dedicated to efficient capital markets through the use of widely embraced ISO standards, and the ANNA services bureau is jointly operated by SIX and Cusip Global Services. The infrastructure migration improved latency, efficiency, and security, as well as data analytics.

Banking Services Business Unit

With CHF 201.4 million, the Banking Services business unit contributed around 14% of operating income in 2021. The smallest business unit of SIX, and the only one with a clear Swiss focus, Banking Services was seriously affected by Covid-19 since the outbreak of the pandemic. Consumers' payment behavior changed significantly, with an accelerated shift from cash to cashless payments. Consequently, the decline of ATM transactions continued in 2021. In view of this shift in payment behavior, SIX is launching new services for banks aimed at reducing operating costs of ATMs and ultimately contributing to an orchestrated reduction of the number of ATMs in Switzerland.

While cash payments decline, the trend in cashless payments is going in the opposite direction: After very low transaction numbers due to the pandemic in January and February, card transactions recovered strongly during the course of 2021. Additionally, SIX launched debiX+, a mobile application that allows banks to offer consumers a state-of-the-art card management experience. >

SIX accomplished the targeted turnaround to a growing data business.

At the end of the year, SIX for the second time in a row recorded more than one billion card transactions processed and an increase of 11% over the number of transactions in 2020. Cashless payments therefore more than offset the negative effect that the declining use of cash had on the revenues of Banking Services.

Interbank payments increased in the year under review, with transaction numbers rising year-on-year in Swiss Interbank Clearing (SIC, +23%), European Interbank Clearing (EuroSIC, +14%), and at the European correspondent bank SECB (+16%). These developments underline the importance and success of these central platforms that SIX provides to the Swiss financial community.

Digital billing and invoicing continued to increase as well, with eBill becoming the established digital invoicing standard in Switzerland: With over 2.4 million users at the end of 2021, the eBill platform reaches almost half of all Swiss households. The service is fully digital and allows users to receive and pay their invoices within their online banking application. A new high of over 50 million eBill transactions (+27% over 2020) was reached in the year under review, with additional volumes also coming from new network partners. Network partners provide access to eBill for billers, and enable transmission of eBills via the SIX platform to almost 100 financial institutions. SIX introduced the network partner model at the end of 2019. Today, 14 network partners are active – of which seven partnership agreements were concluded in 2021.

Due to this successful development and for the benefit of the further growth of eBill, SIX decided to sell the e-invoicing business run by SIX Paynet Ltd (network partner) to PostFinance in March. SIX can thus focus on the operation of the eBill infrastructure as well as on its continuous development and marketing.

With the open banking platform bLink, which was launched in 2020, SIX also leads the field in another innovative area of banking services, exploring the enormous potential of API-based business models for banks. To provide Swiss banks with easy access to the platform, SIX has ensured connectivity toward the complementary API hubs of Swisscom, Inventx and, as of January 2022, Finnova. A significant milestone was reached in the fourth quarter of 2021, when St. Galler Kantonalbank and Zürcher Kantonalbank activated the OpenWealth APIs via bLink. They are thus the first banks in Switzerland to offer external asset managers standardized interfaces (APIs) for their custody services. In addition, four new accounting solutions connected to bLink at the end of the year, enabling SMEs to integrate their bank account information into their tools via the Account Information Services (AIS) API. Existing use cases such as AIS and OpenWealth are just the start of a new API world evolving within the financial services industry and beyond its borders. ■

SIX leads its customers through the shift in payment behavior.

SIX Key Figures

CHF million		2021	2020 restated[1]	Change
Income statement				
Total operating income		1,498.3	1,375.9	8.9%
Total operating expenses		–1,076.6	–1,008.6	6.7%
Earnings before interest, tax, depreciation and amortization (EBITDA)		**421.7**	**367.3**	**14.8%**
Depreciation, amortization and impairment		–173.6	–141.9	22.4%
Net financial result		1.3	273.8	–99.5%
Share of profit or loss of associates and joint ventures		–102.1	15.7	n/a
Earnings before interest and tax (EBIT)		**147.2**	**515.0**	**–71.4%**
Net interest and tax expenses		–73.7	–76.7	–3.9%
Group net profit		**73.5**	**438.2**	**–83.2%**
Cash flow statement				
Cash flow from operating activities		375.8	–161.8	n/a
Cash flow from investing activities		–154.4	1,870.4	n/a
Cash flow from financing activities		184.5	752.5	–75.5%
Balance sheet as at 31/12				
Total assets		17,983.4	18,399.5	–2.3%
Total liabilities		12,771.0	13,144.4	–2.8%
Total equity		5,212.3	5,255.1	–0.8%
Net debt to EBITDA[2]		1.57	2.00	–0.42
Equity ratio (average)[3]		71.6%	76.0%	–4.4 pp
Return on equity (average)[4]		1.4%	8.9%	–7.5 pp
Shareholders' key figures				
Earnings per share	CHF	3.91	23.18	–83.1%
Ordinary dividend paid per share	CHF	4.75	4.30	10.5%
Payout ratio (adjusted)[5]		53%	65%	–12 pp
Operating key figures				
Workforce as at 31/12 (full-time equivalents)	number	3,685.1	3,528.7	4.4%
Workforce as at 31/12 (headcount)	number	3,826	3,665	4.4%
Swiss stock exchange trading turnover	CHF billion	1,281.6	1,752.4	–26.9%
Spanish stock exchange trading turnover (Equities only)	EUR billion	379.5	429.7	–11.7%
Market share of Swiss Equities (average Q4)		70.2%	100.0%	–29.8 pp
Market share of Spanish Equities (average Q4)		62.5%	64.3%	–1.8 pp
Swiss deposit volume (average)	CHF billion	4,079.7	3,522.9	15.8%
Spanish deposit volume (average)	EUR billion	2,494.2	2,300.2	8.4%
Number of SIC transactions	1,000	893,533	728,330	22.7%
Number of delivered financial instruments (business unit Financial Information)	million	1,788.0	1,634.0	9.4%

[1] See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement.

[2] Net debt to EBITDA = net debt / adjusted EBITDA previous 12 months. See note 21 capital management.

[3] Equity ratio = average equity previous 12 months / (average adjusted liabilities previous 12 months + average equity previous 12 months). The adjustments of the liabilities include the positions "payables from clearing & settlement" and "forwards from clearing & settlement".

[4] Return on equity = profit previous 12 months / average equity previous 12 months.

[5] According to the dividend policy, the dividend distribution is based on the reported Group net profit without any effects in the context of the participation in Worldline.

Data: Facilitating Markets, Fueling SIX

Financial information is an ever-growing mainstay in the diversified business portfolio of SIX. But the importance of data goes beyond just being a source of income: Data links different businesses, sectors, and even industries together. In this way it creates transparency, makes processes more efficient, and opens up new opportunities for business and growth.

According to market research firm IDC, in the next five years humankind will generate twice as much data as has been produced since the dawn of digital storage. Data permeates our everyday lives. Smartphones, sensors, streaming: Data is behind every service that we use. It eases workflows, meets needs, and provides information. And thanks to technological advancements, it is available in virtually any place at any time.

The ubiquity of data and new technological possibilities are drivers of innovation – including the financial information business. For example, artificial intelligence and cloud technologies make it possible to analyze huge volumes of data. Compared to simply obtaining the raw data, this creates added value for financial market players.

This can be illustrated using the example of the trend toward sustainable investments. Investors are increasingly inquiring about the ecological, social, and ethical orientation of investments or portfolios. Reliable information on ESG (environmental, social, and governance) criteria will soon be indispensable not only for advisory services, but also for the risk management and compliance of financial institutions. Because, while end customers increasingly need to factor ESG-considerations into their investment decisions, sustainability criteria and transparency provisions are being tightened through increased regulation. SIX aims to support its customers in this challenge by bringing all relevant data into a seamless distribution, analytics, and insights solutions offering.

Financial Information Yields Transparency and Efficiency

However, regarding financial information as an isolated growth market would be selling it short. Data has always been a catalyst for financial markets, supporting transparency and market participants' decision making. With the ability to extract insights from big data using technology, financial information now has the potential to link communities even beyond financial markets. It increases transparency between different sectors, therewith adding to the efficiency of processes and even creating new business opportunities.

For example, standardized programming interfaces, known as APIs, provide new participants with the opportunity to access traditional areas of banking. Open Wealth APIs have been live on bLink, the Open Banking platform from SIX, since 2021. Portfolio management systems, via which external wealth managers obtain their services, can easily and securely log in to them and integrate a bank's portfolio data directly into their tools. Such use cases are just the beginning of an evolving API world in which the value chain of banks is increasingly broken down based on the data available.

Data is also the catalyst for growth in the flourishing market for exchange-traded funds (ETFs). In contrast to the booming US market, the European market remains very fragmented. There is a lack of structure and efficiency. Having the right data in the right place can resolve this shortcoming. With the 2021 acquisition of Ultumus, the international index and ETF data specialist, SIX secured access to this very data – as Ultumus covers 95% of the ETF market. Combined with the value chain offered by SIX – exchange, post-trade, and reference data all under one roof – the company now has a unique selling proposition in the European ETF market.

All these examples illustrate how data is becoming a driver for growth along the entire value chain of SIX.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STRATEGY

SIX Growth Strategy

Financial markets are evolving. New technologies allow for ground-breaking innovations that will lead toward the transformation of the entire financial market infrastructure landscape. SIX is one of the very few companies acting at the intersection of finance, data, technology, and infrastructure. Continuous investments and margin accretive growth are indispensable for SIX to stay competitive and serve its financial centers in the long term.

SIX is one of the largest financial market infrastructure companies in Europe. Our purpose is to drive the competitiveness of our customers in both of our home markets – Switzerland and Spain – as well as globally.
Besides our customers in the financial industry, our services also benefit the wider economy and society as a whole. Accordingly, SIX pursues a holistic set of targets, encompassing all relevant stakeholders:

- **Customers:** Offer first-class innovative products and services
- **Financial Center & Economy:** Maintain a secure, stable, and efficient infrastructure for conventional & digital assets
- **People & Environment:** Enable a sustainable future
- **Shareholders:** Serve as a vehicle for growth and value creation

To achieve these targets in a rapidly changing and increasingly global environment, SIX builds on its unique business portfolio covering capital raising, trading, post-trade, data and information services, and banking infrastructure services. SIX operates a more diversified portfolio of activities than any other European financial market infrastructure.

The diversified business portfolio puts SIX in a promising competitive position, allowing the company to tap into the growth opportunities along the entire securities value chain that add most value to our customers.

Seizing these growth opportunities while at the same time ensuring the stability and efficiency of our infrastructure requires continuous investment. SIX itself must remain attractive for investors in order to finance this investment going forward, The diligent execution of its ambitious growth strategy ensures that SIX realizes economies of scale and reaches its financial targets.

In the current strategy cycle until 2024, SIX aims for further growth alongside a gradual increase of its profitability. Revenue growth of more than 4% per annum and cost reductions will go hand in hand to achieve this target.

The key elements of the SIX Growth Strategy are:

- further strengthening the capital-raising ecosystems in Switzerland and Spain, especially for SMEs
- fully leveraging capabilities and realizing synergies in the trading and post-trading business after the successful integration of the Spanish units
- growing the clearing and custody business by extending our offering and increasing our global footprint, for example by offering cross-border custody solutions in Asia and the US
- extending the offering in the digital asset space and loading liquidity onto the platform around SIX Digital Exchange

Besides its customers in the financial industry, the services of SIX also benefit the wider economy and society as a whole.

- expanding our attractive market position in the financial information space by pursuing various growth opportunities around tax and regulatory services, funds / ETFs, and ESG, thereby leveraging the bolt-on acquisitions made in 2021
- accelerating the current growth path in the banking services space by various measures, such as expanding our digitized billing offering (eBill) and growing our Open Banking ecosystem (bLink)

As in past years, and given the rapidly evolving state of the industry consolidation, seizing inorganic growth opportunities will remain an integral part of our growth strategy.

As a financial market infrastructure, SIX is committed to the stability and efficient running of financial markets. The systemically important role of SIX in Swiss and Spanish financial centers brings a responsibility with regard to facilitating sustainable finance. Financial markets play a pivotal role in the transition to a greener, more sustainable economy, by enabling the mobilization and reallocation of capital necessary for this transformation. Being at the heart of the capital market ecosystem, SIX will continue to actively support the transformation of Swiss and Spanish financial centers. ■

Additional information can be found at **www.six-group.com**

PURPOSE

We strengthen the competitiveness of our clients in our home markets and on the international financial markets through first-class services and innovations.

TARGETS

First-class innovative products and services.	**Secure, stable, and efficient infrastructure for conventional & digital assets.**	**Enabling a sustainable future.**	**Vehicle for growth and value creation.**
SIX provides a unique portfolio of products and services in a highly dynamic market environment. Our services and innovations enable our clients to excel in their core business, reduce their operational costs, and create value.	As a financial market infrastructure, SIX plays a systemically important role in Swiss and Spanish financial centers. SIX is committed to the stability and efficient running of the financial markets – today and tomorrow.	As an FMI, SIX plays a pivotal role in the transition to a greener, more sustainable economy by enabling the mobilization and reallocation of capital necessary for this transformation.	The consolidating global capital markets infrastructure and financial information landscape remains highly attractive. The diversified business portfolio of SIX allows the company to tap into the most promising growth opportunities within that field, creating an attractive value proposition for shareholder value creation.
CUSTOMERS	**FINANCIAL CENTER & ECONOMY**	**PEOPLE & ENVIRONMENT**	**SHAREHOLDERS**

STRATEGY

SIX Growth Strategy to ensure sufficient financing for necessary investments for scalable business success

Strategic Management of Environmental, Social, and Governance (ESG) Topics

With increasing demand for sustainable investments and evolving regulation in the area of sustainable finance, the importance of a clear stance on ESG and strategic ESG management has sharply increased for financial institutions. SIX is directly affected by this development in its roles first, as a provider of financial market infrastructure, second, as a responsible corporate citizen, and third, as a products and services provider for the financial industry.

Stakeholder expectations regarding the sustainability performance of companies have steadily grown in recent years. The importance of strategic management regarding environmental, social, and governance (ESG) topics has therefore sharply increased, especially for the financial industry. Investors are putting an ever-stronger focus on the impact and the ESG performance of their investments. Government and international organizations emphasize the role of finance in the transition to a sustainable economy, with the EU in particular enforcing transparency requirements to prevent greenwashing.

SIX is directly affected by this development: first as a provider of financial market infrastructure (FMI), second, as a responsible corporate citizen, and third, as a business-to-business provider of products and services for the financial industry. In the year under review, SIX elevated its ESG management to meet the changing stakeholder requirements in each of the three roles.

As an FMI, SIX plays a pivotal role in the transition to a greener, more sustainable economy by enabling the mobilization and reallocation of capital necessary for this transformation. For example, with its stock exchanges in Switzerland and Spain, SIX offers listing and trading venues for green bonds, the proceeds of which are used to finance climate projects. On the Spanish exchange, in particular, the number of green bonds continues to rise, reaching a volume of EUR 12.7 billion by the end of 2021 (see p. 17, Exchanges Business Unit).

As a corporate citizen, SIX assumes responsibility towards the economy, society, and the environment, including all stakeholder needs in its value creation considerations. SIX pays attention to its own performance, for examply by reducing its carbon emissions, ensuring cyber security, fostering diversity and inclusion, developing its leadership team, or promoting social financial literacy.

As a provider of products and services for the financial industry, SIX supports its customers in fulfilling their needs with regard to ESG and sustainable finance, for instance, by supplying ESG indices or distributing regulatory ESG data (see p. 19, Financial Information Business Unit). With eBill, SIX is continuously establishing digital billing and invoicing in Switzerland, thereby significantly contributing to the reduction of CO_2 emissions in Swiss payments.

A group-wide initiative is currently being conducted to develop a new Group sustainability strategy to be approved by the Board in 2022.

Carbon Footprint of SIX (Scope 1 and 2)

Total GHG emissions (in tCO_2e)	2021	2020	Change in %
Scope 1			
Natural gas (heating)	161	110	46.4%
Heating Oil	265	281	–5.7%
Refrigerant loss	4	4	0.0%
Diesel (emergency generators)	31	58	–46.6%
Total fuel consumption company-owned vehicles	17	20	–15.0%
Total Scope 1	**478**	**473**	**1.1%**
Scope 2			
Electricity	2,838	2,917	–2.7%
District heating	186	172	8.1%
Total Scope 2	**3,025**	**3,089**	**–2.1%**
Total Scope 1 + 2 [1,2,3,4]	**3,502**	**3,561**	**–1.7%**

[1] Coverage: SIX Group (incl. BME)

[2] Calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol (expressed in tons of CO_2-equivalents). Scope 1: GHG emissions from heating boilers and fuels. Scope 2: GHG emissions resulting from the production of electricity and district heating.

[3] Sources of emission factors: Ecoinvent (version 3.6)

[4] Scope 3 data: Please see SIX Sustainability Report 2021 (available from June 2022).

With eBill, SIX Significantly Reduces CO_2 Emissions in Swiss Payments

With more than 50 million transactions in 2021, eBill is now established as the digital invoicing standard in Switzerland. This also has an impact for our climate: A study on behalf of SIX reveals emissions savings of at least 80% of digital bills compared to paper invoices.

In Swiss payments, the majority of the more than 1 billion invoices per year are still sent by mail. This has corresponding negative effects on the Swiss carbon footprint. With the continuous establishment of digital billing and invoicing via eBill, SIX is contributing to significantly reducing CO_2 emissions related to Swiss payment transactions. A study conducted on behalf of SIX in 2021 compared the three main types of billing in Switzerland – paper bills via postal mailing, electronic bills via e-mail, and digital bills via eBill – with regard to their respective CO_2 footprint. Results show that with emissions of 9.8g CO_2-equivalent, eBill reduces CO_2 emissions by around 40% compared to e-mail invoices and achieves savings of at least 80% compared to paper invoices, which in the best case are paid via online banking (54.4g CO_2-eq).

SIX aims for 80% of all invoices in Switzerland to be paid via eBill by 2028. With the invoicing volume staying constant, this would result in an emission reduction of around 60% in Swiss payment traffic. Assuming an annual storage of about 6 t CO_2-eqivalent per hectare of forest, at least 5,700 hectares of forest could thus be preserved in 2028.

People & Culture

Employees of SIX have demonstrated extraordinary resilience and engagement over the last two years of the pandemic. Their safety and well-being is of utmost importance for SIX. Protecting measures were consistently adapted to the current situation. Fostering an open and inclusive workplace culture continues to remain a priority for SIX as well. It is a prerequisite to successfully executing the strategy.

To ensure business continuity and the stability of critical financial market infrastructure, the health and well-being of employees is of utmost importance for SIX. At the start of the COVID-19 pandemic in 2020, SIX deployed an internal "Corona Taskforce" that continuously informed employees about the development of the pandemic and took appropriate measures throughout 2020 and 2021.

With recurring waves of the pandemic, a large part of the workforce worked from home or in split operation for most of 2020 and 2021, while at the same time dealing with major challenges in both professional and private life. For example, the integration of BME into the SIX organization brought new structures, responsibilities, and processes for employees to get used to on both sides. At the same time, working from home required the reorganization of family lives and private daily routines.

As a consequence of the ongoing situation, topics like work-life balance – and related issues such as the compatibility of work and family, gender equality, and (mental) health – came even more into focus. SIX therefore offered free external assistance and confidential counseling to employees for both work-related and personal problems. In specific leadership training, SIX focused on employee care, including awareness and prevention of mental health issues, the promotion of a good working atmosphere, and collaboration.

SIX also promoted community building among employees, for example with the peer coaching program parents@work, gender diversity and LGBT+ communities or sport and leisure clubs. In collaboration with the Advance network for "Gender Equality in Business," SIX offers ongoing mentoring and education opportunities specifically for women.

Culture Transformation as a Prerequisite for a Successful Future

An open, inclusive and growth-oriented corporate culture, coined by the "SIX Spirit" values (Customer Focus, Collaboration, Ownership, and Trust) remains a top priority for SIX. It is a prerequisite for successfully executing on its strategy. With a long-term perspective, SIX works on three focus areas to develop its corporate culture. This includes leadership development based on new leadership capabilities, initiatives related to employee engagement, and organizational frameworks for employee performance, development and compensation to optimally support SIX Spirit values.

SIX fosters diversity, equity and inclusion. In this respect, SIX has set itself the goal increasing the percentage of women in middle and top management to a minimum of 25% by the end of 2023. In 2021, SIX was able to increase the proportion of women in management positions to 22.2% (compared to 19.3% in 2020). With Hannah Zaunmüller as new Chief Human Resources Officer, a second female joined the ten-member extended executive board in February 2021, while the representative proportion of women on the Board of Directors fell to 10% with the resignation of Sabine Keller-Busse at the end of April 2021 (see Corporate Governance, p. 39).

Employee Structure at SIX

	Number of emoployees	
	31/12/2021	31/12/2020
Women	1,205	1,127
Men	2,621	2,538
Total	**3,826**	**3,665**
Under 30 years	423	366
30 – 50 years	2,155	2,082
Over 50 years	1,248	1,217
Total	**3,826**	**3,665**
Switzerland	2,307	2,243
Europe	1,374	1,291
Asia	52	42
North America	77	74
South America	5	4
North Africa	11	11
Total	**3,826**	**3,665**

Gender Diversity of Employees and Governance Bodies

					31/12/2021
	Employees	Management	Extended Executive Board	Total	Board of Directors
Number	2,214	1,602	10	3,826	10
thereof women	*38.3%*	*22.2%*	*20.0%*	*31.5%*	*10.0%*
thereof men	*61.7%*	*77.8%*	*80.0%*	*68.5%*	*90.0%*

					31/12/2020
	Employees	Management	Extended Executive Board	Total	Board of Directors
Number	2,130	1,524	11	3,665	10
thereof women	*37.9%* [1]	*19.3%* [1]	*18.2%*	*30.8%*	*20.0%*
thereof men	*62.1%* [1]	*81.7%* [1]	*81.8%*	*69.2%*	*80.0%*

[1] Due to different management levels at SIX and BME in 2020, ratios are based on figures of SIX without BME.

What Does the Workplace of the Future Look Like?

The way we work has changed dramatically in the last two years. Video calls, online meetings, virtual collaboration – these are all things that we have since gotten used to. The question is: How will we be working from now on, after two years of pandemic?

What would our workplace look like if the Covid-19 pandemic had never occurred? Many of us would not question getting to the office by train, tram, or bicycle every morning – maybe cursing to ourselves while sitting in a traffic jam, even before reading through the first email of the day. Many of us would not dare to do a conference call while taking a walk. But here we are, after two years of the Covid-19 pandemic: navigating an entirely different landscape.

A large proportion of the staff has been working from home for the last two years – at least partially. Even creative processes such as brainstorming or the informal exchange of information (formerly the "office grapevine") were almost exclusively digital. Today, we are increasingly asking ourselves the question: How will we be working from now on?

"New Work" is the expression du jour. It denotes precisely this change to the working environment taking place in times of globalization and digitalization – change that has been greatly accelerated by Covid-19. SIX has been weighing the benefits and opportunities of New Work for some time now. One thing is now clear: The workplace we knew before the pandemic is a thing of the past. It made way for new ways of working, mindful of employees' needs, changing customer demands and technology that enables new ways of collaboration. SIX wants to drive this evolution and is developing its own path to hybrid work.

Employees have been able to draw many positives from the experience of past two years' remote working: better focus, more flexibility, no commuting time, more peace and quiet, more independence, and less supervision. But being mostly at home over a long period of time also comes with downsides. Some have felt isolated, others were overwhelmed by the many online meetings, or stressed from the feeling of having to be available at all times. One can't fully foresee how challenges of the new, post-pandemic workplace will look like, but one thing is clear: the new work model at SIX will expand on the positive qualities, while trying to find the best-possible solutions to the negative ones.

However, "New Work" is more than just a hybrid work model. Having fewer people in the office means that office layouts have to be redesigned. Work spaces are increasingly moving away from assigned individual offices, and instead implementing an activity-based working model. That goes far beyond garishly painted walls and football tables. The activity-based working model actually refers to setting up offices to meet the needs of the teams that will be working within them. It means, for example, having more meeting areas and meeting rooms for teams that interact with each other often – and more quiet areas for employees who have to work largely alone with a high level of concentration.

This new working world has another nice side-effect: it is good for the climate. Working from home eliminates one of the greatest sources of pollution associated with work: commuting. This is particularly true in Switzerland, where the vast majority of the workforce travel to their jobs by car.* If commuting is reduced and office spaces can be used more efficiently, the climate will benefit.

New Work is not a project that a company can simply complete. Rather, it is a constantly changing process that requires a great deal of flexibility and adaptability. That's why SIX always strives to develop optimal solutions and respond quickly to new challenges. For the working world of tomorrow.

* Source: Federal Statistical Office:
https://www.bfs.admin.ch/bfs/en/home/statistics/mobility-transport/passenger-transport/commuting.html

CORPORATE GOVERNANCE

Management Structure and Shareholders

SIX Group Ltd (SIX) is an unlisted public limited company based in Zurich.

Shareholders and Equity Structure
SIX is owned by 120 domestic and international financial institutions, which are also the main users of its services. The shares are widely distributed, i.e. no single owner or bank category has an absolute majority. All shareholders are bound by a shareholders' agreement.

The total equity of SIX amounts to CHF 19,521,905 and is divided into 19,521,905 registered shares with a par value of CHF 1.00 each. Of this amount, 607,864 (3.1%) are owned by SIX (treasury shares). The transfer of registered shares is restricted by the articles of association.

The transfer of shares must be approved by the Board of Directors. Subject to Art. 685b para. 4 of the Swiss Code of Obligations (CO), approval may be refused for significant reasons as mentioned in the articles of association. A resolution by the general meeting, backed by at least two thirds of the represented votes and an absolute majority of the par value of represented shares, is required along with a statutory quorum pursuant to Art. 704 para. 1 CO in order to:

1. ease or lift the transfer restriction on registered shares
2. convert registered shares into bearer shares
3. dissolve the corporation through liquidation
4. amend this provision.

Equity structure as of 31 December 2021

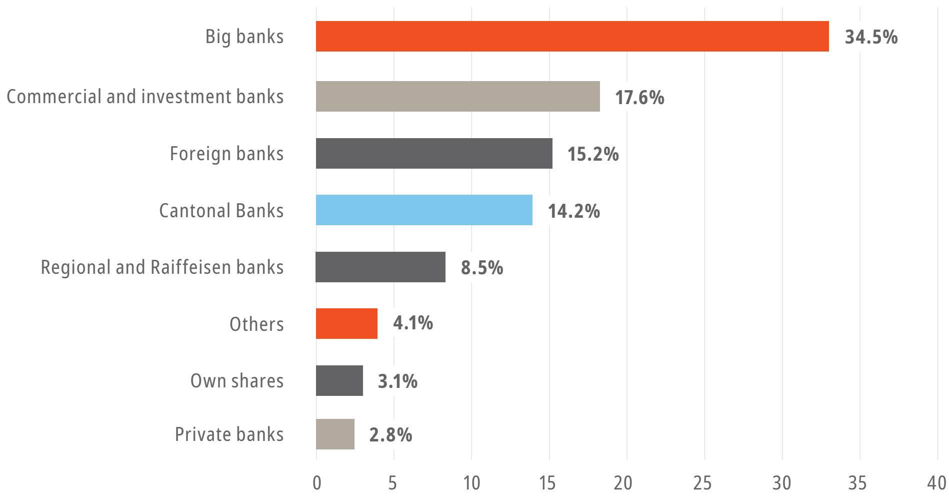
Ordinary share capital
CHF 19,521,905

Registered shares (par value CHF 1.00)
19,521,905

Security number
3768228

More information on the corporate governance of SIX is available at **www.six-group.com**

SIX Ownership Structure



Internal Organization and Competency Rules

As the company's highest governing body, the Board of Directors is responsible for supervising the Executive Board. The tasks and competencies of the Board of Directors and its committees and of the Executive Board as corporate bodies of SIX are defined in the articles of association, the rules of organization, and the competency rules.

The Board of Directors organizes itself into three committees to which it can delegate tasks and competencies: the Audit Committee, the Nomination & Compensation Committee, and the Risk Committee. Insofar as the committees do not have decision-making authority, they assist the Board of Directors in an advisory, monitoring, and initiating capacity, whereby their resolutions then have the character of recommendations.

The committees of the Board of Directors accept reports pertaining to their sphere of responsibility from the Executive Board and supervise the relevant operating business, in particular with regard to compliance with the articles of association, regulations, and directives. Meetings of the Board of Directors and committees generally last between two hours and a day. The Chair of the Board of Directors is invited to attend all committee meetings as a guest.

The CEO and CFO are present at all meetings of the Board of Directors. The chairs of the committees decide whether additional members of the Executive Board or other management staff are to be summoned, depending on the agenda. If deemed necessary, representatives of the external auditors participate in the Board of Directors' discussion of their reports.

The Chairman of the Board of Directors, or the chairs of the committees, set the agenda for meetings. Debates and resolutions are recorded in the minutes. The minutes of the committees are sent to all members of the Board of Directors. The committee chairs also deliver a verbal report on important events and resolutions at every Board of Directors meeting. In the year under review, the Board of Directors convened on 11 occasions, one of which was a one-day strategy seminar.

Audit Committee (AC)

The AC consists of three to four non-executive members of the Board of Directors. The activities of the AC are stipulated by the law, the applicable FINMA Circulars, the articles of association, the rules of organization (including the competency rules), and the regulations of the AC.

The AC assumes tasks relating in particular to accounting and financial reporting, the internal controlling system, the external auditors, and the Internal Audit department. AC meetings are attended by the CEO, the CFO, and representatives of the internal and external auditors. Six meetings were held in the year under review.

Nomination & Compensation Committee (NCC)

The NCC consists of three to four non-executive members of the Board of Directors. The activities of the NCC are stipulated by the law, the articles of association, the rules of organization (including the competency rules), and the regulations of the NCC.

The NCC prepares the groundwork for all decisions on important personnel and related organizational issues at the Executive Board and senior management level for submission to the Board of Directors. This includes all issues pertaining to remuneration. NCC meetings are attended by the CEO and the Head of Human Resources. A total of five meetings were held in the year under review.

Risk Committee (RC)

The RC consists of three to four non-executive members of the Board of Directors. The activities of the RC are stipulated by the law, the articles of association, the rules of organization (including the competency rules), and the regulations of the RC.

The RC assumes the duties of the Board of Directors in respect of risk management in accordance with the risk policy of SIX. RC meetings are attended by the CEO, the CFO, and the CRO. A total of six meetings were held in the year under review.

Internal Audit

Internal Audit reports directly to the Audit Committee in functional terms and the Chairman of the Board of Directors in administrative terms. It supports the Board of Directors in carrying out its legal supervisory and controlling tasks and executes the audit tasks assigned to it. It has an unrestricted right of audit within SIX and all legal entities. It has the right to inspect all business documents at any time. Internal Audit coordinates its activities with the external auditors and those responsible for compliance and risk controlling.

Information and Supervisory Tools Regarding Executive Board

SIX has a fully developed management information system (MIS) that supports the Board of Directors in performing its supervisory duties and monitoring the powers assigned to the Executive Board. A comprehensive interim statement containing budget and year-on-year comparisons is submitted to the Board of Directors each quarter.

The Chairman of the Board of Directors receives the minutes of the Executive Board meetings for inspection.

Risk Management and Compliance

The Board of Directors is informed about the risk situation on a regular basis. The Group has an internal control system (ICS) consisting of regulations, internal directives, and corresponding measures that serve to ensure that business operations are conducted properly.

A corresponding compliance program also ensures that statutory and regulatory requirements are met. The Risk Committee is informed about compliance activities on a yearly basis.

Remuneration

At the request of the Nomination & Compensation Committee, the Board of Directors defines remuneration guidelines. The Chairman and members of the Board of Directors receive a fixed salary. The members of the Executive Board receive a fixed basic salary as well as variable remuneration in the

Remuneration of the Auditors

CHF	2021
Auditing services Ernst & Young	2,849,108
Audit related services	927,453
Advisory services	731,806
Total	**4,508,366**

form of a cash payment. The latter is dependent on company revenue, targets met according to the key performance indicators, and individual performance. In order to gear corporate governance to longer-term objectives and make it more sustainable, part of the variable remuneration of Executive Board members takes the form of a long-term incentive plan, which pays out after three years (cliff vesting), provided that the predefined quantitative and qualitative objectives have been met. This ensures that the interests of the owners and the Executive Board are aligned over an extended period.

In the year under review, eight members of the Executive Board and eleven members of the Board of Directors were paid a total of CHF 12.2 million. This includes those members of the Board of Directors or the Executive Board who either left or joined during the course of the financial year. Along with the basic and variable remuneration, the amount also covers payments or benefits in kind that are standard in the industry. Social benefits are not included in the amount. SIX does not grant loans of any kind to its employees or corporate bodies.

Auditors

Ernst & Young Ltd was appointed as auditor of SIX Group Ltd on 1 January 2008. The auditor in charge is Jan Marxfeld, accredited audit expert. Professor Andreas Blumer, PhD, accredited audit expert, assumes the role of lead auditor recognized by FINMA. The Board of Directors is responsible for supervising and controlling the external auditors and Group Auditors. It also handles the internal and external auditors’ reports, and is supported in this task by the Audit Committee (AC). The AC regularly receives and processes reports from representatives of the external auditors or Group Auditors.

Information Policy

Up-to-date information is available at six-group.com. Calls to attend meetings and communications to the shareholders are sent by letter to the addresses recorded in the share register. Subject to legal requirements, announcements to creditors are published in the Swiss Official Gazette of Commerce. SIX publishes its business results semiannually. ■

More information and latest news at **www.six-group.com**

Board of Directors as of 31 December, 2021

AUDIT COMMITTEE

- **Dr Jürg Bühlmann** Chair
- **Lorenz von Habsburg Lothringen**
- **David Jiménez-Blanco Carrillo de Albornoz**

NOMINATION & COMPENSATION COMMITTEE

- **Herbert J. Scheidt** Chair
- **Belén Romana García**
- **Dr Thomas Wellauer**

RISK COMMITTEE

- **Søren Mose** Chair
- **Andy Kollegger**
- **Dr Jürg Gutzwiller**
- **André Helfenstein**

Dr Thomas Wellauer
Chairman of the Board of Directors
Swiss citizen, member of the Board of Directors since 15 March, 2020. Elected until 2023.

Herbert J. Scheidt
Vice Chair of the Board of Directors
German and Swiss citizen, member of the Board since 1 January, 2008, elected until 2023.

Dr Jürg Bühlmann
Swiss citizen, member of the Board since 20 May, 2016, elected until 2023.

Belén Romana García
Spanish citizen, member of the Board since 1 November, 2020, elected until 2023.

Dr Jürg Gutzwiller
Swiss citizen, member of the Board since 11 December, 2019, elected until 2023.

Lorenz von Habsburg Lothringen
Austrian and Belgian citizen, member of the Board since 16 May, 2014, elected until 2023.

André Helfenstein
Swiss and British citizen, member of the Board since 11 May, 2020, elected until 2023.

David Jiménez-Blanco Carrillo de Albornoz
Spanish citizen, member of the Board since 1 November, 2020, elected until 2023.

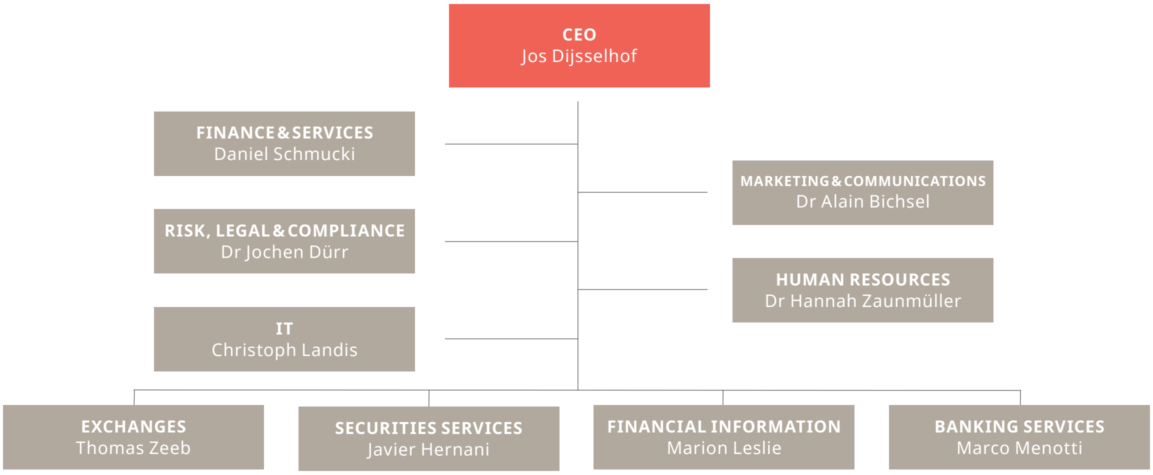
Andy Kollegger
Swiss citizen, member of the Board since 26 April, 2021, elected until 2023.

Søren Mose
Danish and Swiss citizen, member of the Board since 16 May, 2014, elected until 2023. ■

→ Andy Kollegger was elected to the Board at the Annual General Meeting of SIX in April 2021. He succeeds Sabine Keller-Busse who stepped down from the Board of Directors after nine years of service at the end of April 2021.

www.six-group.com/board-of-directors

Executive Board and Organizational Structure as of 31 December, 2021



Jos Dijsselhof
Chief Executive Officer
Dutch citizen, member of the Executive Board since 1 January, 2018.

Daniel Schmucki
Chief Financial Officer
Swiss citizen, member of the Executive Board since 1 March, 2017.

Dr Jochen Dürr
Chief Risk Officer
German citizen, member of the Executive Board since 1 March, 2018.

Christoph Landis
Head IT
Swiss citizen, member of the Executive Board since 12 November, 2015.

Thomas Zeeb
Head Exchanges
Canadian citizen, member of the Executive Board since 1 October, 2008.

Javier Hernani Burzaco
Head Securities Services
Spanish citizen, member of the Executive Board since June 2020.

Marion Leslie
Head Financial Information
British and Australian citizen, member of the Executive Board since 1 January, 2020.

Marco Menotti
Head Banking Services
Swiss citizen, member of the Executive Board since 1 March, 2018.

Members of the Extended Executive Board

Dr Alain Bichsel
Head Marketing & Communications
Swiss citizen, member of the Extended Executive Board since 1 April, 2018.

Dr Hannah Zaunmüller
Chief Human Resources Officer
German and Swiss citizen, member of the Extended Executive Board since 1 February, 2021. ■

six-group.com/executive-board

Members of the Board of Directors


Dr Thomas Wellauer


Andy Kollegger


Herbert J. Scheidt


Belén Romana García


Dr Jürg Bühlmann


Lorenz von Habsburg Lothringen


David Jiménez-Blanco Carrillo de Albornoz


Søren Mose


Dr Jürg Gutzwiller


André Helfenstein

Members of the Executive Board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Daniel Schmucki


Dr Jochen Dürr


Thomas Zeeb


Marco Menotti


Marion Leslie


Christoph Landis


Javier Hernani Burzaco

Extended Executive Board


Dr Alain Bichsel


Dr Hannah Zaunmüller

FINANCIAL STATEMENTS

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SIX Consolidated Financial Statements 2021

Full-Year Report of SIX as at 31 December 2021

For a description of the 2021 results, refer to pages 10 to 13.

Balance sheet as of 31 December 2021

As at 31 December 2021, total assets stood at CHF 17,983.4 million, which constitutes a decrease of CHF 416.1 million compared to 31 December 2020. Liabilities amounted to CHF 12,771.0 million in total as at the balance sheet date, which constitutes a decrease of CHF 373.3 million.

The movements in current assets (CHF –166.9 million) were mainly due to the ordinary movements in receivables from clearing & settlement (CHF –349.1 million) and in the fair value of derivatives (CHF +124.2 million) in the position financial assets. The movements in non-current assets (CHF –249.2 million) are mainly related to the decrease in intangible assets (CHF –176.3 million), the decrease in investments in associates and joint ventures (CHF -80.7 million), the decrease in debt instruments at amortized cost (CHF -116.7 million) included in non-current financial assets and the increase in assets from pension fund benefits (CHF +134.0 million) included in other non-current assets. The decrease in intangible assets is mainly related to the foreign exchange translation impact.

The movements in current liabilities (CHF –922.2 million) relate to the ordinary movements in bank overdrafts (CHF –151.9 million), in payables from clearing & settlement (CHF –574.4 million) and in the fair value of derivatives (CHF +123.2 million) included in current financial liabilities and to the repayment of the bridge facility to finance the BME transaction (CHF –308.4 million) included in current financial liabilities.

The movements in non-current liabilities (CHF +548.9 million) are mainly due to the increase in financial liabilities (CHF +583.9 million), which is mainly linked to the issuance of new bonds in 2021.

Equity decreased by CHF 42.8 million to CHF 5,212.3 million during the reporting period. This decrease was mainly driven by the dividends paid (CHF –81.4 million) and by the total comprehensive income for 2021 (CHF +38.7 million).

Consolidated Income Statement

CHF million	Notes*	2021	2020 restated[1]
Transaction revenues		728.6	677.0
Service revenues		708.7	632.5
Net interest income from interest margin business	6	44.5	50.8
Other operating income		16.5	15.6
Total operating income	**5**	**1,498.3**	**1,375.9**
Employee benefit expenses	7, 34	–601.0	–546.0
Other operating expenses	8	–475.6	–462.6
Total operating expenses		**–1,076.6**	**–1,008.6**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**421.7**	**367.3**
Depreciation, amortization and impairment	19, 20	–173.6	–141.9
Operating profit		**248.0**	**225.4**
Financial income	9	49.7	367.0
Financial expenses	9	–48.4	–93.2
Share of profit or loss of associates and joint ventures	29	–102.1	15.7
Earnings before interest and tax (EBIT)		**147.2**	**515.0**
Interest income	10	0.7	2.8
Interest expenses	10	–11.0	–14.7
Earnings before tax (EBT)		**136.9**	**503.0**
Income tax expenses	12	–63.4	–64.8
Group net profit		**73.5**	**438.2**
of which attributable to shareholders of SIX Group Ltd		*73.9*	*438.4*
of which attributable to non-controlling interests		*–0.4*	*–0.2*
Earnings per share (CHF)			
Basic profit for the period attributable to shareholders of SIX Group Ltd	11	3.91	23.18
Diluted profit for the period attributable to shareholders of SIX Group Ltd		3.91	23.18

* The accompanying notes are an integral part of the consolidated financial statements.

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Consolidated Statement of Comprehensive Income

CHF million	Notes*	2021	2020 restated[1]
Group net profit		**73.5**	**438.2**
Change in actuarial gains/(losses) on defined benefit plans recognized in the reporting period	34	159.0	–2.8
Deferred taxes on changes in actuarial gains/(losses) on defined benefit plans	13	–30.8	0.3
Share of other comprehensive income of associates and joint ventures		2.6	–4.4
Total items that will not be reclassified to income statement		**130.8**	**–6.9**
Translation adjustment of foreign operations recognized in the reporting period		–139.9	17.6
Changes in fair value of cash flow hedges recognized in the reporting period	30	–	42.1
Fair value of cash flow hedges reclassified to balance sheet	30	–	–42.1
Changes in fair value of financial instruments measured at FVtOCI		–1.1	0.5
Deferred taxes on changes in fair value of financial instruments measured at FVtOCI	13	0.1	–0.1
Gains/(losses) on net investment hedge	17	32.5	–6.5
Current taxes on gains/(losses) on net investment hedge		–8.3	–0.4
Translation adjustment of associates and joint ventures recognized in the reporting period		–73.1	–9.1
Accumulated translation adjustments of associates and joint ventures reclassified to income statement		0.1	66.6
Share of other comprehensive income of associates and joint ventures		24.1	–2.1
Accumulated share of other comprehensive income of associates and joint ventures reclassified to income statement		–0.0	–8.9
Total items that are or may subsequently be reclassified to income statement		**–165.6**	**57.6**
Total other comprehensive income, net of tax		**–34.9**	**50.7**
Total comprehensive income for the period		**38.7**	**488.9**
of which attributable to shareholders of SIX Group Ltd		*39.0*	*489.2*
of which attributable to non-controlling interests		*–0.3*	*–0.3*

* The accompanying notes are an integral part of the consolidated financial statements.

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Consolidated Balance Sheet

CHF million	Notes*	31/12/2021	31/12/2020 restated[1]
Assets			
Cash and cash equivalents	14	6,473.5	6,449.5
Trade and other receivables	15	189.5	173.5
Receivables from clearing & settlement	16	2,537.1	2,886.2
Financial assets	17, 26, 27	1,594.6	1,441.1
Current income tax receivables		66.1	63.8
Other current assets	18	56.4	70.0
Current assets		**10,917.2**	**11,084.1**
Property, plant and equipment	19	409.9	438.7
Intangible assets	20	2,838.6	3,014.9
Investments in associates and joint ventures	29	1,610.8	1,691.5
Financial assets	17, 26, 27	2,038.6	2,133.3
Other non-current assets	18	154.5	16.3
Deferred tax assets	13	13.8	20.7
Non-current assets		**7,066.2**	**7,315.4**
Total assets		**17,983.4**	**18,399.5**
Liabilities			
Bank overdrafts	14	0.2	152.1
Trade and other payables		15.7	13.0
Payables from clearing & settlement	16	9,266.6	9,841.1
Financial liabilities	17, 26, 27	1,307.9	1,489.6
Provisions	23	0.2	4.3
Contract liabilities	5	22.6	22.8
Current income tax payables		61.1	61.3
Other current liabilities	24	184.7	197.0
Current liabilities		**10,859.0**	**11,781.2**
Financial liabilities	17, 26, 27	1,528.9	945.0
Provisions	23	14.4	16.3
Contract liabilities	5	26.4	37.5
Other non-current liabilities	24	43.7	55.4
Deferred tax liabilities	13	298.7	308.9
Non-current liabilities		**1,912.1**	**1,363.2**
Total liabilities		**12,771.0**	**13,144.4**
Equity			
Share capital		19.5	19.5
Capital reserves		234.1	234.1
Other reserves		–251.0	–62.2
Retained earnings		5,208.4	5,062.3
Shareholders' equity	**22**	**5,211.0**	**5,253.7**
Non-controlling interests		1.4	1.4
Total equity		**5,212.3**	**5,255.1**
Total liabilities and equity		**17,983.4**	**18,399.5**

* The accompanying notes are an integral part of the consolidated financial statements.
[1] See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement.

Consolidated Statement of Changes in Equity

CHF million	Notes*	Share capital	Capital reserves	Other reserves
Balance at 1 January 2021		**19.5**	**234.1**	**–62.2**
Group net profit				
Total other comprehensive income				–188.8
Total comprehensive income for the year				**–188.8**
Dividends paid	21, 22			
Capital contribution				
Share of other changes in equity of associates	29			
Non-controlling interest arising on business combination	30			
Acquisition of non-controlling interests				
Balance at 31 December 2021		**19.5**	**234.1**	**–251.0**

CHF million	Notes*	Share capital	Capital reserves	Other reserves
Balance at 1 January 2020		**19.5**	**234.1**	**–130.5**
Change in accounting policies	2			
Restated balance at 1 January 2020		**19.5**	**234.1**	**–130.5**
Group net profit				
Total other comprehensive income				68.3
Total comprehensive income for the year				**68.3**
Dividends paid	21, 22			
Capital contribution				
Share of other changes in equity of associates	29			
Non-controlling interest arising on business combination	30			
Acquisition of non-controlling interests				
Balance at 31 December 2020		**19.5**	**234.1**	**–62.2**

* The accompanying notes are an integral part of the consolidated financial statements.

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Other reserves					
Treasury shares	Translation reserves	**Retained earnings**	**Shareholders' equity**	**Non-controlling interests**	**Total equity**
–23.3	**–38.9**	**5,062.3**	**5,253.7**	**1.4**	**5,255.1**
		73.9	**73.9**	–0.4	**73.5**
	–188.8	153.8	**–35.0**	0.1	**–34.9**
	–188.8	**227.8**	**39.0**	**–0.3**	**38.7**
		–81.3	**–81.3**	–0.1	**–81.4**
			–	0.4	**0.4**
		6.9	**6.9**		**6.9**
			–	1.4	**1.4**
		–7.3	**–7.3**	–1.4	**–8.7**
–23.3	**–227.7**	**5,208.4**	**5,211.0**	**1.4**	**5,212.3**

Other reserves					
Treasury shares	Translation reserves	**Retained earnings**	**Shareholders' equity**	**Non-controlling interests**	**Total equity**
					restated[1]
–23.3	**–107.2**	**4,707.3**	**4,830.4**	**1.0**	**4,831.4**
		–1.5	**–1.5**		**–1.5**
–23.3	**–107.2**	**4,705.8**	**4,828.9**	**1.0**	**4,829.9**
		438.4	**438.4**	–0.2	**438.2**
	68.3	–17.5	**50.8**	–0.1	**50.7**
	68.3	**420.9**	**489.2**	**–0.3**	**488.9**
		–73.8	**–73.8**	–0.1	**–73.9**
			–	0.0	**0.0**
		10.9	**10.9**		**10.9**
				2.5	**2.5**
		–1.5	**–1.5**	–1.7	**–3.2**
–23.3	**–38.9**	**5,062.3**	**5,253.7**	**1.4**	**5,255.1**

Consolidated Statement of Cash Flows

CHF million	Notes*	2021	2020 restated[1]
Group net profit (incl. non-controlling interests)		73.5	438.2
Adjustments for:			
Depreciation, amortization and impairment	19, 20	173.6	141.9
Increase/(decrease) in provisions		–5.8	2.0
Increase/(decrease) in pension fund assets and liabilities		15.0	12.8
Share of profit or loss of associates and joint ventures	29	102.1	–15.7
Net financial result		48.8	–207.1
Other non-cash income and expenses		0.1	–0.6
Income tax expense	12	63.4	64.8
Changes in:			
Trade and other receivables		–17.1	12.1
Trade and other payables		2.4	–13.6
Receivables from clearing & settlement		344.5	–118.5
Payables from clearing & settlement		–306.8	–691.5
Financial assets		2.6	345.3
Financial liabilities		6.8	10.0
Other assets		7.6	66.0
Other liabilities		–16.7	–74.3
Contract liabilities		–12.7	–28.4
Interest paid		–10.6	–13.8
Interest received		0.9	2.9
Income tax (paid)/received		–96.0	–94.4
Net cash flow from/(used in) operating activities		**375.8**	**–161.8**
Investments in subsidiaries (net of cash acquired)	30	–49.4	686.6
Investments in associates and joint ventures		–23.8	–14.5
Disposal of subsidiaries and associates (net of cash disposed)	29	–	643.8
Purchase of property, plant, equipment and intangible assets	19, 20	–82.2	–88.0
Sale proceeds from property, plant, equipment and intangible assets		11.0	2.6
Investments in financial assets		–13.2	–10.1
Divestments of financial assets		1.8	644.3
Dividends received and other financial income		1.3	5.8
Net cash flow from/(used in) investing activities		**–154.4**	**1,870.4**
Proceeds from financial liabilities	17	644.6	3,649.1
Payment of financial liabilities	17	–363.3	–2,804.1
Payment of lease liabilities	17	–15.3	–18.6
Dividends paid to shareholders of the parent company	21	–81.3	–73.8
Dividends paid to non-controlling interests		–0.1	–0.1
Net cash flow from/(used in) financing activities		**184.5**	**752.5**
Net impact of foreign exchange rate differences on cash		–230.0	31.7
Net change in cash and cash equivalents		**175.9**	**2,492.9**
Balances of cash and cash equivalents			
Cash and cash equivalents at 1 January	14	6,297.4	3,804.5
Cash and cash equivalents at 31 December	14	6,473.3	6,297.4

* The accompanying notes are an integral part of the consolidated financial statements.
[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Basis of Preparation

1. General Information

The consolidated financial statements of SIX as at and for the year ended 31 December 2021 cover SIX Group Ltd (referred to as “Company” or “Parent Company”) and its subsidiaries (together referred to as “Group” or “SIX”). A table of the Group subsidiaries and interests in associates is set out in note 29.

SIX Group Ltd is an unlisted public limited company domiciled in Switzerland with its registered office in Zurich, at Hardturmstrasse 201. The Company is owned by 120 national and international financial institutions.

SIX provides a comprehensive range of services in the areas of securities trading and post-trading, financial information processing and cashless payment transactions.

The Board of Directors of SIX approved the issuance of these consolidated financial statements on 3 March 2022.

2. Significant Accounting Policies

2.1 Basis of preparation

The consolidated financial statements of SIX have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The reporting period covers twelve months. For all consolidated companies, the financial year corresponds to the calendar year. Unless otherwise indicated, all amounts are stated in millions of Swiss francs (CHF) and are rounded to the nearest hundred thousand.

The consolidated financial statements provide comparative information in respect of the previous period.

The SIX consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value, as disclosed in the accounting policies below.

2.2 Summary of significant accounting policies

2.2.1 Principles of consolidation and equity accounting

Business combinations

Business combinations are accounted for using the acquisition method at the date of acquisition, which is the date on which SIX obtains control. SIX has control over an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee.

At the time of acquisition, all identifiable assets and liabilities that satisfy the recognition criteria are recognized at their fair values. The difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed is accounted for as goodwill after taking into account any non-controlling interests. Directly attributable transaction costs are reported as other operating expenses.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date when control ceases.

Non-controlling interests arise when SIX Group Ltd directly or indirectly holds less than 100% of a subsidiary, but still controls the subsidiary. Non-controlling interests in subsidiaries are reported separately within equity. Profit or loss and other comprehensive income (OCI) are attributed to the shareholders of the parent and to the non-controlling interests. For each business combination, SIX may measure non-controlling interest either at fair value (i.e. full goodwill method) or the proportionate share in the recognized amounts of the acquiree’s identifiable net assets (i.e. partial goodwill method). SIX has applied the partial goodwill method for the business combinations that occurred in 2021 and 2020.

SIX has decided to account for the initial acquisition of the controlling stake and the subsequent mandatory tender offer to the non-controlling shareholders as a single linked transaction. The acquisition of non-controlling interests is a linked transaction when it arises from the same transaction as that by which control has been gained. This will generally be the case when legal or regulatory requirements lead to the offer being extended through the creation of a shareholder put.

For put options held by non-controlling shareholders other than those accounted for as a single linked transaction, SIX has decided to apply IFRS 10.

The accounting for call and put options depends on the terms of the arrangement. The key terms of such options and the corresponding accounting treatment are described in note 30.

All intra-Group balances, transactions, any unrealized gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

Upon loss of control, SIX ceases to recognize the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is presented in financial income or financial expenses.

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. Associates are those entities where SIX has significant influence over the financial and operating policies but does not exercise control or joint control. Significant influence is generally assumed to exist whenever voting rights ranging between 20% and 50% are held. In case the Group holds less than 20% of voting rights, there is a strong indicator for significant influence if SIX has representation in the Board of the investee. A joint venture is an arrangement in which the Group has joint control, whereby SIX has rights to the net assets of the arrangement rather than to its assets and obligations for its liabilities.

Under the equity method, investments in associates and joint ventures are initially recognized at cost at the date of acquisition. Cost comprises the fair value of the consideration transferred and acquisition-related costs. In subsequent accounting periods, the carrying amount of the investment is adjusted by the share of profit or loss and items recognized in equity, less dividends received. The share of profit or loss is adjusted by effects from subsequent measurement of assets and liabilities identified in a purchase price allocation. An impairment is recognized if there is objective evidence of impairment and the carrying amount exceeds the fair value. Amongst others, objective evidence of impairment is a significant or prolonged decline in the fair value. The ownership percentage held by SIX may be reduced if SIX does not participate in a capital increase (deemed disposal). Gains or losses resulting from deemed disposals, including amounts reclassified from other comprehensive income, are recognized in the income statement within financial income or expenses.

2.2.2 Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Swiss francs, which is also the functional currency of SIX Group Ltd. Each subsidiary prepares its own financial statements in its functional currency, i.e. in the currency of the primary economic environment in which it operates. Finance subsidiaries that have no other operating activity than borrowing money on behalf of the parent have the functional currency of the parent.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities in their respective functional currencies using the exchange rates prevailing at the dates of the transactions.

Exchange rate gains and losses arising between the date of a transaction and its settlement and from the translation of monetary assets and liabilities denominated in foreign currencies at closing exchange rates are recognized in the income statement within financial income or expenses.

Non-monetary items recognized at historical cost are measured at the historical exchange rates.

The main exchange rates at the closing dates were the following:

Currency	31/12/2021	31/12/2020
EUR	1.0347	1.0842
GBP	1.2345	1.2019
USD	0.9144	0.8819

The main annual average exchange rates were the following:

Currency	2021	2020
EUR	1.0815	1.0705
GBP	1.2574	1.2047
USD	0.9139	0.9391

Foreign operations

The income statements of subsidiaries with a functional currency other than the Swiss franc are translated at the monthly average exchange rates. Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the closing exchange rate. Foreign exchange translation differences are recognized as currency translation adjustments in other comprehensive income and presented in equity under other reserves. On the loss of control of a subsidiary, the accumulated exchange rate differences previously recognized in equity are reclassified to the income statement as part of the gain or loss on disposal.

2.2.3 Financial assets

SIX classifies its financial assets into the following categories: a) financial assets at amortized cost, b) financial assets at fair value through other comprehensive income (FVtOCI) and c) financial assets at fair value through profit or loss (FVtPL). The classification depends on the business model of SIX for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are recognized at the trade date with the exception of non-fulfilled transactions from the central counterparty (CCP) business which are recognized at the settlement date.

Financial assets are classified as current if payment is due or expected to be settled within one year. If not, they are presented as non-current.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a current legally enforceable right to offset the recognized amounts and an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are derecognized when the contractual rights to receive cash flows have expired or when all the risks and rewards of ownership of the financial assets are substantially transferred.

Financial assets at amortized cost

A financial asset is carried at amortized cost if both of the following criteria are met: a) the financial asset is held within a business model which objective is to hold these assets in order to collect contractual cash flows, and b) on specified dates the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method less expected impairment losses. Gains or losses are recognized in the income statement when the financial asset is derecognized, modified or impaired. This category consists of cash and cash equivalents, deposits, receivables, bonds and loans. Specific characteristics of each class of financial assets at amortized cost are provided below, if any.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, giro and demand deposits at the Swiss National Bank or central banks and short-term deposits with a maximum maturity of three months from the date of initial recognition.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of bank overdrafts, if any.

Trade and other receivables

Trade and other receivables represent the Group's unconditional right of payment. The position also includes unbilled receivables, i.e. positions where the Group has fulfilled its performance obligations for services, but the customers have not been invoiced yet.

Receivables and payables from clearing & settlement

Besides the receivables and payables from clearing & settlement incurred in the banking services business, these also comprise deposits at vostro accounts of participants for securities transactions and nostro accounts of SIX Securities Services with cash correspondent banks, sub-custodians and other central securities depositories. These vostro and nostro accounts are on sight.

Securities purchased under agreements to resell (reverse repurchase transactions) are generally treated as collateralized financing transactions. In reverse repurchase transactions, the cash delivered is derecognized and a corresponding receivable is recorded in the balance sheet. Securities received in a reverse repurchase transactions are disclosed in the notes if SIX has the right to resell or repledge them.

Securities borrowing and lending transactions in the settlement business are, similarly to reverse repurchase transactions, treated like collateralized financing transactions if they are covered with cash collateral and daily margin settlements. Securities borrowing and lending transactions that are not covered with cash collateral are not recognized in the balance sheet. Cash collateral received is recognized with a corresponding obligation to return it, and cash collateral delivered is derecognized with a corresponding receivable. Both are carried at amortized cost. Securities received in a lending or borrowing transaction are disclosed in the notes if SIX has the right to resell or repledge them. Financial assets recognized in the balance sheet which have been transferred under a securities lending agreement are disclosed in the notes as financial assets not derecognized.

Impairment of financial assets at amortized cost

The Group recognizes loss allowances for expected credit losses (ECL) on the following financial assets that are measured at amortized cost:

- Cash and cash equivalents
- Trade and other receivables
- Contract assets
- Bonds
- Receivables from clearing & settlement
- Other financial assets at amortized cost (e.g. loans)

The Group measures the loss allowances at an amount equal to 12-month ECL (Stage 1), except for the following assets, for which the loss allowance is measured at an amount equal to lifetime ECL (Stage 2):

- Trade and other receivables (simplified approach according to IFRS 9)
- Financial assets at amortized cost on which credit risk has increased significantly since initial recognition

When a default event occurs, the loss allowance is measured at an amount equal to lifetime ECL and the financial asset is presented as credit-impaired (Stage 3).

The Group applies the "low credit risk" simplification in order to track the increase in credit risk. A low credit risk is assumed when the credit rating of a financial asset is equivalent to the globally understood definition of "investment grade" (i.e. a Standard & Poor's rating of BBB – or higher).

The creation and release of loss allowances are recognized in other operating expenses for cash and cash equivalents, trade and other receivables, contract assets and receivables from clearing & settlement. For bonds and other financial assets at amortized cost, the creation and release of loss allowance is presented in financial expenses.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial assets. Recoveries are recognized in profit and loss.

The Group writes off a financial asset when the collection activities are completed and there is no realistic prospect of recovery. This is generally the case when the Group receives evidence of insolvency (e.g. loss certificate). Financial assets that are written off can still be subject to enforcement activities even if recovery is very unlikely.

Financial assets at FVtOCI (debt instruments)

Financial assets at fair value through other comprehensive income (FVtOCI) include debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets. Interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the income statement and determined in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at FVtPL

If the criteria for financial assets at amortized cost and financial assets at FVtOCI are not met, the financial asset is classified as measured at fair value through profit or loss (FVtPL). These financial assets are recognized initially and measured subsequently at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are immediately expensed. Gains and losses arising from changes in the fair value are reported in financial income or expenses. This category consists of equity instruments, units in investment funds, derivatives, financial instruments from the settlement business and debt instruments.

Derivatives

SIX uses derivatives to mitigate its exposure to foreign exchange risks and in rare cases the market risk exposure of investments in listed companies. Derivatives are recognized initially and measured subsequently at fair value. Gains or losses relating to changes in fair value are recognized immediately in financial income or expenses.

All derivatives are included under financial assets if their fair value is positive, and under financial liabilities if their fair value is negative.

2.2.4 Non-current assets held for sale

Non-current assets are presented as held for sale if management is committed to a plan to sell an asset or disposal group, it is highly probable that the sale will be completed within one year of the date of the reclassification, and the asset or disposal group is available for immediate sale in its present condition. Such assets are measured at the lower of their carrying amount and fair value less costs to sell, except for financial instruments which are measured either at amortized cost or fair value, depending on their classification. Costs to sell are the incremental costs directly attributable to the disposal, excluding finance costs and income tax expense. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

2.2.5 Property, plant and equipment

Assets included under property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure directly attributable to the acquisition and installation. Repair and maintenance costs are recognized in the income statement as incurred.

Land has an unlimited useful life and is therefore not depreciated. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of each component.

Asset class	Estimated useful life
Land	Impairment only
Buildings (excluding land)	8–60 years
Technical infrastructure	3–30 years
Leasehold improvements	Amortized in line with the term of the property lease
IT mainframes	4 years
IT midrange	3 years
Other IT hardware	3–5 years
Office equipment and furniture	3–7 years
Other fixed assets	3–5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation starts when the asset is available for use.

Gains or losses on disposals are calculated as the difference between the net proceeds and the carrying amount and are recognized in the income statement.

2.2.6 Intangible assets

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives include goodwill, brands and licenses.

SIX measures intangible assets with indefinite useful lives initially at cost. These assets are not subject to amortization and are tested for impairment on an annual basis and in addition when indicators for impairment exist.

Gains and losses on the disposal of an operation include the carrying amount of goodwill relating to the operation sold. In respect of investments in associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Intangible assets with finite useful lives

Acquired intangible assets with a finite useful life are measured at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset it relates to. Other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Expenditure for internally developed software is capitalized only if it satisfies the capitalization criteria. This requires in particular that SIX obtains control over the asset and the future economic benefits are probable. Amortization of internally developed assets starts when they are available for use. This is in general when the business acceptance test has been successfully completed.

Implementation costs related to Software as a Service (SaaS) arrangements are capitalized as intangible assets if SIX obtains control over the software. If SIX does not obtain control over the software, the implementation costs are expensed as incurred, with the exception of costs for non-distinct services of the cloud arrangement provider which are expensed over the term of the arrangement.

Research costs are expensed as incurred.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful lives:

Asset class	Estimated useful life
Licenses, brands and customer relationships	5–20 years
Software	3–7 years
Other intangible assets	3–7 years

Useful lives are reassessed annually and adjusted if appropriate.

2.2.7 Impairment of non-financial assets

Intangible assets with an indefinite useful life, such as goodwill, and intangible assets not yet ready for use are tested for impairment on an annual basis and whenever there is an indication that the asset may be impaired.

Assets classified under property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of impairment testing, assets are tested individually or grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, CGUs). Goodwill is allocated to the CGU at which it is monitored for internal management purposes and which is not larger than an operating segment.

If the carrying amount of the assets exceeds the recoverable amount, an impairment equal to the difference between the carrying amount and the recoverable amount is recognized as an impairment loss in the income statement. The recoverable amount is determined based on an asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU.

Any impairment loss on goodwill recognized in prior periods may not be reversed in subsequent periods. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.2.8 Financial liabilities

SIX classifies its financial liabilities either as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss (FVtPL).

Financial liabilities are classified as current if payment is due within one year or less. If not, they are presented as non-current liabilities.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at fair value less directly attributable transaction cost. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method. This category consists of trade and other payables, borrowings and lease liabilities. For further details about leases, refer to section 2.2.10.

Financial liabilities at FVtPL

Financial liabilities at fair value through profit or loss (FVtPL) include derivatives, contingent considerations and NCI liabilities. These liabilities are recognized initially and measured subsequently at fair value. NCI liabilities result from acquisitions of subsidiaries if the minority shareholders hold put options to sell their shares to SIX. NCI liabilities are measured at the discounted value of the exercise price. For further details about derivatives, refer to section 2.2.3.

2.2.9 Hedge accounting

SIX may designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates. Furthermore, SIX may designate non-derivative financial liabilities as hedging instruments to hedge foreign exchange risk on a net investment in a foreign operation.

At the inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized as cash flows hedge reserve in OCI, while any ineffective portion is recognized immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the cash flow hedge reserve is removed from the separate component of equity and included in the initial cost or carrying amount of the hedged asset or liability.

Hedges of a net investment

Hedges of a net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized within OCI while any gains or losses relating to the ineffective portion are recognized in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

2.2.10 Leases

Upon inception of a contract, SIX assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

SIX as lessee

SIX is a lessee of premises, IT equipment and vehicles. Leases are accounted for by recognizing a right-of-use asset and a lease liability at the lease commencement date. SIX has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

SIX has elected not to separate non-lease components from lease components for all classes of underlying assets.

Lease liabilities are initially measured at the present value of the following future lease payments:
- fixed payments
- variable lease payments that depend on an index or rate using the index or rate at the commencement date
- lease payments in an optional renewal period or any penalties payable for terminating a lease, if SIX is reasonably certain to exercise an extension or not to exercise a termination option

Variable lease payments that do not depend on an index or a rate are expensed in the period to which they relate.

Lease liabilities are discounted using the incremental borrowing rate available at the contract commencement date, as the interest rates implicit in the leases cannot be readily determined.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in an index or rate, or if there is a change in the lease term because the Group changes its assessment of whether or not it will exercise an extension or termination option. When a lease liability is remeasured for one of these reasons, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount has been reduced to zero. When a lease contract is modified and the scope of a lease is decreased, any gain or loss is recognized in the income statement.

Right-of-use assets are initially measured at the initial amount of the lease liability, less any lease incentives received, plus any lease payments made at or before commencement of the lease and initial direct costs incurred.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the useful life or the end of the lease term, whichever is earlier. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset may be reduced by impairment losses or adjusted for certain remeasurements of the lease liability.

SIX recognizes right-of-use assets within property, plant and equipment, and lease liabilities within financial liabilities.

SIX as lessor

SIX is a lessor of business premises. When SIX acts as a lessor, it determines at lease inception whether a lease is a finance or operating lease. To classify leases, SIX makes an overall assessment of whether a lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, SIX considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Currently, all lease agreements are classified and recorded as operating leases.

Operating lease equipment is initially carried at its acquisition cost. Leased assets are depreciated on a straight-line basis according to the depreciation policies of SIX for property, plant and equipment. Rental income from operating leases is recognized on a straight-line basis over the term of the lease agreement as part of other operating income.

2.2.11 Provisions

Provisions are recognized for present legal or constructive obligations as a result of past events if there is a probable outflow of resources that can be reliably estimated. Provisions are not recognized for future operating losses.

The amount recognized as a provision is the amount which represents the best estimate required to settle the present obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Provisions are regularly reviewed and adjusted as further information develops or circumstances change.

Restructuring provisions

Restructuring provisions are recognized only when the Group has a legal or constructive obligation, which is when a detailed formal plan identifies the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline, and the employees affected have been notified of the plan's main features.

Asset retirement obligation

If a lease agreement requires SIX to remove any assets it has installed in the leased property (such as internal walls or partitions), the removal obligation arises immediately upon installation. In such a situation, the Group recognizes a provision for the present value of the future cost of removal at the date the assets are installed.

The costs of removal are capitalized as part of the acquisition costs of the leasehold improvements and are depreciated over their useful lives or the lease term, whichever is shorter.

Contingent liabilities

Contingent liabilities are not recognized, but are disclosed, unless the possibility of an outflow of economic resources is remote.

2.2.12 Equity

Ordinary shares

Ordinary shares in SIX Group Ltd are classified as share capital.

Treasury shares

Own shares held by SIX Group Ltd itself and by other entities of the Group are recognized at cost within other reserves and deducted from equity. Gains or losses on the disposal or cancellation of treasury shares are recorded in other reserves.

2.2.13 Operating revenues

When SIX acts as a principal, revenue is recorded gross. When SIX acts only as an agent, revenue is limited to the commission or fee that it retains. The main indicators that SIX is a principal are the responsibility to provide the promised services and the discretion in establishing prices.

Revenue represents the consideration to which SIX expects to be entitled in exchange for transferring services, net of amounts collected on behalf of third parties. If contracts include two or more performance obligations, the transaction price is allocated to the performance obligations on a relative stand-alone selling price basis. Management determines the stand-alone selling price at contract inception, based on observable prices for the type of services rendered or products delivered in similar circumstances to similar customers.

Volume discounts are generally based on the total services provided within a calendar year. Therefore, no estimates are required at the end of the financial year. During the financial year, the estimated average selling price is recognized as revenue.

Transaction revenues

Transaction revenues are generated by services which relate to a single transaction (e.g. trading in securities, clearing & settlement transactions, payment transactions, ATM transactions, etc.) or services which are triggered and remunerated on an incident or order basis. The performance obligation of a service is satisfied when the transaction or order has been executed. Transaction revenues are recognized at a point in time.

Exchanges and Securities Services recognize transaction fees for trading and clearing services on the trade date and transaction fees for settlement services on the settlement date.

Service revenues

Revenue from providing services is recognized in the period in which the services are rendered. Revenue is generally recognized based on the time elapsed, as most services are provided over a fixed contract period.

Exchanges recognize listing fees over the estimated listing period. The estimated listing period of the securities is reassessed on an annual basis to reflect the most recent market developments.

Lease income is recognized over time. For further details about the accounting for leases, refer to section 2.2.10.

Net interest income from interest margin business

The interest margin business is part of the core business activities of Securities Services and Banking Services. Accordingly, net interest income from interest margin business is presented within operating income. Net interest income from interest margin business is recognized applying the effective interest method. Negative interest on financial assets is presented within interest expenses from interest margin business, and the related interest earned from the recharge of negative interest is presented within interest income from interest margin business.

Other operating income

Other operating income includes income earned from sale of assets and non-standard services. Most of the non-standard services are recognized over time.

Contract costs

Costs to obtain a contract

Incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover these. They include sales commissions which are amortized over the average contract period, which is based on past experience with services rendered to similar customers in similar circumstances.

Contract balances

Contract assets and liabilities

If services rendered by the Group exceed the payments received, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

Contract assets represent a conditional right of payment (i.e. further performance obligations are outstanding) and are presented within other current assets.

2.2.14 Employee benefits

SIX maintains a number of different pension plans based on the respective legislation in each country. The retirement benefit plans include both defined benefit and defined contribution plans.

Defined contribution plans

Contributions to defined contribution plans are recognized as an employee benefit expense in the period during which the related services are rendered by employees.

Defined benefit plans

The net liability or asset recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets. Actuarial assumptions used for calculation include the discount rate, future salary and pension increases, staff turnover and life expectancy. The calculations are performed annually by qualified actuaries using the projected unit credit method. Pension plan assets are valued annually at market values. Defined benefit costs consist of three components:

- service costs, curtailments and settlements
- net interest income or expenses
- remeasurements

Service costs include current and past service costs and are presented within employee benefit expenses. The Group recognizes gains and losses on plan curtailments or settlements in the income statement when they occur.

Net interest income or expenses are calculated by multiplying the net defined benefit liability or asset at the beginning of the reporting period with the discount rate used to measure the defined benefit obligation. Net interest income or expenses are recognized within employee benefit expenses.

Remeasurements comprise actuarial gains and losses and the return on plan assets (excluding interest). SIX recognizes them in other comprehensive income. Remeasurements are not recycled to the income statement.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of when SIX can no longer withdraw the offer of those benefits or when the Group recognizes costs for a restructuring. In case an offer is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

Other long-term employee benefits
The Group's obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. Remeasurements are recognized in profit or loss in the period in which they arise. Other long-term employee benefits include in particular long-service awards (or "jubilees"). The liability is determined by applying the projected unit credit method. The actuarial assumptions used are reassessed annually.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and expensed in the period in which the related services are rendered.

2.2.15 Interest and dividends
Interest income and expenses
For all financial instruments measured at amortized cost, interest income and expenses are recorded using the effective interest method. Negative interest on financial assets is presented within interest expenses. Negative interest on financial liabilities is presented within interest income.

Dividend income
Dividends are recognized when the right to receive the payment is established and are included in financial income.

2.2.16 Income taxes
The tax expense for the period comprises current and deferred tax. Taxes are recognized in the income statement, except to the extent that the underlying transaction is recorded either in other comprehensive income or directly in equity.

Current income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities based on the taxable profit. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted at the reporting date in the countries where SIX operates and generates taxable income.

Deferred taxes
Deferred tax is recognized by applying the liability method in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which they can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Calculation of deferred taxes is based on the country-specific tax rates expected to apply in the accounting period in which these tax assets will be realized or tax liabilities settled. Deferred tax assets and liabilities are offset if they relate to the same taxable entity and tax authority and if there exists an offset entitlement for current taxes.

2.3 Changes in the Group's accounting policies
2.3.1 Change in existing accounting policies
In 2021, the International Financial Reporting Standards Interpretation Committee (IFRIC) issued a final agenda decision on accounting for configuration or customization costs incurred in cloud computing or Software as a Service (SaaS) arrangements. IFRIC concluded that if the customer does not obtain control over the software, the configuration and customization costs shall be expensed as incurred, with the exception of costs for non-distinct services of the cloud arrangement provider which shall be expensed over the term of the arrangement.

In previous reporting periods, SIX capitalized implementation costs related to SaaS arrangements and amortized them over the estimated term of the arrangement. In 2021, the Group has adopted the IFRIC agenda decision on accounting for configuration or customization costs incurred in cloud computing arrangements. Based on the new policy, implementation costs for SaaS arrangements not controlled by SIX are expensed as incurred. This change in accounting policy has been applied retrospectively as at 1 January 2020 and the prior period comparative amounts have been restated. Due to the adoption of the new policy, retained earnings as at 1 January 2020 and net profit for the year ended 31 December 2020 decreased by CHF 1.5 million and CHF 1.3 million, respectively. The following table provides further details on the impact of this change in the accounting policy.

CHF million	Notes	01/01/2020	31/12/2020
Impact of the new policy on balance sheet			
Intangible assets	20	–1.8	1.1
Other non-current assets	18	–	–4.6
Deferred tax assets	13	0.4	0.7
Retained earnings		**–1.5**	**–2.8**

CHF million	2020
Impact of the new policy on income statement	
Operating expenses	–1.6
Depreciation & amortization	–0.1
Income taxes	0.3
Net profit	**–1.3**

The accounting for costs incurred for enhancements and modifications to existing software applications controlled by SIX is not affected by this new policy. Such costs continue to be capitalized if they meet the capitalization criteria of IAS 38.

2.3.2 New standards, interpretations and amendments adopted by SIX

The adoption of the following amendments has had no significant impact on the consolidated financial statements of the Group as at 31 December 2021.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)

2.4 IFRS standards and interpretations that have been issued but are not yet effective

The following new and/or revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements.

Standard/interpretation	Effective date	Date planned for adoption by SIX
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022	1 January 2022[1]
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	1 January 2022[1]
Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	1 January 2022[1]
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	1 January 2022[1]
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	1 January 2022[1]
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023	1 January 2023[1]
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	1 January 2023[1]
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	1 January 2023[1]
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined by the IASB	To be determined by SIX[2]

[1] The adoption of the amendment is not expected to have any significant impact on the consolidated financial statements of SIX.

[2] The impact on the consolidated financial statements of SIX has not yet been fully assessed.

3. Use of Judgments and Estimates

The application of some accounting policies requires the use of assumptions, estimates and judgments that may affect the reported assets and liabilities, income and expenses and also the disclosure of contingent assets and liabilities in the reporting period. Additionally, there is a significant risk that these estimation uncertainties could result in material adjustments to the carrying amount of assets and liabilities within the next financial year. The assumptions and estimates are continually reviewed and based upon historical experience and other factors, including anticipated developments arising from probable future events. Actual future occurrences may differ from these assumptions and estimates.

Areas that may incorporate a greater number of uncertain assumptions, estimates and judgments are listed below.

Fair value of assets and liabilities recognized in a business combination or in an investment in associates

In the case of business combinations, assets acquired and liabilities assumed are measured at fair value at the date of acquisition. In determining the fair value of intangible assets and property, plant and equipment acquired, as well as liabilities assumed at the date of acquisition and the useful lives of the intangible and tangible assets acquired, certain assumptions are made. The measurement is based upon projected cash flows and information available at the date of acquisition (see note 30).

An investment in an associated company requires certain considerations of fair value measurement in accordance with IFRS 3, despite the fact that SIX has not obtained control. In contrast to a business combination, the data access of SIX may be limited for such investments. Therefore, the fair value measurement is based upon projected cash flows and publicly-available data, data prepared by SIX, and the data the associate's management is willing and able to share (see note 29).

Fair value of level 3 instruments

The fair value of financial instruments that are not traded in an active market is determined by using several valuation techniques. SIX uses judgment to determine the valuation methods and makes assumptions to estimate the inputs into the calculations, as the parameters for the calculation of the fair values are not readily available in the markets. Significant valuations are regularly reviewed by Risk Management. The calculations are based on information available as at the reporting date. Sensitivity analysis of the key level 3 input parameters are disclosed in note 26.

Capitalization of development costs

SIX develops various software applications for internal and external use. Development costs for self-developed intangible assets are capitalized if the applicable criteria of IAS 38 are fulfilled. Initial capitalization of costs is based on the management's judgment that the feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash flows generated from the project, the discount rates to be applied and the expected period of benefits.

All development costs are allocated to projects. Projects are broken down into three main phases. Costs incurred in the inception and transition phase are treated as non-capitalizable, whereas costs incurred in the construction phase are treated as capitalizable. Development costs that do not satisfy the requirements for capitalization are expensed as incurred.

The status of the key projects is monitored on a monthly basis by the Executive Board of SIX Group (ExB).

Utilization of tax losses and recognition of deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. At each closing, the entity assesses the recoverability of deferred tax assets, including those recognized in previous periods. Further details on recognized deferred tax assets and unrecognized tax losses are disclosed in note 13.

Measurement of defined benefit obligations

Accounting for defined benefit obligations requires the application of certain actuarial assumptions (e.g. discount rate, salary trend, interest rate on retirement savings capital and life expectancy). These assumptions were used to calculate the present value of the obligation (or asset) as at 31 December 2021. Changes in actuarial assumptions can materially affect pension obligations and the expenses arising from employee benefit plans. A sensitivity analysis of the key factors is presented in note 34.

Impairment of goodwill and other intangibles assets with indefinite useful life

For the purpose of impairment testing, goodwill and intangible assets with indefinite useful life are allocated to cash-generating units ("CGU"). The carrying value of a CGU is compared to its recoverable amount, which is determined on a value-in-use basis.

Value in use is derived from the discounted future free cash flows of the CGU. Cash flow projections are based on the budget and mid-term financial plan approved by management. The budget and mid-term financial plan cover three years and are updated annually. Cash flows beyond the financial plan period are extrapolated using a perpetual growth rate. Estimating future earnings involves judgment, as the expected developments in the respective markets and in the overall macroeconomic environment are considered besides the current performances. The discount rates are determined by applying an approach based on a capital asset pricing model. A change in the key assumptions used to determine the recoverable amounts of each CGU may have a significant effect on the result of the impairment test. The key assumptions are tested for sensitivity by applying reasonably possible changes to those assumptions. For a description of the key assumptions, see note 20.

Performance for the Year

4. Segment Information

Determination of operating segments

The operating segments of SIX are determined based on the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure as well as the internal financial reporting to the chief operating decision maker (CODM).

As part of the integration of BME, SIX has changed its organization with effect from 1 January 2021. Going forward, BME is included in the different reportable segments based on the services provided. In addition, the trading and post-trading activities are reported separately as the reportable segments Exchanges and Securities Services, respectively. For the purpose of the segment reporting, SIX is now broken down into five reportable segments (four business units and IT) and Corporate & Others. The latter includes SIX Exchange Regulation and corporate activities that support the Group as a whole, i.e. Risk, Legal & Compliance, Finance & Services, Human Resources and Marketing & Communications. Thus, Corporate & Others does not qualify as a reportable operating segment under IFRS 8.

The reportable segments and Corporate & Others offer the following products and services:

Service	Service description
Exchanges	
Trading	Exchanges generates transaction revenues by providing a cash market for trading in shares, private and public debt, warrants, funds, financial and electricity derivatives and exchange-traded products (ETPs) as well as a securitized derivatives market for structured products and warrants. Transaction revenues are invoiced on a monthly basis. The trading business also generates service revenues for access, admission of securities to trading and ongoing listing.
Data	Exchanges distributes raw market data and index products, which generates service revenues. Depending on the market, the service fees are invoiced on a monthly, quarterly or on an annual basis.
Securities Services	
Custody business	Operating as the central securities depository (CSD) for Switzerland and Spain as well as an international custodian across various markets worldwide, Securities Services delivers comprehensive custody services for Swiss, Spanish and other international securities. Securities Services generates service revenues with issuer services, asset servicing, cash management, queries and reporting, and tax services. Transaction revenues are generated with settlement services, repos and fund processing. The custody business also generates interest income from interest margin business. Revenues from the custody business are generally invoiced on a monthly basis.
CCP clearing	Securities Services provides multi-asset clearing services and acts as a highly diversified central counterparty (CCP) with access to multiple trading venues and matching platforms across Europe. Transaction revenues are generated through clearing of trades. Further revenues are recognized from the transfers and management of pledges on securities and access charges for infrastructures and other facilities. Transaction revenues from clearing are invoiced monthly and/or quarterly. Interest income from interest margin business is generated from repo transactions.
Securities financing	Securities Services provides securities finance services, including repo trading, securities lending & borrowing and collateral management. The securities finance business mainly generates transaction revenues which are invoiced on a monthly basis, but also service revenues through membership fees and services related to the Securities Financing Transactions Regulation (SFTR) which are invoiced on an annual basis.

Service	Service description
Banking Services	
Billing and payments	Banking Services offers payment transaction processing services between financial institutions through the legal entity SIX Interbank Clearing Ltd (SIC). SIC processes retail and wholesale payments in Swiss Francs on behalf of the Swiss National Bank and additionally provides a gateway for Euro payments for the Swiss financial community (euroSIC). Banking Services is an infrastructure provider for digital billing in Switzerland with solutions such as eBill and direct debits. The revenues are mainly generated through transaction fees. Service revenues are generated by base fees and consultancy services. Additionally, Banking Services generates interest income from interest margin business.
ATM processing and services	Banking Services provides ATM transaction processing and infrastructure services in Switzerland. Banking Services mainly generates transaction revenues through processed transactions and service fees based on the number of ATMs. The location fee received in the ATM business is presented net in transaction income, as SIX has not obtained control over the service. The service fees are generally invoiced on an annual basis.
Debit processing and services	Banking Services provides issuing processing services for debit card issuers. The processed transactions generate transaction revenues and issuing service fees. Besides that, Banking Services also generates service revenues by providing operational support to card issuers (e.g. hotline services or fraud management). The service fees are generally invoiced on a monthly basis.
Financial Information	
Reference data & pricing	Financial Information offers procurement, processing and distribution of reference data and pricing information. The business generates service revenues. The subscription fees are generally invoiced on an annual basis.
Market data & display	Financial Information offers procurement, processing and distribution of (realtime) market data and offers display products. The business generates service revenues. The subscription fees are generally invoiced on an annual basis. The royalties for financial data paid to stock exchanges are presented net in service income, as SIX has not obtained control over the service.
Tax & regulatory services	Financial Information provides complete reference data required for local and cross-border regulatory and tax compliance. The business generates service revenues. The subscription fees are generally invoiced on an annual basis.
Indices	Financial Information provides index services by calculating indices and offering licenses for SIX indices. The business generates service revenues. The subscription fees for the index services are generally invoiced quarterly for variable and annually for fixed fees.
IT	
Corporate IT	IT provides corporate services (e.g. Digital Workplace) and runs the IT infrastructure and applications (e.g. trading platforms) for the business units. Service revenues are mainly generated by providing services to associated companies.
Corporate & Others	
Corporate & other services	Corporate activities include Risk, Legal & Compliance, Finance & Services, Human Resources and Marketing & Communications. Corporate & Others also includes SIX Exchange Regulation.

With effect from 1 April 2021, the performance of business units is measured based on business unit profit as included in the internal management reports, which are reviewed regularly by the CODM. Previously, the performance measure was the profit contribution which did not include management fees. IT and Corporate & Others continue to be measured based on the operating expenses.

									2021
CHF million	**Exchanges**	**Securities Services**	**Banking Services**	**Financial Infor-mation**	**Total business units**	**IT**	**Corporate & Others**	**Elimi-nation**	**Total SIX**
Revenues from external customers	371.7	466.6	195.3	394.2	**1,427.8**	42.8	27.7	–	**1,498.3**
Income from other business units, IT and Corporate & Others	9.6	8.1	6.2	7.6	**31.5**	273.9	90.3	–395.6	**–**
Total operating income	**381.3**	**474.7**	**201.4**	**401.8**	**1,459.3**	**316.7**	**118.0**	**–395.6**	**1,498.3**
Total operating expenses	**–228.0**	**–334.4**	**–177.9**	**–335.7**	**–1,076.0**	**–294.9**	**–101.4**	**395.6**	**–1,076.6**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**153.3**	**140.4**	**23.5**	**66.1**	**383.3**	**21.8**	**16.6**	**–**	**421.7**
Depreciation, amortization and impairment	–10.3	–6.5	–11.5	–11.9	**–40.2**	–23.7	–109.8	–	**–173.6**
Business unit profit	**143.0**	**133.9**	**12.0**	**54.2**	**343.1**	**–1.9**	**–93.2**	**–**	**248.0**
Financial income									49.7
Financial expenses									–48.4
Share of profit or loss of associates and joint ventures									–102.1
Earnings before interest and tax (EBIT)									**147.2**
Interest income									0.7
Interest expenses									–11.0
Earnings before tax (EBT)									**136.9**
Income tax expenses									–63.4
Profit for the period									**73.5**

CHF million	Exchanges	Securities Services	Banking Services	Financial Infor-mation	Total business units	IT	Corporate & Others	Elimi-nation	Total SIX 2020 restated[1]
Revenues from external customers	344.6	402.1	179.8	377.1	**1,303.7**	45.2	27.0	–	**1,375.9**
Income from other business units, IT and Corporate & Others	11.8	3.9	6.1	5.8	**27.6**	250.6	98.1	–376.4	**–**
Total operating income	**356.4**	**406.0**	**186.0**	**382.9**	**1,331.3**	**295.8**	**125.1**	**–376.4**	**1,375.9**
Total operating expenses	**–183.5**	**–289.1**	**–172.5**	**–319.4**	**–964.5**	**–275.4**	**–145.2**	**376.4**	**–1,008.6**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**172.9**	**116.9**	**13.5**	**63.6**	**366.9**	**20.5**	**–20.1**	**–**	**367.3**
Depreciation, amortization and impairment	–6.4	–8.2	–17.5	–10.3	**–42.3**	–23.6	–76.0	–	**–141.9**
Business unit profit	**166.6**	**108.7**	**–4.0**	**53.3**	**324.6**	**–3.1**	**–96.2**	**–**	**225.4**
Financial income									367.0
Financial expenses									–93.2
Share of profit or loss of associates and joint ventures									15.7
Earnings before interest and tax (EBIT)									**515.0**
Interest income									2.8
Interest expenses									–14.7
Earnings before tax (EBT)									**503.0**
Income tax expenses									–64.8
Profit for the period									**438.2**

[1] Figures were restated due to organizational changes and due to a change in accounting policies. See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement of the accounting policies.

Disclosures by geographical area

SIX operates mainly in Switzerland, Spain and in other European countries. The geographical analysis of the operating income from external customers and non-current assets is based on the location of the entity in which the transactions and assets were recorded. Non-current assets mainly consist of property, plant and equipment, intangible assets, investments in associates and other non-current assets, and exclude financial instruments, deferred tax and post-employment benefit assets in accordance with the provisions of IFRS 8.

	Total operating income		Non-current assets	
CHF million	**2021**	**2020**	**31/12/2021**	**31/12/2020**
				restated[1]
Switzerland	962.0	961.2	2,090.7	2,216.8
Spain	312.5	199.7	2,710.0	2,915.4
France	48.9	48.2	6.4	8.4
Germany	40.3	38.4	1.9	2.3
United Kingdom	20.9	17.9	54.1	2.7
Luxembourg	17.6	18.4	0.9	1.4
Italy	16.9	16.0	1.1	1.2
Rest of Europe	40.7	39.6	3.7	5.1
North America	26.7	25.8	6.5	5.3
Asia/Pacific	10.1	9.2	4.2	2.7
North Africa	1.6	1.5	0.2	0.2
Total	**1,498.3**	**1,375.9**	**4,879.9**	**5,161.5**

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Disclosures of major customers

SIX has a large number of customers. In 2021 and 2020, there was no major customer whose revenues represented more than 10% of the Group’s revenue.

5. Operating Income

In the following table, revenue is disaggregated by revenue type and by major service lines:

					2021
CHF million	Transaction revenues	Service revenues	Net interest income from interest margin business	Other operating income	Total
Exchanges					
Trading	243.8	45.1	–	0.2	289.0
Data	–	82.6	–	–	82.6
Other services	–	0.0	–	0.1	0.1
Total Exchanges	**243.8**	**127.6**	**–**	**0.3**	**371.7**
Securities Services					
Custody business	259.5	60.1	14.2	–	333.9
CCP Clearing	38.1	13.7	16.8	0.2	68.8
Securities financing	21.5	0.8	–	0.1	22.4
Other services	18.3	22.1	–	1.2	41.6
Total Securities Services	**337.3**	**96.7**	**31.1**	**1.5**	**466.6**
Banking Services					
Billing and payments	56.4	8.5	13.4	0.4	78.7
ATM processing and services	29.7	5.8	–	0.2	35.7
Debit processing and services	57.5	16.8	–	–	74.2
Other services	–	6.6	–	–	6.6
Total Banking Services	**143.5**	**37.7**	**13.4**	**0.7**	**195.3**
Financial Information					
Reference data & pricing	–	231.7	–	0.1	231.8
Market data & display	–	72.2	–	–	72.2
Tax & regulatory services	–	39.8	–	–	39.8
Indices	–	22.0	–	–	22.0
Other services	4.0	24.3	–	0.1	28.4
Total Financial Information	**4.0**	**390.0**	**–**	**0.2**	**394.2**
IT					
Corporate IT	–	42.6	–	0.2	42.8
Total IT	**–**	**42.6**	**–**	**0.2**	**42.8**
Corporate & Others					
Corporate & other services	–	14.0	–	13.7	27.7
Total Corporate & Others	**–**	**14.0**	**–**	**13.7**	**27.7**
Total operating income	**728.6**	**708.7**	**44.5**	**16.5**	**1,498.3**

CHF million	Transaction revenues	Service revenues	Net interest income from interest margin business	Other operating income	Total
					2020
					restated[1]
Exchanges					
Trading	248.4	32.6	–	0.2	281.1
Data	–	63.4	–	–	63.4
Other services	–	0.0	–	0.1	0.1
Total Exchanges	**248.4**	**96.0**	**–**	**0.3**	**344.6**
Securities Services					
Custody business	207.1	36.4	21.5	–	265.0
Clearing	34.4	9.3	16.4	0.0	60.1
Securities financing	19.0	0.8	–	0.1	19.9
Other services	34.2	21.2	–	1.7	57.1
Total Securities Services	**294.6**	**67.7**	**37.9**	**1.9**	**402.1**
Banking Services					
Billing and payments	54.7	8.0	12.9	0.3	75.9
ATM processing and services	30.3	6.5	–	0.3	37.2
Debit processing and services	46.7	14.6	–	–	61.3
Other services	0.0	5.4	–	–	5.4
Total Banking Services	**131.8**	**34.6**	**12.9**	**0.6**	**179.8**
Financial Information					
Reference data & pricing	–	222.3	–	0.0	222.3
Market data & display	–	73.4	–	–	73.4
Tax & regulatory services	–	34.9	–	–	34.9
Indices	–	20.7	–	–	20.7
Other services	2.2	23.6	–	0.0	25.8
Total Financial Information	**2.2**	**375.0**	**–**	**0.0**	**377.1**
IT					
Corporate IT	–	45.1	–	0.2	45.2
Total IT	**–**	**45.1**	**–**	**0.2**	**45.2**
Corporate & Others					
Corporate & other services	0.0	14.3	–	12.7	27.0
Total Corporate & Others	**0.0**	**14.3**	**–**	**12.7**	**27.0**
Total operating income	**677.0**	**632.5**	**50.8**	**15.6**	**1,375.9**

[1] Figures were restated due to organizational changes. For further information, see note 4.

Transaction price allocated to the remaining performance obligations

The following table provides information about performance obligations that have already been contractually agreed, but are unsatisfied (or partially unsatisfied) at year-end. Not included are customer contracts with an initial term of 12 months or less and services with transaction-based fees.

CHF million	31/12/2021	31/12/2020
Within one year	90.5	75.1
Within two years	63.9	60.0
Within three years	51.7	53.2
Thereafter	188.6	209.7
Total	**394.7**	**397.9**

Contract liabilities

The following table shows a reconciliation from the opening to the closing balances of contract liabilities:

CHF million	2021	2020
Carrying amount at 1 January	**60.3**	**64.2**
Revenue recognized that was included in contract liabilities at 1 January	–28.3	–24.8
Increases due to cash received, excluding amounts recognized as revenue during the period	14.8	13.0
Additions due to changes in the scope of consolidation [1]	2.2	7.9
Carrying amount at 31 December	**49.0**	**60.3**
of which current	*22.6*	*22.8*
of which non-current	*26.4*	*37.5*

[1] Figure includes the net change of contract liabilities during the year related to acquired companies (see note 30).

6. Net Interest Income from Interest Margin Business

CHF million	2021	2020
Interest income from interest margin business	83.1	90.7
Interest expenses from interest margin business	–38.6	–39.9
Net interest income from interest margin business	**44.5**	**50.8**

In 2021, interest expenses from interest margin business included interest arising from negative interest rates on financial assets in the amount of CHF 34.8 million (2020: CHF 37.6 million), of which CHF 1.5 million (2020: CHF 0.9 million) related to financial instruments at FVtOCI.

7. Employee Benefit Expenses

CHF million	2021	2020
Salaries and wages	–458.3	–415.6
Social security expenses	–114.2	–103.2
Others	–28.6	–27.3
Total employee benefit expenses	**–601.0**	**–546.0**

Expenses recognized for defined contribution plans are included in social security expenses and amount to CHF 3.4 million (2020: CHF 2.9 million).

8. Other Operating Expenses

CHF million	2021	2020 restated[1]
Contractor costs	–163.6	–192.2
Sales-related costs	–148.8	–119.1
Expenses for IT infrastructure	–92.4	–84.8
Expenses for data procurement & operation	–46.1	–42.6
VAT & tax expenses	–15.6	–18.6
Expenses for building infrastructure	–16.2	–14.2
Marketing and advertising expenses	–12.0	–9.7
Legal and audit fees	–10.3	–15.8
Travel expenses	–2.8	–2.6
Others	–18.1	–20.2
Own work capitalized	50.4	57.0
Total other operating expenses	**–475.6**	**–462.6**

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Own work capitalized includes costs incurred for the development and implementation of software and Software as a Service arrangements.

CHF million	2021	2020 restated[1]
Total expenses for software development	87.9	123.0
of which capitalized	*50.4*	*57.0*

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

In 2021, 57.4% of the project costs incurred for development and implementation were capitalized (2020: 46.4%). The capitalization ratio mainly depends on the nature of the costs incurred.

9. Financial Income and Expenses

CHF million	2021	2020
Income from financial instruments at fair value	3.8	44.5
Foreign exchange rate gains	38.3	9.5
Other financial income	7.6	313.0
Total financial income	**49.7**	**367.0**
Expenses from financial instruments at fair value	–3.2	–47.8
Expenses from financial instruments at amortized cost	–0.0	–0.7
Foreign exchange rate losses	–37.6	–22.0
Other financial expenses	–7.6	–22.6
Total financial expenses	**–48.4**	**–93.2**

Income from financial instruments at fair value also comprises dividend income. In 2021, dividend income totaled CHF 1.3 million (2020: CHF 5.0 million).

Income and expenses from financial instruments at fair value decreased compared to 2020, as in the prior year a portfolio of securities, Worldline shares and the Worldline equity collar were disposed of to finance the acquisition of BME. In 2020, the income and expenses from financial instruments at fair value and the net foreign exchange rate losses mainly included the net gain resulting from the sale of the Worldline collar shares amounting to CHF 16.5 million and the net loss from the termination of the equity collar of CHF 32.4 million (refer to note 17).

Foreign exchange rate gains and losses comprise gains and losses from financial instruments at amortized cost and financial instruments at fair value. The latter also includes the fair value changes of foreign currency derivatives. In 2021, the net foreign exchange losses on financial instruments at amortized cost amounted to CHF 2.8 million (2020: net gains of CHF 6.3 million), which was compensated by gains of financial instruments at fair value.

In 2021, other financial income included the gain from the sale of the E-Invoicing business to Postfinance Ltd. In the prior year, other financial income included in particular the net gain from the disposal of the additional stake in Worldline SA of CHF 141.7 million (for further details, see note 29) and the net gain from the deemed disposal of the investment in Worldline SA of CHF 168.9 million (for further details, see note 29).

In 2021, other financial expenses comprised mainly banking fees of CHF 2.0 million (2020: 17.1 million) and deemed disposals arising from new shares issued under employee share purchase plans of Worldline SA totaling CHF 5.3 million (2020: CHF 3.7 million).

10. Interest Income and Expenses

CHF million	2021	2020
Debt instruments	0.6	2.0
Others	0.1	0.8
Total interest income	**0.7**	**2.8**
Debt instruments	–0.1	–1.0
Cash and cash equivalents	–5.5	–9.9
Borrowings	–2.5	–0.9
Interest expenses on lease liabilities	–2.9	–2.9
Others	–0.0	–0.1
Total interest expenses	**–11.0**	**–14.7**

Interest income and expenses from debt instruments include in particular the effective interest of bonds.

In 2021, total interest expenses included interest charges arising from negative interest rates on financial assets in the amount of CHF 5.5 million (2020: CHF 9.2 million).

11. Earnings per Share

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders of SIX by the weighted average number of shares outstanding during the year.

	Notes	2021	2020
			restated[1]
Net profit attributable to shareholders of SIX Group Ltd (in CHF million)		73.9	438.4
Weighted average number of shares outstanding	22	18,914,041	18,914,041
Basic earnings per share (in CHF)		**3.91**	**23.18**

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

There was no dilution of earnings per share in 2021 or 2020.

Income Taxes

12. Income Taxes

Income tax expenses

The major components of income tax expenses for the years ending 31 December 2021 and 31 December 2020 were:

CHF million	2021	2020
		restated[1]
Current tax		
Current tax on profits for the year	–88.2	–81.6
Adjustments in respect of prior years	2.0	0.0
Total current tax expenses	**–86.2**	**–81.5**
Deferred tax		
Origination and reversal of temporary differences	23.1	18.4
Deferred tax on tax losses	–0.5	–1.8
Other changes in deferred tax	0.1	0.1
Total deferred tax expenses	**22.8**	**16.7**
Total income tax expenses	**–63.4**	**–64.8**

[1] See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement.

In 2021, the general reduction of income tax rates in Switzerland resulting from the tax reform in 2019 became effective for entities based in Zurich, and the tax asset on the brand "SIX" could be partially amortized. As another measure from the Swiss tax reform, the super-deduction of R&D expenses is used for selected Swiss entities. The recognized income tax expenses are subject to possible adjustments in the final tax assessments. The only significant tax contingency of the group is in the context of the disposal of the former cards business in 2018.

Tax reconciliation

The following breakdown shows the reconciliation of the income tax expenses reflected in the financial statements and the amount calculated at the weighted average tax rate:

CHF million		2021		2020
				restated[1]
Income from operating activities, gross of tax expenses		136.9		503.0
Group's weighted average applicable tax rate/ Group's expected tax expenses	**21.6%**	**–29.6**	**21.2%**	**–106.5**
Impact of differences in tax rates and tax bases	–0.2%	0.3	0.0%	–0.1
Utilization of previously unrecognized tax losses	–1.0%	1.4	–0.2%	1.1
Deferred tax recognized for tax losses of prior years	–0.2%	0.3	–0.2%	1.2
Deferred tax not recognized for tax losses of the year	10.0%	–13.7	2.4%	–12.2
Adjustments of deferred tax for tax losses of prior years	0.1%	–0.2	–	–
Impact of permanent differences	17.8%	–24.3	–11.9%	60.2
Adjustments of previous years	–2.0%	2.7	0.8%	–4.0
Impact of other items	–	–	0.4%	–2.1
Intercompany effects	0.2%	–0.2	0.5%	–2.5
Group's effective tax rate/tax expenses	**46.3%**	**–63.4**	**12.9%**	**–64.8**

[1] See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement.

The expected tax expenses at the weighted average applicable tax rate are the result of applying the domestic statutory tax rates to earnings before tax of each entity in the country in which it operates and by reversing intercompany effects. For the Group, the change in the applicable weighted average tax rate is mainly due to the variation in profitability by country and entity.

Permanent differences include tax-exempt income, non-deductible expenses and the impact of specific tax regulations and participation exemptions. In 2021, permanent differences include the non-tax-taxable share of loss of Worldline. In 2020, permanent differences included in particular the net gain from the sale of the Worldline collar shares, the net gain from the disposal of a stake in Worldline and the net gain from the deemed disposal of the investment in Worldline (for further details, see note 29).

Income tax receivables and payables

The estimated amounts of current income tax receivables and payables, including any amounts related to uncertain tax positions, are based on currently known facts and circumstances. SIX believes that its income tax receivables and payables are adequate for all open tax years based on the assessments made.

13. Deferred Tax Assets and Liabilities

Deferred taxes relating to items in the balance sheet

Deferred tax assets and liabilities relate to the following items:

CHF million	31/12/2021			31/12/2020		
	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
						restated[1]
Trade and other receivables	0.1	0.7	–0.6	0.0	0.8	–0.8
Financial assets	0.0	5.1	–5.1	0.0	8.5	–8.5
Other assets	0.3	1.0	–0.7	0.1	1.0	–0.9
Property, plant and equipment	0.0	9.9	–9.9	0.1	11.5	–11.5
Intangible assets	0.9	263.3	–262.4	4.8	296.6	–291.8
Investments in subsidiaries, associates and joint ventures	–	0.2	–0.2	0.0	0.3	–0.3
Assets from pension fund benefits	0.0	26.0	–26.0	–	–	–
Provisions	1.0	0.1	0.9	1.1	–	1.1
Other liabilities	5.6	0.0	5.6	6.4	0.0	6.4
Financial liabilities	7.2	0.2	7.1	8.9	0.0	8.9
Pension fund liabilities	4.6	–	4.6	6.8	–0.0	6.8
Tax loss carryforwards	1.8	–	1.8	2.3	–	2.3
Total deferred tax assets/liabilities	**21.5**	**306.4**	**–284.9**	**30.4**	**318.7**	**–288.3**
Offsetting	–7.7	–7.7		–9.8	–9.8	
Deferred tax assets/liabilities on the balance sheet	**13.8**	**298.7**		**20.7**	**308.9**	

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Net deferred tax assets and liabilities changed as follows:

CHF million	Notes	2021	2020
			restated[1]
Carrying amount at 1 January		**–288.3**	**–17.5**
Change in accounting policies	2	–	0.4
Restated carrying amount at 1 January		**–288.3**	**–17.2**
Business combinations	30	–0.8	–286.0
Changes affecting the income statement		22.8	16.7
Changes affecting OCI		–30.7	0.3
Translation adjustments		12.1	–2.1
Carrying amount at 31 December		**–284.9**	**–288.3**
of which deferred tax assets		*13.8*	*20.7*
of which deferred tax liabilities		*–298.7*	*–308.9*

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Expiry dates of recognized and unrecognized unused tax loss carryforwards

The gross values of recognized and unrecognized unused tax loss carryforwards, with their expiry dates, are as follows:

CHF million	31/12/2021 Not recognized	31/12/2021 Recognized	31/12/2021 Total	31/12/2020 Not recognized	31/12/2020 Recognized	31/12/2020 Total
One year	11.4	1.7	13.1	12.7	2.7	15.3
Two years	13.3	1.7	15.0	13.6	0.7	14.3
Three years	14.6	0.2	14.8	15.2	1.0	16.1
Four years	4.9	–	4.9	15.9	0.2	16.1
Five years	50.6	–	50.6	7.9	–	7.9
Six years	64.6	–	64.6	44.1	–	44.1
More than six years	82.8	4.5	87.3	72.8	5.7	78.5
Total	**242.2**	**8.1**	**250.3**	**182.1**	**10.2**	**192.3**
Potential tax saving	49.3		49.3	36.8		36.8

No deferred tax assets have been recognized for tax loss carryforwards of CHF 242.2 million (31 December 2020: CHF 182.1 million), as it is uncertain whether the losses will be utilized in the future. As at 31 December 2021, the potential tax saving from the unrecognized tax loss carryforwards was CHF 49.3 million (31 December 2020: CHF 36.8 million).

As at 31 December 2021, tax loss carryforwards of CHF 8.1 million (31 December 2020: CHF 10.2 million) were recognized, resulting in deferred tax assets of CHF 1.8 million (31 December 2020: CHF 2.3 million).

Assets, Equity and Liabilities

14. Cash and Cash Equivalents

CHF million	31/12/2021	31/12/2020
Cash at central banks	5,644.3	5,794.7
Cash at other banks and on hand	773.5	629.4
Short-term bank deposits	55.7	25.4
Cash and cash equivalents	**6,473.5**	**6,449.5**

Cash and cash equivalents include the following items for the purposes of the statement of cash flows:

CHF million	31/12/2021	31/12/2020
Cash and cash equivalents	6,473.5	6,449.5
Bank overdrafts	–0.2	–152.1
Cash and cash equivalents in the statement of cash flows	**6,473.3**	**6,297.4**

15. Trade and Other Receivables

CHF million	31/12/2021	31/12/2020
Trade receivables	141.3	133.0
Unbilled receivables	28.6	31.5
Other receivables	19.6	9.0
Total trade and other receivables	**189.5**	**173.5**

The exposure of SIX in relation to credit risk and details about expected credit losses on trade and other receivables are disclosed in note 25. The maximum exposure to credit risk at the reporting date corresponds to the carrying amount.

Trade and other receivables due from related parties are disclosed in note 35.

16. Receivables and Payables from Clearing & Settlement

CHF million	31/12/2021	31/12/2020
Receivables from clearing & settlement	434.2	972.8
Receivables from reverse repurchase transactions	1,915.8	1,714.0
Total receivables from clearing & settlement – Securities Services	**2,350.0**	**2,686.8**
Receivables from ATM and debit processing	186.5	198.5
Receivables from euro clearing business	0.5	0.9
Total receivables from clearing & settlement – Banking Services	**187.1**	**199.4**
Total receivables from clearing & settlement	**2,537.1**	**2,886.2**
Payables from clearing & settlement	1,426.1	1,556.0
Cash collateral received	6,427.1	6,598.8
Payables from settled suspense	29.6	209.8
Total payables from clearing & settlement – Securities Services	**7,882.8**	**8,364.6**
Payables from ATM and debit processing	160.9	225.2
Payables from euro clearing business	1,222.9	1,251.3
Total payables from clearing & settlement – Banking Services	**1,383.8**	**1,476.5**
Total payables from clearing & settlement	**9,266.6**	**9,841.1**

Receivables and payables from clearing & settlement – Securities Services

Receivables and payables from clearing & settlement in the post-trading area derive from SIX acting as a central counterparty (CCP) or a central securities depository (CSD) for securities trading. The CCP steps into the contracts as intermediary and represents the buyer to each seller and the seller to each buyer. To fulfill the contract, SIX must settle cash and securities from one trading party to another.

Receivables from clearing & settlement mainly include deposits at correspondence banks for cross-border settlements.

Reverse repurchase transactions are conducted under the usual terms and conditions applying to such agreements. The fair value of securities received as collateral from third parties under reverse repurchase transactions with unconditional right to sell on or repledge totaled CHF 1,915.4 million (31 December 2020: CHF 1,727.5 million). As at 31 December 2021, SIX had repledged securities received as collateral under reverse repurchase transactions of CHF 99.7 million (31 December 2020: CHF 113.9 million).

Participants hold deposits at SIX which are presented as payables from clearing & settlement. To guarantee the compliance of the participants with all obligations, a portion of the deposits is blocked as collateral. As at 31 December 2021, cash collateral received totaled CHF 6,427.1 million (31 December 2020: CHF 6,598.8 million). For further information about the collateral received, see note 25.

Payables from settled suspense relate to cross-border transactions where a seller is short of securities. In such an event, SIX SIS Ltd borrows the securities required and recognizes a corresponding liability.

Receivables and payables from clearing & settlement – Banking Services

Receivables from clearing & settlement include receivables due from issuers of debit cards and receivables from the euro clearing business. Payables from clearing & settlement include payables due to

ATM providers, card schemes and acquirers. In the euro clearing business, where SIX acts as a correspondent bank through its subsidiary SECB, payables from clearing & settlement mainly relate to deposits received by participants of the euro clearing system. The funds received from the participants are held at Deutsche Bundesbank or invested in bonds (see note 17).

17. Financial Assets and Liabilities (Current and Non-current)

CHF million	31/12/2021	31/12/2020
Current and non-current financial assets		
Bonds at amortized cost	1,976.4	2,063.0
Bonds at FVtOCI	212.5	220.6
Other debt instruments	106.6	84.1
Equity instruments at FVtPL	34.9	27.4
Units in investment funds at FVtPL	2.0	2.0
Financial instruments from settlement business	14.7	15.4
Derivative financial assets	1,286.0	1,161.7
Total	**3,633.2**	**3,574.4**
of which current	*1,594.6*	*1,441.1*
of which non-current	*2,038.6*	*2,133.3*
Current and non-current financial liabilities		
Lease liabilities	165.8	173.7
Borrowings	1,273.9	1,017.8
Derivative financial liabilities	1,285.0	1,161.8
Other financial liabilities	112.2	81.2
Total	**2,836.8**	**2,434.6**
of which current	*1,307.9*	*1,489.6*
of which non-current	*1,528.9*	*945.0*
Carrying amount of financial assets not derecognized		
Securities lending agreements	61.7	69.5

Bonds at amortized cost

In 2021, bonds at amortized cost decreased by CHF 86.7 million. This decrease mainly resulted from adverse foreign currency effects of CHF 86.3 million which were recognized for the largest part in other comprehensive income. The decrease in the carrying amount resulting from the amortization of premiums paid of CHF 7.1 million was nearly compensated by the net additions of CHF 6.5 million. In 2020, disposals exceeded additions by CHF 112.1 million, as bonds were sold to finance the acquisition of BME.

Bonds at FVtOCI

Bonds at FVtOCI include a portfolio of government bonds which is held to fulfill the interoperability collateral requirements of SIX x-clear Ltd against other central counterparties. The objective of the business model is achieved both by collecting contractual cash flows and selling bonds. Bonds at FVtOCI decreased by CHF 8.1 million in 2021. This decrease can be attributed to the amortization of premiums paid of CHF 7.0 million (2020: CHF 4.1 million) and negative changes in fair values of CHF 1.1 million (2020: positive changes in fair values of CHF 0.5 million).

Other debt instruments

Other debt instruments include loans, fixed deposits and funds received for sanctioned persons. In 2021, other debt instruments increased as the funds received for sanctioned persons grew by CHF 23.1 million. In 2020, fixed deposits decreased by CHF 43.4 million whereas funds received for sanctioned persons increased by CHF 75.8 million.

Equity instruments at FVtPL

Equity instruments at FVtPL comprise listed and unlisted shares held by SIX. The increase in 2021 mainly resulted from investments in unlisted equity instruments. In 2020, the Worldline collar shares were disposed of for CHF 644.0 million. The net gain of CHF 16.5 million was recognized as financial income (refer to note 9).

Financial instruments from settlement business

These financial instruments represent listed financial instruments that SIX acquires in its role as a CCP. Usually, this occurs when the securities of a trade are only partially delivered on the intended settlement date. In such cases, the delivered securities are acquired by SIX. Upon the delivery of the remaining securities, the trade is completely settled and the securities are derecognized.

Derivatives (positive and negative replacement values)

Derivatives include in particular forward contracts from the clearing and settlement business of Securities Services. SIX recognizes forward contracts from clearing and settlement activities in its capacity as a CCP in the course of fulfilling its task of matching buy and sell orders. As such, SIX recognizes positive and negative fair values of outstanding forward contracts. For further details on derivatives, refer to note 27.

In 2020, upon the disposal of the Worldline collar shares, SIX also terminated the equity collar at a value of CHF 130.9 million. The negative change in fair value of CHF 32.4 million was recognized as financial expenses (refer to note 9).

Lease liabilities

In 2021, the lease liabilities mainly decreased, as the lease payments of CHF 15.3 million (2020: CHF 18.6 million) exceeded the net increase in lease liabilities of CHF 8.9 million (2020: net increase of CHF 5.0 million) arising from changes in the lease terms.

Borrowings

In 2021, the bridge facility related to the acquisition of BME was fully repaid. As at 31 December 2020, the amount used amounted to CHF 308.4 million. In 2021, the foreign currency risk arising from the bridge facility was hedged through foreign currency swaps with no application of hedge accounting. In 2020, the foreign currency risk on the bridge facility was only partially hedged through foreign currency swaps. The remaining portion of the bridge facility was designated as a hedging instrument to hedge the foreign exchange risk on the equivalent amount of the investment in BME. The net investment hedge using the bridge facility was terminated in December 2020, as the issued EUR senior bond was designated as a hedging instrument for the net investment hedge.

SIX has issued two bonds in 2021 and one in 2020. The key terms of these bonds are as follows:

CHF million						Carrying amount	
Instruments	Issuer	Year of issuance	Nominal value in million	Maturity	Effective interest rate	31/12/2021	31/12/2020
0.0% bond ISIN ES0305523005	SIX Finance (Luxembourg) SA	2020	EUR 650.0	02/12/2025	0.04%	671.4	703.3
0.125% dual part bond Part A: ISIN CH1142754337 Part B: ISIN CH1142754345	SIX Group Ltd	2021	CHF 150.0	27/11/2026	0.21%	149.3	–
0.2% bond ISIN CH1132966347	SIX Group Ltd	2021	CHF 450.0	28/09/2029	0.21%	449.8	–
Total						**1,270.6**	**703.3**

The net investment hedge using the EUR senior bond as a hedging instrument will be maintained until the bond expires in 2025. SIX established a hedge ratio of 100%. There is an economic relationship between the investment in BME and the hedging instrument, as they are both denominated in Euros. There is no imbalance in the net investment hedge that would create ineffectiveness. In 2021, gains of CHF 32.1 million were recognized in OCI as a net investment hedge (2020: losses of CHF 5.1 million).

Other financial liabilities

Other financial liabilities include in particular liabilities due to non-controlling interests and liabilities to pass on the funds received for sanctioned persons (see “Other debt instruments” above). The NCI liabilities relate to the acquisitions of 12H Ltd, Orenda Software Solutions Inc. and Ultumus Limited and totaled CHF 11.7 million as at 31 December 2021 (31 December 2020: CHF 3.3 million). As at 31 December 2021, CHF 8.4 million of the NCI liabilities were designated as a hedging instrument to hedge the foreign exchange risk on the equivalent amount of the investments (31 December 2020: none). SIX established a hedge ratio of 100%. In 2021, gains of 0.4 million were recognized in OCI as a net investment hedge reserve (2020: losses of CHF 1.4 million).

Changes in liabilities arising from financing activities

The following table provides a reconciliation of the liabilities arising from financing activities.

				2021
CHF million	Lease liabilities	Borrowings	Other	Total
Carrying amount at 1 January	**173.7**	**1,017.8**	**–**	**1,191.5**
Cash received	–	644.6	–	644.6
Cash paid	–15.3	–363.3	–	–378.6
Additions due to changes in scope of consolidation	–	0.8	0.5	1.3
Changes through P&L	–	7.0	–	7.0
Other	8.9	–0.9	–	8.0
Translation adjustments	–1.5	–32.1	–0.0	–33.6
Carrying amount at 31 December	**165.8**	**1,273.9**	**0.5**	**1,440.2**
of which current	*16.8*	*2.0*	*–*	*18.8*
of which non-current	*148.9*	*1,271.9*	*0.5*	*1,421.4*

CHF million	Lease liabilities	Borrowings	Other	Total
				2020
Carrying amount at 1 January	**158.8**	**10.2**	**98.5**	**267.5**
Cash received	–	3,649.1	–	3,649.1
Cash paid	–18.6	–2,673.1	–130.9	–2,822.7
Additions due to changes in scope of consolidation	28.5	0.0	–	28.5
Changes through P&L	0.2	10.0	35.0	45.3
Other	5.0	–	–	5.0
Translation adjustments	–0.2	21.7	–2.6	18.9
Carrying amount at 31 December	**173.7**	**1,017.8**	**–**	**1,191.5**
of which current	*15.2*	*312.6*	–	*327.7*
of which non-current	*158.5*	*705.2*	–	*863.8*

18. Other Assets (Current and Non-current)

CHF million	Notes	31/12/2021	31/12/2020
			restated[1]
Accrued revenues and prepaid expenses		32.8	32.2
Accrued interest		11.3	12.1
Receivables from other taxes		12.2	23.9
Other short-term assets		0.0	1.8
Total other current assets		**56.4**	**70.0**
Assets from pension fund benefits	34	134.0	–
Costs to obtain a contract		6.7	6.4
Other long-term assets		13.9	9.9
Total other non-current assets		**154.5**	**16.3**

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Receivables from other taxes primarily relate to receivables from value added taxes and withholding taxes.

19. Property, Plant and Equipment

CHF million	Notes	Land, buildings and leasehold improvements	Technical installations	IT hardware	Other tangible assets	Total
						2021
Historical cost at 1 January		**679.3**	**215.5**	**134.4**	**33.2**	**1,062.4**
Additions		8.9	4.7	20.8	2.3	36.7
Disposals		–12.3	–11.3	–12.0	–8.3	–43.9
Business combinations	30	–	–	0.0	0.1	0.2
Translation adjustments		–4.1	–0.5	–1.6	–0.1	–6.3
Historical cost at 31 December		**671.7**	**208.4**	**141.8**	**27.2**	**1,049.0**
Accumulated depreciation at 1 January		**–342.6**	**–159.8**	**–98.0**	**–23.2**	**–623.6**
Annual depreciation on assets owned		–7.1	–8.0	–18.4	–3.6	–37.2
Annual depreciation on right-of-use assets		–17.0	–	–0.8	–0.2	–18.0
Impairments, net		–0.4	–0.6	–	–	–1.1
Disposals		8.8	11.2	10.0	8.1	38.0
Translation adjustments		1.4	0.1	1.1	0.1	2.7
Accumulated depreciation at 31 December		**–356.9**	**–157.1**	**–106.2**	**–18.9**	**–639.1**
Net carrying amount at 31 December		**314.8**	**51.3**	**35.6**	**8.3**	**409.9**
of which assets owned, used by SIX		*135.5*	*38.2*	*30.5*	*7.9*	*212.1*
of which assets owned, subject to an operating lease		*31.9*	*13.0*	*0.1*	*–*	*45.0*
of which right-of-use assets		*147.4*	*–*	*5.0*	*0.4*	*152.8*

CHF million	Notes	Land, buildings and leasehold improvements	Technical installations	IT hardware	Other tangible assets	Total
						2020
Historical cost at 1 January		**622.9**	**203.1**	**137.8**	**29.3**	**993.2**
Additions		8.4	5.9	14.8	3.3	32.4
Disposals		–7.6	–0.1	–29.1	–0.2	–37.0
Business combinations	30	56.3	6.6	11.0	0.8	74.7
Reclassifications		–0.0	–	–	0.0	–
Translation adjustments		–0.7	–0.0	–0.1	–0.1	–1.0
Historical cost at 31 December		**679.3**	**215.5**	**134.4**	**33.2**	**1,062.4**
Adjusted accumulated depreciation at 1 January		**–321.5**	**–152.7**	**–108.6**	**–20.1**	**–602.9**
Annual depreciation on assets owned		–7.5	–7.1	–18.4	–3.2	–36.1
Annual depreciation on right-of-use assets		–16.4	–	–0.1	–0.2	–16.7
Impairments, net		–0.5	–0.1	–	–0.0	–0.5
Disposals		2.5	0.1	28.8	0.2	31.6
Translation adjustments		0.6	0.1	0.2	0.1	1.0
Accumulated depreciation at 31 December		**–342.6**	**–159.8**	**–98.0**	**–23.2**	**–623.6**
Net carrying amount at 31 December		**336.7**	**55.7**	**36.4**	**9.9**	**438.7**
of which assets owned, used by SIX		*143.0*	*40.7*	*34.4*	*9.5*	*227.6*
of which assets owned, subject to an operating lease		*33.0*	*15.0*	*0.1*	*0.0*	*48.0*
of which right-of-use assets		*160.8*	–	*1.9*	*0.4*	*163.1*

Additions

During 2021, SIX acquired items of property, plant and equipment at a cost of CHF 36.7 million (2020: CHF 32.4 million). Investments in property, plant and equipment primarily relate to buildings under lease and midrange and mainframe servers. The total of property, plant and equipment under construction as at 31 December 2021 was CHF 0.6 million (31 December 2020: CHF 0.9 million). The additions in right-of-use assets totaled CHF 13.4 million in 2021 (2020: CHF 10.2 million). For further details on the leases, see note 33.

20. Intangible Assets and Goodwill

Reconciliation of carrying amount

								2021
		Indefinite useful life		Finite useful life				
CHF million	Notes	Goodwill	Trademarks & licences	Customer relation-ships	Acquired software	Internally generated software	Other intangible assets	Total
Historical cost at 1 January		**1,723.6**	**307.0**	**611.3**	**101.9**	**906.1**	**17.1**	**3,667.0**
Additions		–	–	–	8.7	49.8	0.4	58.9
Disposals		–	–	–	–3.5	–5.4	–	–8.8
Business combinations	30	6.8	–	–	–	4.1	–	10.9
Translation adjustments		–76.4	–14.0	–27.9	–0.5	–13.7	–0.1	–132.7
Historical cost at 31 December		**1,654.0**	**293.0**	**583.4**	**106.6**	**940.9**	**17.4**	**3,595.3**
Accumulated amortization at 1 January		**–7.2**	**–**	**–22.9**	**–81.0**	**–529.8**	**–11.2**	**–652.1**
Annual amortization		–	–	–41.6	–9.5	–65.3	–0.5	–116.9
Impairments, net		–	–	–	–0.1	–0.1	–0.2	–0.4
Disposals		–	–	–	1.5	4.3	–	5.8
Translation adjustments		–	–	2.8	0.5	3.5	0.0	6.9
Accumulated amortization at 31 December		**–7.2**	**–**	**–61.6**	**–88.6**	**–587.4**	**–11.8**	**–756.7**
Net carrying amount at 31 December		**1,646.8**	**293.0**	**521.8**	**18.0**	**353.5**	**5.5**	**2,838.6**

								2020
		Indefinite useful life		Finite useful life				
CHF million	Notes	Goodwill	Trademarks & licences	Customer relation-ships	Acquired software	Internally generated software	Other intangible assets	Total
								restated[1]
Historical cost at 1 January		**13.8**	**–**	**–**	**93.2**	**577.1**	**14.4**	**698.6**
Change in accounting policies	2	–	–	–	–	–1.8	–	–1.8
Restated historical cost at 31 December		**13.8**	**–**	**–**	**93.2**	**575.3**	**14.4**	**696.8**
Additions		–	–	–	8.6	56.0	1.1	65.7
Disposals		–	–	–	–1.8	–2.2	–0.1	–4.2
Business combinations	30	1,697.0	304.8	606.8	1.9	274.9	1.6	2,887.0
Translation adjustments		12.7	2.2	4.5	0.0	2.1	0.0	21.6
Historical cost at 31 December		**1,723.6**	**307.0**	**611.3**	**101.9**	**906.1**	**17.1**	**3,667.0**
Accumulated amortization at 1 January		**–7.2**	**–**	**–**	**–72.4**	**–474.6**	**–10.9**	**–565.1**
Annual amortization		–	–	–22.7	–8.8	–47.2	–0.4	–79.0
Impairments, net		–	–	–	–1.6	–7.9	–	–9.5
Disposals		–	–	–	1.8	0.1	0.1	2.0
Translation adjustments		–	–	–0.2	–0.1	–0.2	–0.0	–0.5
Accumulated amortization at 31 December		**–7.2**	**–**	**–22.9**	**–81.0**	**–529.8**	**–11.2**	**–652.1**
Net carrying amount at 31 December		**1,716.4**	**307.0**	**588.4**	**20.9**	**376.3**	**5.9**	**3,014.9**

[1] See note 2 (under 2.3.1 “Change in existing accounting policies”) for further information on the restatement.

Software and other intangible assets

Additions

Expenses for certain development projects have been capitalized because they satisfy the recognition criteria. Intangible assets under construction as at 31 December 2021 amounted to CHF 43.4 million (31 December 2020: CHF 72.8 million).

Goodwill and other intangible assets with indefinite useful life

Besides goodwill, SIX owns trademarks and licenses which have an indefinite useful life. These intangible assets relate to BME (see note 30). The trademarks have existed for a long time and SIX intends to keep them. The licenses are needed to maintain the trading and post-trading business of BME. Therefore, the useful life is indefinite.

Reallocation of intangible assets to new CGUs

SIX has changed its organizational structure with effect from 1 January 2021 in order to integrate BME into the reportable segments of SIX (see note 4). The reorganization triggered a reallocation of goodwill and other intangible assets with indefinite useful life which were previously allocated to Bolsas y Mercados Españoles CGU. The new CGUs are as follows:

- Exchanges (Spain): The CGU includes the Spanish trading and market data business.
- Securities Services (Spain): The CGU includes the Spanish post-trading business.
- Financial Information (Spain): The CGU includes the Spanish value added services and indices business.

Goodwill and intangible assets were reallocated based on a relative value approach, except for some individual intangible assets which were reallocated directly to the CGU. Before and after reallocation, the former and new CGUs were tested for impairment. No impairment was identified.

The following table provides a breakdown of goodwill and other intangible assets with indefinite useful life per cash generating unit.

CHF million	31/12/2021	31/12/2020
Exchanges (Spain)	1,010.0	–
Securities Services (Spain)	540.3	–
Financial Information (Spain)	21.5	–
Bolsas y Mercados Españoles [1]	–	1,691.5
12H Ltd	17.5	18.3
Financial Information (Ultumus Limited)	49.5	–
Others	8.0	6.6
Goodwill, net	**1,646.8**	**1,716.4**
Exchanges (Spain)	192.3	–
Securities Services (Spain)	98.6	–
Financial Information (Spain)	2.1	–
Bolsas y Mercados Españoles [1]	–	307.0
Intangible assets with indefinite useful life	**293.0**	**307.0**

[1] Goodwill and intangible assets with indefinite useful life have been reallocated due to organizational changes (see above).

Impairment test for CGUs containing goodwill or other intangible assets with indefinite useful life

The goodwill items and other intangible assets with indefinite useful life are subject to an annual impairment test conducted in the fourth quarter of each year. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the carrying amount of the relevant organizational unit exceeds its recoverable amount.

For the purpose of impairment testing, goodwill and other intangible assets with indefinite useful life have been allocated to the following CGUs. The table includes only material CGUs:

CHF million					31/12/2021
Cash-generating unit	Carrying amount	Projection period	Long-term growth rate	Discount rate	Method
Exchanges (Spain)	1,562.7	3 years	1.5%	6.7%	Value in use
Securities Services (Spain)	829.0	3 years	1.5%	6.4%	Value in use
Financial Information (Spain)	39.7	3 years	1.5%	9.1%	Value in use
12H Ltd	31.8	3 years	0.0%	7.6%	Value in use
Financial Information (Ultumus Limited)	107.9	3 years	1.5%	8.0%	Value in use
Total	**2,571.2**				

CHF million					31/12/2020
Cash-generating unit	Carrying amount	Projection period	Long-term growth rate	Discount rate	Method
Bolsas y Mercados Españoles [1]	1,998.5	3 years	1.5%	6.1%	Value in use
12H Ltd	18.3	3 years	0.0%	8.4%	Value in use
Total	**2,016.8**				

[1] The cash-generating unit has been split up due to organizational changes (see above).

The recoverable amounts for the CGU have been determined based on a value in use calculation using the discounted cash flow method (DCF). These calculations use post-tax cash flow projections based on financial projections approved by management. Based on the impairment testing in 2021 none of the CGUs must be impaired.

Key assumptions

The calculation of value in use is the most sensitive to the following assumptions:

Discount rate

The discount rate calculation is based on the specific circumstances of SIX and its operating segments. It is derived from the capital asset pricing model and considers the risk-free interest rate based on long-term government bond yields and market risk premiums. The discount rate used also takes into consideration the specific risks relating to the cash-generating unit. Beta and equity/debt ratio are derived from peer groups.

Perpetual growth rate

The growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of any cash-generating unit to exceed its recoverable amount.

21. Capital Management

SIX capital management ensures adequate equity to maintain shareholder and market confidence, as well as sufficient capital to drive the future development of the business, while complying with regulatory capital requirements for the relevant group entities.

In March 2021, Standard & Poor's Global Ratings (S&P) affirmed the issuer credit ratings of SIX Group Ltd (A/A-1) and its operating companies SIX x-clear Ltd and SIX SIS Ltd (A+/A-1). The outlooks are stable.

SIX considers both equity and debt as relevant components of funding. SIX uses the equity ratio and net debt to adjusted EBITDA ratio to monitor capital and leverage, and the return on equity to monitor the financial performance. These ratios are reported to the Executive Board and the Board of Directors on a regular basis through the internal financial reporting.

The ratios are shown in the following table:

CHF million	2021	2020 restated[1]
Return on equity		
Group net profit for the year	73.5	438.2
Total equity (average previous 12 months)	5,343.4	4,949.0
Return on equity	**1.4%**	**8.9%**
Equity ratio		
Total liabilities (average previous 12 months)	13,948.4	12,487.3
– Payables from clearing & settlement (average previous 12 months)	10,425.6	9,533.8
– Negative replacement values from clearing & settlement (average previous 12 months)	1,401.4	1,387.0
Total adjusted liabilities (average previous 12 months)	**2,121.4**	**1,566.5**
Total equity (average previous 12 months)	**5,343.4**	**4,949.0**
Equity ratio	**71.6%**	**76.0%**
Net debt to adjusted EBITDA[2]		
Lease liabilities	165.8	173.7
Borrowings	1,273.9	1,017.8
Other debt	16.6	25.2
Total debt	**1,456.3**	**1,216.7**
Free unencumbered cash	–789.4	–471.9
Net debt	**666.9**	**744.8**
EBITDA	421.7	367.3
Adjustments	2.2	5.9
Adjusted EBITDA	**423.9**	**373.1**
Net debt to adjusted EBITDA	**1.57**	**2.00**

[1] See note 2 (under 2.3.1 "Change in existing accounting policies") for further information on the restatement.

[2] SIX implemented this calculation method of the net debt to adjusted EBITDA ratio in 2021. The prior year's figures have been calculated accordingly.

For the calculation of the net debt to adjusted EBITDA ratio, SIX follows the methodology applied by S&P Global Ratings. Other debt includes the defined benefit pension obligations net of tax. Free unencumbered cash comprises unpledged cash net of bank overdrafts, cash equivalents and securities, minus net payables from clearing and settlement, operating cash reserves and cash restricted due to regulatory requirements, respectively. The EBITDA adjustments include in particular dividend income from equity investments. The ratio decreased in 2021, as in the prior year BME was only consolidated as from the acquisition date in June. SIX continues to target a further de-leveraging over the medium term.

The dividend policy of SIX takes into account the local requirements of each subsidiary regarding the ability to make dividend payments.

On 26 April 2021, the Annual General Meeting approved the distribution of a dividend of CHF 4.30 (2020: CHF 3.90) per registered share. The total amount distributed to holders of outstanding shares was CHF 81.3 million (2020: CHF 73.8 million). The dividend was recorded against retained earnings as in the previous year.

For the year ending 31 December 2021, the Board of Directors has proposed an ordinary dividend of CHF 4.75, corresponding to a total of CHF 92.7 million for 2021. No dividend will be paid on treasury shares held directly by SIX Group Ltd. There are no tax consequences. The dividend proposal will be submitted for approval by the Annual General Meeting to be held in the second quarter of 2022.

Regulatory capital requirements

The Group is not subject to regulatory capital requirements. However, regulatory capital adequacy requirements apply to the following entities of the Group: SIX SIS Ltd, SIX x-clear Ltd, SIX Digital Exchange Ltd, BME Clearing SAU, Iberclear and SECB Swiss Euro Clearing Bank GmbH. The regulatory capital requirements are monitored by the management of the respective group entities.

	Minimum requirement	31/12/2021	31/12/2020
Capital fulfilment ratio			
SIX SIS Ltd	110.0%	154.8%[1]	159.2%
SIX x-clear Ltd	110.0%	187.3%[1]	308.7%
SIX Digital Exchange Ltd	110.0%	166.2%	n/a[2]
BME Clearing SAU	110.0%	337.0%	281.0%
Iberclear	110.0%	558.1%	535.0%
Basel III capital ratio			
SECB Swiss Euro Clearing Bank GmbH	13.3%	36.8%	39.4%

[1] New requirements for recovery capital since 2021.

[2] Only applicable as from 2021 when SIX Digital Exchange Ltd obtained the FINMA license.

The CSDs SIX SIS Ltd, SIX Digital Exchange Ltd and the CCP SIX x-clear Ltd are obliged to fulfill requirements arising from the Financial Market Infrastructure Act and Ordinance (FMIA/FMIO). Eligible capital must be available to support business activities, in accordance with both the company's internal assessment and the requirements of the regulators, in particular those of the lead regulators, FINMA and the SNB. These capital requirements contain all elements of the Basel III framework pertaining to credit, non-counterparty, market and operational risks as well as additional FMI-specific capital requirements for recovery capital, wind-down, intraday credit risks and potential defaults of participants. To calculate the capital requirements for credit risks, market risks and operational risks, FMIs can choose from a number of different approaches under Basel III. SIX SIS Ltd, x-clear Ltd and SIX Digital Exchange Ltd use the international Basel III standard approach (SA-BIZ) for credit risks, the standard approach for market risks and the basic indicator approach for operational risks.

BME is supervised by the National Securities Market Commission (CNMV) and Banco de España. The capital requirements of BME are based on the Spanish law and the European Parliament Regulations related to the trading, CSD and CCP business. The EU regulations for CSDs and CCPs require that the capital covers the risks stemming from the activities of the CSD/CCP and shall be at all times sufficient to ensure adequate protection against credit, counterparty, market, operational, legal, custody, investment and business risks so that the CSD/CCP can continue to provide services and, if required, ensure an orderly winding-down or restructuring.

SECB has a banking license and is regulated by the Federal Financial Supervisory Authority (BaFin). The bank is obliged to fulfil the capital requirements according to the European Union Capital Requirements Regulation (CRR). To calculate the capital requirements, SECB uses the standard approach according to CRR for credit risk and the basic indicator approach for operational risk.

22. Capital and Reserves

Share capital

As at 31 December 2021, the total number of shares issued remained unchanged from the prior year at 19,521,905 and corresponds to the number of authorized shares. All shares issued have a par value of CHF 1.00 and are fully paid up.

Number of shares	31/12/2021	31/12/2020
Shares issued	19,521,905	19,521,905
Treasury shares	–607,864	–607,864
Shares outstanding	**18,914,041**	**18,914,041**

The shares rank equally with regard to the company's residual assets.

The holders of the shares are entitled to receive a proportionate share of distributed dividends as declared and are entitled to one vote per share at the shareholders' meeting of SIX Group Ltd. The proposed dividend per share for financial year 2021, together with the 2020 figure for comparison purposes, is disclosed in note 21.

Treasury shares

The reserve for own shares comprises the cost of the shares held by SIX. At 31 December 2021, SIX held 607,864 shares directly or indirectly via its subsidiaries. There was no change in the number of treasury shares compared with 31 December 2020.

Translation reserve

Reserves arising from foreign currency translation adjustments comprise the differences arising from the foreign currency translation of the financial statements of subsidiaries and associated companies from their respective functional currencies into Swiss francs.

Retained earnings

The total amount of dividends distributed to holders of outstanding shares was CHF 81.3 million (2020: CHF 73.8 million), which has been recorded against retained earnings as in the prior year.

23. Provisions (Current and Non-current)

Provisions are classified as follows:

CHF million	Notes	2021 Provisions for legal claims	2021 Provisions for restructuring	2021 Provisions for asset retirement obligations	2021 Other provisions	2021 Total	2020 Total
Carrying amount at 1 January		**4.4**	**1.4**	**5.3**	**9.5**	**20.6**	**14.0**
Increase in provisions		–	0.3	0.1	–	0.4	4.3
Business combinations	30	–	–	–	–	–	4.7
Dissolution		–	–	−0.1	−0.4	−0.5	−0.2
Usage		−0.8	−1.4	−0.9	−2.5	−5.7	−2.0
Translation adjustments		−0.0	−0.0	−0.0	−0.1	−0.2	−0.0
Carrying amount at 31 December		**3.6**	**0.2**	**4.4**	**6.4**	**14.6**	**20.6**
of which current		–	*0.2*	–	*0.0*	*0.2*	*4.3*
of which non-current		*3.6*	–	*4.4*	*6.4*	*14.4*	*16.3*

Provisions for legal claims

SIX is involved in legal and judicial proceedings and claims in the ordinary course of business operations. Provisions and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists.

Restructuring provisions

The provision relates to restructuring of the Financial Information business in France in previous years.

Provisions for asset retirement obligations

The provisions for asset retirement obligations mainly relate to cost estimates for the decommissioning of premises in Switzerland, France and the UK.

Other provisions

Other provisions mainly concern risks relating to the financial information and business activities in Spain.

24. Other Liabilities (Current and Non-current)

CHF million	Notes	31/12/2021	31/12/2020
Accruals for staff-related costs		91.0	93.0
Accrued expenses		47.1	46.4
Liabilities from other taxes		31.4	44.2
Other short-term liabilities		15.1	13.4
Total other current liabilities		**184.7**	**197.0**
Pension fund liabilities	34	21.1	32.0
Other employee benefit liabilities		22.6	23.4
Total other non-current liabilities		**43.7**	**55.4**

Accruals for staff-related expenses are for vacation leave, overtime, jubilees and bonuses. The long-term portion of liabilities for jubilees and bonuses is included in other employee benefit liabilities. The methods used to measure pension fund liabilities are explained in note 34.

Financial Instruments

25. Financial Risk Management

Risk governance
The Board of Directors (BoD) of SIX Group Ltd bears the ultimate responsibility for the supervision of the overall risk situation, approves the overall risk policy and decides on risk appetite limits.

The Risk Committee of the BoD acts as a representative of the BoD and approves risk governance, organization and methodologies, as well as reviews their implementation, adequacy and effectiveness.

Responsibility for accounting, financial reporting and the internal controlling systems is also delegated by the BoD to the Audit Committee. External and internal auditors report to the Audit Committee of the BoD. Internal auditors are responsible for monitoring risk management and control, in particular the risks related to business processes.

The Executive Board of SIX Group Ltd (ExB) has the ultimate operational decision-making authority concerning risk matters. As a member of the ExB, the Chief Risk Officer is responsible for the independent oversight of the overall risk situation. He has managerial responsibility for the "second line of defense" functions, i.e. Risk Management, Security and Compliance.

A "three lines of defense" governance model forms the basis of the risk governance framework. Each line has its specific role and responsibilities. Close collaboration between all lines ensures the identification, assessment and mitigation of risks.

Senior executives form the "first line of defense" and are accountable for managing the specific risks faced by business management. They maintain effective processes and manage their risks with care, including comprehensive controls and documented procedures.

Within the "second line of defense", risk control measures are defined by the Head Risk Management and dedicated Risk Management Teams. The Head Risk Management reports to the Chief Risk Officer and is not part of the line management structure of business units.

Independent assurance providers, such as Internal and External Audit, form the "third line of defense", which supervises the overall risk situation, internal controls and risk management. They monitor risk management and controlling to evaluate their effectiveness, including an assessment of how the first and second lines of defense meet their risk objectives.

Legal and Compliance functions within SIX are responsible for implementing the instructions and requirements issued by the legislator, the supervisor and other relevant institutions. They ensure that the business management of SIX complies with due diligence and meets the current rules, regulations and obligations of a financial intermediary.

Pursuant to the National Bank Act and the Financial Market Infrastructure Act, Financial Market Infrastructures (FMIs) within the business unit Securities Services are supervised by the FINMA, the SNB, the National Securities Market Commission of Spain (CNMV) and Banco de España. At SIX SIS Ltd, SIX x-clear Ltd, BME Clearing Ltd and Iberclear, counterparty limits, margin requirements and risk model parameterization are managed by the risk management organization. The FMIs have dedicated Chief Risk Officer (CRO) roles who are also members of the respective Management Committees and who are responsible for the independent oversight of the risk situation of the FMIs.

In June 2020, SIX successfully acquired BME which is now integrated into the business units Exchanges, Securities Services and Financial Information (see note 30). Ex-BME businesses are exposed to similar financial risks, such as at its CCP, BME Clearing. The risks are managed by dedicated risk managers on BME level, who are part of the "second line of defense".

SECB is supervised by the German Federal Financial Supervisory Authority (BaFin) and pursues a financial risk policy in line with local requirements. The main counterparty as well as market and interest rate risk arise from the part of the EUR cash balances which are invested in a high-quality and repo-eligible bond portfolio.

SIX Digital Exchange Ltd (SDX) has been supervised by FINMA since 2021 and operates a stock exchange and a central securities depository for digital assets in Switzerland.

The capital requirements of the regulated entities are described in note 22.

Credit risk

General

Counterparty credit risk is defined as the risk of a loss caused by a counterparty not fulfilling its contractual obligations or commitments. Given the nature of its core business activities, SIX monitors the counterparty default risk for all its major risk-related activities, which relate in particular to the following financial positions:

- cash at banks and short-term deposits
- trade and other receivables
- receivables from clearing & settlement
- derivatives
- bonds
- other debt instruments

Within the post-trading area of business unit Securities Services, credit exposures mainly relate to short-term interim financing undertaken for the purpose of settling securities transactions. With the exception of the Swiss National Bank and SIX affiliates, all short-term financing for settlement purposes is fully covered by collateral in the form of cash and repo-eligible securities. For further details, see also the section on collateral management below.

At the traditional trading venues such as SIX Swiss Exchange and Bolsas y Mercados Españoles, trading and settlement are separate transactions, whereas settlement usually takes place two days after the trading. Between trading and settlement, the involved parties have to manage counterparty risks. The exposure related to open clearing & settlement transactions is reflected in the forwards from the clearing & settlement business. As SIX acts as a CCP, positive replacement costs generally equal negative replacement costs. At SDX, settlement is an integral part of the trading process. The trading venue checks if the participants have enough assets or funds available for the planned transaction before confirming it. As a result, no counterparty risk needs to be managed after the trade is completed and there are no forwards from clearing & settlement.

Within the business unit Securities Services, there is a strict risk and credit policy in place. Credit risk management is executed via limits granted to the customers by the relevant bodies within SIX, according to the competency rules. Each participant with a credit limit is subject to an initial credit risk assessment and rating assignment, as well as a periodic review. No credit limits are granted without a prior risk assessment and rating assignment. Credit limits are monitored constantly to ensure that the risk profile is always in line with the risk appetite and the credit risk policy. Based on the amount of risk-equivalent limits and the creditworthiness, each counterparty is assigned to a risk group which defines the depth and frequency of the review. Counterparties in higher risk groups (high "risk-equivalent limits", low credit rating) are reviewed more often and monitored more closely than those in lower risk groups.

In businesses other than post-trading, counterparty credit risk arises in particular from investments of operating liquidity of SIX, which primarily takes the form of cash deposits with banks or fixed income investments. As in the post-trading business area, such credit exposures are limited by investment limits that vary in size, depending on the credit ratings of internationally recognized rating agencies. Risk Management, working together with Treasury, monitors exposures against investment limits and warning indicators on a daily basis.

As at 31 December 2021, the bond portfolio of SECB amounted to CHF 1,886.5 million (31 December 2020: CHF 1,920.7 million) and was mainly composed of highly liquid bonds with an average remaining term of 3.1 years (31 December 2020: 3.1 years). New portfolio investments undergo different layers of approval based on the counterparty rating and security type.

In the context of strategic investments, SIX guards against the risk of default by means of a treasury investment policy that imposes minimum credit ratings for direct and indirect investments in debt instruments. Treasury regularly monitors strict compliance with this policy.

With regard to trade and other receivables, SIX has a large number of debtors, which are internationally dispersed. The credit risks in this regard are considered insignificant. As credit ratings are unavailable for some non-financial customers, their credit quality is assessed by either the operating business unit or the local finance departments, taking into account the customer's financial strength as well as past experience and other factors. Acting as the first line and overseen by the second line of defense, each business unit has primary responsibility for managing and monitoring its credit risks.

Aggregated credit risk exposures are closely monitored against the risk appetite thresholds of SIX and regularly reported to the ExB and the BoD.

The gross carrying amounts of financial assets measured at amortized costs and bonds measured at FVtOCI and the related credit ratings of the counterparties are summarized in the following table. The net carrying amounts (net of loss allowances) represent the maximum exposure to credit risk.

						31/12/2021
CHF million	**Investment grade**	**Non-investment grade**	**Not rated**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Exposure for which loss allowance equals 12-month ECL (Stage 1)						
Cash at bank and short-term deposits [1]	6,472.3	0.2	0.0	6,472.6	–0.0	6,472.6
Receivables from clearing & settlement	2,307.6	2.7	226.9	2,537.1	–0.0	2,537.1
Bonds	2,190.7	–	–	2,190.7	–1.8	2,188.9
Others	99.5	–	1.9	101.4	–	101.4
Total	**11,070.1**	**2.9**	**228.8**	**11,301.8**	**–1.8**	**11,300.0**

[1] The balances exclude cash on hand.

						31/12/2020
CHF million	**Investment grade**	**Non-investment grade**	**Not rated**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Exposure for which loss allowance equals 12-month ECL (Stage 1)						
Cash at bank and short-term deposits [1]	6,448.6	0.1	0.0	6,448.7	–0.0	6,448.7
Receivables from clearing & settlement	2,822.9	0.5	62.8	2,886.2	–0.0	2,886.2
Bonds	2,285.6	–	–	2,285.6	–2.0	2,283.7
Others	76.4	–	2.7	79.1	–	79.1
Total	**11,633.5**	**0.7**	**65.6**	**11,699.7**	**–2.0**	**11,697.7**

[1] The balances exclude cash on hand.

The following table shows the gross carrying amounts of trade and other receivables and the related past due status. The net carrying amounts (net of loss allowances) represent the maximum exposure to credit risk.

						31/12/2021
	Lifetime ECL (Stage 2)		Lifetime ECL credit impaired (Stage 3)			
CHF million	Not past due	Within 6 months	From 6 to 12 months	More than 12 months	Receivables with objective evidence of impairment	Total
Trade and other receivables	165.6	21.5	3.0	2.8	1.3	194.2
Gross carrying amount	**165.6**	**21.5**	**3.0**	**2.8**	**1.3**	**194.2**
Loss allowance	−0.0	−0.0	−0.9	−2.5	−1.3	−4.7
Net carrying amount	**165.5**	**21.5**	**2.1**	**0.4**	**–**	**189.5**

						31/12/2020
	Lifetime ECL (Stage 2)		Lifetime ECL credit impaired (Stage 3)			
CHF million	Not past due	Within 6 months	From 6 to 12 months	More than 12 months	Receivables with objective evidence of impairment	Total
Trade and other receivables	148.8	22.4	2.7	6.1	0.7	180.7
Contract assets [1]	0.1	–	–	–	–	0.1
Gross carrying amount	**148.8**	**22.4**	**2.7**	**6.1**	**0.7**	**180.7**
Loss allowance	−0.0	−0.0	−0.8	−5.6	−0.7	−7.1
Net carrying amount	**148.8**	**22.4**	**1.9**	**0.5**	**–**	**173.6**

[1] Contract assets are presented within other current assets.

Collateral management

As part of short-term interim financing for the purpose of settling securities transactions, SIX SIS Ltd provides intraday credit lines and securities lending and borrowing services (SLB) to its counterparties to increase settlement efficiency and reduce settlement failures. Intraday credit and lending services to counterparties are set up on a fully collateralized basis, and collateral is provided by SIX SIS Ltd participants in the form of cash or highly liquid repo-eligible securities.

In order to protect SIX x-clear Ltd and BME Clearing SAU, which act as central counterparties, against the risk of default by a clearing member before it has settled its outstanding transactions, clearing members are required under the applicable version of the clearing terms to provide collateral in the form of cash or highly liquid repo-eligible securities under a full-title transfer regime. The margin requirement basically comprises an initial margin for possible future price fluctuations, a variation margin for actual changes in value and certain add-ons that are called in times of higher market volatility according to the clearing terms. In addition, all counterparties have to provide default fund contributions to cover the potential risk that is not covered by the margin model (confidence level of at least 99%) in the event of a member's default. The margin model is regularly calibrated and back-tested.

The following table shows the collateral received:

CHF million	Notes	31/12/2021	31/12/2020
Cash collateral	16	6,427.1	6,598.8
of which are related to securities lending		*50.2*	*67.3*
Fair value of securities received with a right to repledge or sell		3,242.9	3,698.5
of which are related to securities lending		*8.3*	*16.1*
of which are related to reverse repurchase transactions		*1,915.4*	*1,727.5*
Total fair value of collateral received		**9,670.0**	**10,297.3**

Cash collateral is recognized on balance sheet whereas collateral received in securities consists in off-balance sheet items. Due to the collateral received and the potential to pass on losses to market participants in the CSD business, the Group has not designated expected credit losses on receivables from clearing and settlement of the business unit Securities Services.

Expected credit losses measurement

Significant increase in credit risk

In order to assess a significant increase in credit risk, the Group applies a low credit risk threshold equivalent to the "investment grade" and past due status information. When the credit risk increases significantly, the loss allowance is measured at an amount equal to lifetime ECL (i.e. stage 2).

Definition of default

SIX considers a financial asset to be in default when a counterparty is unable or likely to be unable to fully meet its financial obligation when due.

In assessing if a counterparty is in default, the following information is considered:

- qualitative, e.g. the counterparty has been declared to be in default; and/or
- quantitative, i.e. overdue status

The assessment as to whether a financial asset is in default may vary by instrument type. The following reasons give rise to a default event for the respective financial assets:

- Trade and other receivables: A default situation occurs when receivables are more than 180 days past due. The Group performs an analysis showing that 90 days past due is not an appropriate default definition for trade and other receivables and rebuts the 90 days past due presumption. This rebuttal is reviewed on an annual basis.
- Debt instruments: A default situation occurs when (re-)payments of interests and/or notional amounts are not received in full on time.

The management's view is that the above events best depict the default situations of the respective financial assets. A default event results in a transfer to the credit impaired financial asset category (i.e. stage 3).

Measuring expected credit losses

The measurement of expected credit losses for financial assets at amortized costs – except for trade and other receivables and contract assets – is a function of the probability of default (PD), the exposure at default (EAD) and loss given default (LGD):

- The PD represents the likelihood of a counterparty defaulting on its financial obligation either over 12 months or over the remaining lifetime of the obligation. The PDs are generally derived from internally developed statistical models and are updated at least annually. The Group has established global PDs per rating classes which are applied to the exposures based on the counterparty rating (i.e. exposures are grouped by counterparty rating). PDs are based on credit default swaps (CDS) spreads observed in the market. These CDS spreads include the market expectation of default (i.e. forward-looking information). The 12-month PDs are adjusted when the contractual period is less than 12 months (i.e. on-demand deposits have a contractual period of 1 day). If no rating is available for the counterparty, the PD level is assumed to be in the sub-investment grade area.

- EAD is based on the amounts outstanding at the time of the default. SIX assumes that the EAD is equal to the gross carrying amount.
- LGD represents the expectation of SIX regarding the extend of loss on a defaulted exposure. LGD considers the availability of collaterals received and the potential to pass on losses to market participants in the CSD business.

The expected credit losses for trade and other receivables and contract assets are based on historical loss rate data adjusted by current conditions and future expectation. The historical loss rate is applied to the gross carrying amount of these assets. Generally, trade and other receivables which are more than 180 days past due are considered as C-rating equivalent and the corresponding PD is applied to those exposures in order to calculate the impairment amount. Exposures which are more than 360 days past due are generally considered as D-rating equivalent. D-rated assets are fully credit impaired. The policy described above may be adapted by entities for specific conditions on local markets.

The expected credit losses as at 31 December 2021 and 31 December 2020 are presented in the General section above.

Liquidity risk

General

Liquidity risk is the risk that SIX will encounter difficulty in meeting current and future obligations associated with its financial liabilities. Specific to the post-trading business area of SIX, liquidity risk exists mainly as a result of everyday operational flows, such as repayments of cash collateral to clearing members and provision of liquidity to facilitate settlement.

Liquidity management is governed by the treasury policy of SIX. Its main purpose is to provide subsidiaries with financial resources at any time so that they are able to meet their payment obligations. The continuous monitoring of liquidity at Group level and the allocation of resources allow Treasury to maintain a sound level of liquidity at all times. The liquidity status is reported on a monthly or quarterly basis to various committees. SIX maintains credit lines with a limited number of financial institutions to cover exceptional liquidity requirements. The total amount of credit lines as at 31 December 2021 was CHF 454.4 million (31 December 2020: CHF 440.3 million). Additionally, SIX SIS Ltd has foreign currency settlement limits in connection with the cross-border business in the amount of CHF 3,026.0 million (31 December 2020: CHF 3,063.1 million). As at 31 December 2021, CHF 0.2 million of these credit facilities had been utilized (31 December 2020: nil). Liquidity is managed for various currencies. The main currencies are the Swiss franc, euro, US dollar and pound sterling.

The Group's operational liquidity as at 31 December 2021 was CHF 6,473.5 million (31 December 2020: CHF 6,449.5 million). The operational liquidity is deposited with appropriate investment limits at commercial banks, the Swiss National Bank (SNB) and European central banks. Operational liquidity of the Swiss and various foreign subsidiaries, with the exception of SIX SIS Ltd, SIX x-clear Ltd, the BME entities and SECB, is held and managed centrally at SIX as part of a cash pool. Treasury is responsible for the management of the cash pool. The liquidity in excess of operational liquidity required by the subsidiaries is provided by Treasury to cover any short to medium-term structural liquidity requirements.

On a day-to-day basis, the Collateral and Liquidity Management team is tasked with ensuring that the Group can meet its financing needs at all times, in particular to ensure that the business continues to operate smoothly in the event of default by a clearing member.

The liquidity managed by Securities Services as at 31 December 2021 amounted to CHF 5,807.4 million (31 December 2020: CHF 6,000.1 million). Liquidity management is one of the main operating activities in the settlement business. Liquidity risk in the post-trading business area is managed by ensuring that the expected inflows match the expected outflows in the respective currency.

SECB reported a liquidity of CHF 6.9 million as at 31 December 2021 (31 December 2020: CHF 152.1 million bank overdraft). The liquidity risk (also during the day) is observed to the extent that current accounts of customers should generally be held with credit balances. In the event of an unexpected liquidity bottleneck, the securities portfolio held by SECB can be used at any time to obtain liquidity from Deutsche Bundesbank as part of lombard transactions.

Once a year, the liquidity strategy is reviewed by the Chief Financial Officer and approved by the Board of Directors. Treasury monitors the implementation and execution of the liquidity strategy.

Maturity analysis for financial liabilities

The following table shows the contractual maturities of the financial liabilities held by SIX at the reporting date and in the previous year.

31/12/2021

CHF million	Within 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Liabilities						
Bank overdrafts	0.2	–	–	–	0.2	0.2
Trade and other payables	15.0	0.6	–	–	15.7	15.7
Payables from clearing & settlement	9,266.6	–	–	–	9,266.6	9,266.6
Borrowings	–	2.0	823.6	458.2	1,283.8	1,273.9
Lease liabilities	5.3	14.2	62.8	105.5	187.7	165.8
Other financial liabilities	3.1	1.0	9.1	98.9[1]	112.2	112.2
Non-derivative financial liabilities	**9,290.2**	**17.8**	**895.5**	**662.6**	**10,866.2**	**10,834.3**
Total financial liabilities	**9,290.2**	**17.8**	**895.5**	**662.6**	**10,866.2**	**10,834.3**

[1] Includes funds received for sanctioned persons, which cannot be accessed until the sanctions are lifted.

31/12/2020

CHF million	Within 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Liabilities						
Bank overdrafts	152.1	–	–	–	152.1	152.1
Trade and other payables	12.2	0.8	–	–	13.0	13.0
Payables from clearing & settlement	9,841.1	–	–	–	9,841.1	9,841.1
Borrowings	–	312.6	706.7	–	1,019.3	1,017.8
Lease liabilities	2.9	14.9	63.7	116.3	197.8	173.7
Other financial liabilities	–	1.1	4.3	75.8[2]	81.2	81.2
Non-derivative financial liabilities	**10,008.3**	**329.4**	**774.6**	**192.1**	**11,304.5**	**11,278.9**
Derivative financial instruments, net[1]	0.1	–	–	–	0.1	0.1
Derivative financial liabilities	**0.1**	**–**	**–**	**–**	**0.1**	**0.1**
Total financial liabilities	**10,008.4**	**329.4**	**774.6**	**192.1**	**11,304.6**	**11,279.0**

[1] Derivative financial instruments from clearing & settlement business are considered on a net basis. The net amount is only included if it is a liability.

[2] Includes funds received for sanctioned persons, which cannot be accessed until the sanctions are lifted.

The fair value of the derivative financial instruments best represents the cash flows that would have to be paid if these positions had to be settled or closed.

Market risk

General

Market risk is the risk of losses on financial assets arising from movements in market prices. With regard to SIX, market prices carry three types of risk: foreign currency risk, interest rate risk and equity risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The consolidated financial statements are published in Swiss francs. The foreign currency risks arise primarily from fluctuation of currencies against the Swiss franc, mainly euro, US dollar and pound sterling. Consequently, SIX uses spot, forward and swap contracts to hedge its exposure to those currencies.

In Switzerland, the entities of SIX are exposed to foreign currency risk through their operating activities (when revenue or expense is not denominated in Swiss francs) and their financial investments in foreign currencies. Treasury controls the exposure to foreign currency risk by using forwards and monitoring the hedging level of the portfolio managed by the asset manager. SIX SIS Ltd hedges its exposure to foreign currencies directly with local banks. Other entities of SIX enter into foreign exchange rate contracts with Treasury. Treasury, for its part, is responsible for hedging net positions in foreign currencies with external counterparties. The entities of SIX in other countries are generally not exposed to significant foreign currency risks.

Through the acquisition of BME, a large part of the Group's earnings occurs in EUR, which exposes SIX to a foreign currency risk, as the income statements of subsidiaries with a functional currency other than the Swiss franc are translated at the monthly average exchange rates into the Swiss franc. The BoD of SIX has defined the maximum foreign currency risk appetite SIX is willing to take. The foreign currency exposures are monitored to ensure they do not exceed the defined thresholds.

The table below illustrates a hypothetical sensitivity of earnings before tax and other comprehensive income to increases and decreases in foreign exchange rates at year-end due to revaluation of balance sheet items and translation of foreign operations, assuming all other variables remain unchanged. The changes in exchange rates used for 2021 and 2020 are based on historical volatility. Positive figures represent an increase in earnings before tax and other comprehensive income.

					2021
	Change in exchange rate[1]	Effect on earnings before tax		Effect on other comprehensive income	
Amounts in CHF million	+/–	+	–	+	–
CHF/EUR	3.8%	0.0	–0.0	142.4	–142.4
CHF/USD	6.0%	–0.2	0.2	5.6	–5.6
CHF/GBP	6.1%	0.0	–0.0	0.2	–0.2
Total		**–0.1**	**0.1**	**148.2**	**–148.2**

[1] A positive change in the exchange rate represents a strengthening of the foreign currency.

	2020				
	Change in exchange rate[1]	Effect on earnings before tax		Effect on other comprehensive income	
Amounts in CHF million	+/–	+	–	+	–
CHF/EUR	3.4%	0.5	–0.5	137.6	–137.6
CHF/USD	5.7%	–0.2	0.2	2.5	–2.5
CHF/GBP	9.0%	–0.0	0.0	0.4	–0.4
Total		**0.2**	**–0.2**	**140.4**	**–140.4**

[1] A positive change in the exchange rate represents a strengthening of the foreign currency.

At 31 December 2021, if the euro, US dollar and pound sterling had strengthened by above percentages against the Swiss franc with all other variables unchanged, equity would have been CHF 148.1 million higher (31 December 2020: CHF 140.6 million higher). If foreign currencies had weakened by the above rates, the effect on equity would have been the opposite.

Interest rate risk

SIX is exposed to the interest rate risk because of the volatility of market interest rates. The interest rate risk is the risk of market price movements of interest-bearing assets and liabilities due to changes in interest rates.

In the interest margin business, interest rate changes could have a major impact on earnings. However, SIX is subject to low interest rate risk, as the cash received from business partners is invested primarily in overnight interest-bearing accounts, short-term financial instruments or secured reverse repos with a term to maturity of less than one year. From the interest earned or negative interest paid, SIX may pay or charge interest less or plus a margin to its business partners for the deposits on their ordinary cash vostro accounts.

The interest rate risk arises primarily from exposures in Swiss francs, euros, US dollars and pounds sterling. The exposures relate to cash and cash equivalents, receivables and payables from clearing & settlement (business unit Securities Services), bonds, bank overdrafts and borrowings. For the purpose of the sensitivity analysis, non-current investments and liabilities at amortized cost with fixed interest rates have been excluded, as fair value fluctuations, which would reflect a change in market interest rates, are not recognized in the income statement for these instruments. For current investments and liabilities, it is assumed that the contracts must be renewed in the near future. Therefore, the exposures have been considered in the sensitivity analysis. The table below illustrates a hypothetical sensitivity of earnings before tax to a reasonably possible change of a +/–50 basis point parallel shift in yield curves. Positive figures represent an increase in earnings before tax. The effect on other comprehensive income related to bonds measured at FVtOCI is described below the table.

	2021			2020		
	Change in interest rate	Effect on earnings before tax		Change in interest rate	Effect on earnings before tax	
Amounts in CHF million	+/–	+	–	+/–	+	–
Cash and cash equivalents	50 bps	32.4	–32.4	50 bps	32.2	–32.2
Receivables from clearing & settlement	50 bps	11.8	–11.8	50 bps	13.4	–13.4
Financial assets	50 bps	1.4	–1.4	50 bps	1.3	–1.3
Bank overdrafts	50 bps	–0.0	0.0	50 bps	–0.8	0.8
Payables from clearing & settlement	50 bps	–45.5	45.5	50 bps	–48.1	48.1
Financial liabilities	50 bps	–	–	50 bps	–1.5	1.5
Total		**0.0**	**–0.0**		**–3.4**	**3.4**

Additionally, a 50 bps rise would result in a decrease of CHF 2.2 million (31 December 2020: decrease of CHF 3.7) in other comprehensive income (before tax), and a 50 bps drop would result in an increase of CHF 2.3 million (31 December 2020: CHF 3.8) in other comprehensive income (before tax). With a 50 bps rise, the total effect on equity would have been a decrease of CHF 2.2 million (31 December 2020: decrease of CHF 7.1 million), and with a 50bps drop, the equity would have been CHF 2.2 million higher (31 December 2020: CHF 7.2 million higher).

Equity risk

Equity risk is the financial risk associated with the holding of unlisted equity investments. SIX invests in minority shareholdings for strategic and financial reasons. For this purpose, SIX established a corporate investment management framework in addition to the Group's competency rules.

Depending on the size and type of a minority investment, the investment decisions are taken by the SIX Fintech Venture Fund Investment Committee (i.e. mainly unlisted start-up companies), the ExB, the Chairman or the Board of Directors of SIX. The ultimate responsibility for the execution of the corporate investment management framework lies with the CFO of SIX. It includes the involvement of particular specialist functions in order to maintain the right level of investment oversight, collection of relevant financials, adherence to disclosure requirements and maintenance of relevant documents by SIX. For each investment, responsibility is assigned to one ExB member.

The investments in scope of the corporate investment management framework are regularly reviewed by the ExB and BoD/AC. The SIX Finance team, in coordination with a relevant business unit, is responsible for tracking the financial and operational performance. In case of material performance deviations, the situation is escalated in the first place to the relevant ExB member who shall decide whether to bring it to the attention of the ExB and/or BoD. Ultimately, the BoD may decide to introduce additional governance measures including, but not limited to additional management and/or BoD oversight of the particular investment.

No sensitivity analysis is presented, because the fair value of these equity investments tend to be dominated by factors specific to the company invested in.

26. Fair Value of Financial Instruments

Classification of financial instruments

The table below shows the classification for each class of financial instruments and, if applicable, the fair value level.

							31/12/2021
		At fair value					
CHF million	**Notes**	Level 1	Level 2	Level 3	**Total**	**At amortized cost**	**Total**
Assets							
Cash and cash equivalents	14				–	6,473.5	6,473.5
Trade and other receivables	15				–	189.5	189.5
Receivables from clearing & settlement	16				–	2,537.1	2,537.1
Current and non-current financial assets	17	242.4	1,286.0	27.0	1,555.4	2,077.8	3,633.2
Bonds		*212.5*	*–*	*–*	*212.5*	*1,976.4*	*2,188.9*
Other debt instruments		*–*	*–*	*5.2*	*5.2*	*101.4*	*106.6*
Equity instruments		*13.1*	*–*	*21.8*	*34.9*	*–*	*34.9*
Units in investment funds		*2.0*	*–*	*–*	*2.0*	*–*	*2.0*
Financial instruments from settlement business		*14.7*	*–*	*–*	*14.7*	*–*	*14.7*
Derivative financial assets		*–*	*1,286.0*	*–*	*1,286.0*	*–*	*1,286.0*
Total carrying amounts [1]		**242.4**	**1,286.0**	**27.0**	**1,555.4**	**11,277.9**	**12,833.3**
Bonds		1,948.8	36.9	–	1,985.7		
Fair values for financial assets measured at amortized cost		**1,948.8**	**36.9**	**–**	**1,985.7**		
Liabilities							
Bank overdrafts	14				–	0.2	0.2
Trade and other payables					–	15.7	15.7
Payables from clearing & settlement	16				–	9,266.6	9,266.6
Current and non-current financial liabilities	17	–	1,285.0	9.6	1,294.6	1,542.2	2,836.8
Lease liabilities					*–*	*165.8*	*165.8*
Borrowings					*–*	*1,273.9*	*1,273.9*
Derivative financial liabilities		*–*	*1,285.0*	*–*	*1,285.0*	*–*	*1,285.0*
Other financial liabilities		*–*	*–*	*9.6*	*9.6*	*102.5*	*112.2*
Total carrying amounts [1]		**–**	**1,285.0**	**9.6**	**1,294.6**	**10,824.7**	**12,119.3**
Borrowings		1,269.3	3.3	–	1,272.6		
Fair values for financial liabilities measured at amortized cost		**1,269.3**	**3.3**	**–**	**1,272.6**		

[1] Accrued interests are presented within other assets and other liabilities (in accrued expenses), see note 18 and note 24.

							31/12/2020
					At fair value		
CHF million	**Notes**	Level 1	Level 2	Level 3	**Total**	**At amortized cost**	**Total**
Assets							
Cash and cash equivalents	14				–	6,449.5	6,449.5
Trade and other receivables	15				–	173.5	173.5
Receivables from clearing & settlement	16				–	2,886.2	2,886.2
Current and non-current financial assets	17	252.9	1,161.7	17.6	1,432.2	2,142.2	3,574.4
Bonds		*220.6*	*–*	*–*	*220.6*	*2,063.0*	*2,283.7*
Other debt instruments		*–*	*–*	*5.0*	*5.0*	*79.2*	*84.1*
Equity instruments		*14.8*	*–*	*12.6*	*27.4*	*–*	*27.4*
Units in investment funds		*2.0*	*–*	*–*	*2.0*	*–*	*2.0*
Financial instruments from settlement business		*15.4*	*–*	*–*	*15.4*	*–*	*15.4*
Derivative financial assets		*–*	*1,161.7*	*–*	*1,161.7*	*–*	*1,161.7*
Total carrying amounts [1]		**252.9**	**1,161.7**	**17.6**	**1,432.2**	**11,651.4**	**13,083.6**
Bonds		1,987.3	104.6	–	2,092.0		
Fair values for financial assets measured at amortized cost		**1,987.3**	**104.6**	**–**	**2,092.0**		
Liabilities							
Bank overdrafts	14				–	152.1	152.1
Trade and other payables					–	13.0	13.0
Payables from clearing & settlement	16				–	9,841.1	9,841.1
Current and non-current financial liabilities	17	–	1,161.8	2.2	1,164.0	1,270.6	2,434.6
Lease liabilities					*–*	*173.7*	*173.7*
Borrowings					*–*	*1,017.8*	*1,017.8*
Derivative financial liabilities		*–*	*1,161.8*	*–*	*1,161.8*	*–*	*1,161.8*
Other financial liabilities		*–*	*–*	*2.2*	*2.2*	*79.1*	*81.2*
Total carrying amounts		**–**	**1,161.8**	**2.2**	**1,164.0**	**11,276.7**	**12,440.7**
Borrowings		711.6	308.4	–	1,020.0		
Fair values for financial liabilities measured at amortized cost		**711.6**	**308.4**	**–**	**1,020.0**		

[1] Accrued interests are presented within other assets, see note 18.

SIX assumes that the carrying amount approximates the fair value for all financial assets and liabilities measured at amortized cost except for bonds and borrowings.

Fair value valuation methods for financial assets and liabilities

Recurring fair value measurements for financial assets and liabilities are described below. The fair value measurements are assigned to the different levels of the fair value hierarchy. These levels are defined as follows:

- Level 1: The fair value of listed financial instruments with a price established in an active market is determined based on current quoted market prices.
- Level 2: Valuation methods are used to determine the fair value of financial instruments if no direct market prices are available. The underlying assumptions are based on observable market data, either directly or indirectly, as at the reporting date.

- Level 3: If neither current market prices nor valuation methods based on observable market data can be drawn on for the purpose of determining fair value, then valuation methods are based on unobservable market data. Those inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The following methods and assumptions were used to estimate the fair values:

Level 1 instruments
- The fair value of listed equity instruments, units in investment funds and bonds is determined by reference to published price quotations at the reporting date. The valuation of financial instruments from settlement business is performed with reference to quoted prices from the markets to which they relate. Such financial assets thus fall under level 1 of the fair value hierarchy.

Level 2 instruments
- The fair value of unlisted bonds such as promissory notes is determined by discounting the expected future payments at a risk and maturity-adjusted discount rate. As the input factors are readily available in the market, these instruments are assigned to level 2 of the fair value hierarchy.
- Unlisted units of investment funds and listed investment funds with lower frequency of price quotations are not considered to be traded on an active market. Fair values are determined based on the fund prices provided by the fund manager. The inputs into the calculation are generally available in the market, which is why these instruments are assigned to level 2 of the fair value hierarchy.
- The fair value of loans and credit facilities is determined by discounting the expected future payments at a maturity-adjusted discount rate. For borrowings with a variable interest rate, it is generally assumed that the fair value approximates the carrying amount. As the input factors are readily available in the market, these borrowings are assigned to level 2 of the fair value hierarchy.
- Foreign exchange swaps and forwards are not traded publicly. The inputs into the calculation include foreign exchange spot rates and interest rates. In general, these inputs are readily observable in the markets or provided by consensus data providers. Thus, foreign exchange swaps, forwards and other foreign exchange derivatives are categorized as level 2 instruments of derivatives.
- For forward contracts from the clearing and settlement business as a CCP, the fair value is determined as the difference between the fair value of the underlying instrument at the trade date and its fair value at the reporting date. Except for forward contracts from the clearing and settlement of options that consider historical volatility for the fair value determination, all other forward contracts from clearing and settlement are categorized as level 2 instruments of derivatives, as the inputs used are readily available in the market. For forwards from the clearing and settlement of futures and European options, the fair value is determined based on the Black-Scholes model. For forwards from the clearing and settlement of American options, the fair value is determined based on the Binomial Option Pricing model. The inputs into the calculation of both models include share price, implied volatility, strike price, risk-free interest rate and expected dividends.

Level 3 instruments
- The fair value of unlisted shares – which may be classified as equity instruments at FVtPL or debt instruments at FVtPL depending on the rights attached to the instrument – is derived from the proportionate net asset value of the entity. Such investments are categorized within level 3 of the fair value hierarchy. If the net asset value were to increase, the price per share would increase proportionately.
- For other debt instruments at FVtPL such as convertible loans, the fair value is determined by discounting the expected future payments at a risk-adjusted discount rate. As the input factors are not readily available in the market, these instruments are assigned to level 3 of the fair value hierarchy. An increase or decrease of 10% in the estimated cash flows would lead to an increase or decrease of approximately 10% in the fair value. The estimated fair value would increase if the risk-adjusted discount rate were lower.
- For NCI liabilities with variable exercise prices, the fair value is measured by using probability weighted forecasts. The inputs into the calculation include in particular revenue or cash flow forecast scenarios

and the probability of each scenario. The forecast scenarios are reviewed at least bi-annually and based on the business plans prepared by the management.

Transfers between levels

SIX recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. In 2021 and 2020, there were no transfers between level 1 and level 2 or between level 2 and level 3.

Movements in level 3 financial assets and liabilities

CHF million	31/12/2021 Financial assets	31/12/2021 Financial liabilities	31/12/2020[1] Financial assets	31/12/2020[1] Financial liabilities
Carrying amount at the beginning of the year	**17.6**	**–2.2**	**18.4**	**–106.5**
Additions	8.3	–8.7	6.1	–4.3
Disposals	–1.1	1.1	–	133.1
Reclassification to associates	–0.6	–	–2.7	–
Business combinations	1.8	–	4.2	–
Change in forward contracts from clearing & settlement	–	–	–7.9	7.9
Gains (losses) recognized in the income statement	1.3	–0.1	–0.6	–32.5
Gains (losses) recognized in other comprehensive income	–	0.4	–	–
Translation adjustments	–0.2	–	0.1	–
Carrying amount at closing	**27.0**	**–9.6**	**17.6**	**–2.2**
Income/expenses on holdings at closing				
Unrealized gains (losses) recognized in the income statement	1.3	–0.1	1.2	2.5
Unrealized gains (losses) recognized as other comprehensive income	–	0.4	–	–

[1] Prior-year's figures have been reclassified to match the current year's presentation.

SIX invests in fintech companies for strategic and financial purposes. These investments are classified as financial instruments at fair value (equity or debt instruments) or as associates. During 2021, SIX invested CHF 7.0 million (2020: CHF 6.1 million) in fintech companies. Additionally, a loan of CHF 1.3 million was converted into equity shares.

In 2021, the increase in level 3 financial liabilities associated with business combinations related to the NCI liabilities incurred upon the acquisition of Orenda and Ultumus. For further details, refer to note 30.

In 2020, level 3 forward contracts from clearing and settlement decreased by CHF 7.9 million to zero, as SIX does not provide clearing and settlement services for such options anymore.

In 2020, the movements in financial liabilities mainly related to the Worldline equity collar. The losses incurred on the equity collar amounted to CHF 32.4 million in 2020.

27. Derivative Financial Instruments

CHF million	31/12/2021 Positive replacement values	31/12/2021 Negative replacement values	31/12/2020 Positive replacement values	31/12/2020 Negative replacement values
Trading derivatives				
Foreign currency forwards and swaps	0.5	0.5	2.4	0.2
Forwards from clearing & settlement	1,285.4	1,284.5	1,159.3	1,161.6
Equities and fixed income	*111.2*	*110.3*	*100.9*	*103.2*
Options	*526.1*	*526.1*	*959.8*	*959.8*
Energy business	*648.1*	*648.1*	*98.6*	*98.6*
Total trading derivatives	**1,286.0**	**1,285.0**	**1,161.7**	**1,161.8**
Total derivative financial instruments	**1,286.0**	**1,285.0**	**1,161.7**	**1,161.8**

Trading derivatives

Derivative financial instruments include in particular forward contracts from the clearing and settlement business of SIX as a CCP. In the energy derivative clearing business, SIX acts as a CCP for derivatives on energy and natural gas contracts. Additionally, SIX holds foreign currency forwards and swaps for the purpose of hedging foreign exchange effects as part of its risk strategy, with no application of hedge accounting.

The positive replacement values represent the estimated amount that SIX would receive if the derivative contracts were settled in full on the reporting date. The negative replacement values, on the other hand, represent the estimated amount that SIX would need to pay if the derivative instruments were settled in full on the reporting date.

Hedging derivatives

In 2020, SIX used foreign currency forwards and swaps as hedging instruments to hedge its exposure to the foreign currency risk related to the purchase price for the acquisition of BME. These hedges were accounted for as cash flow hedges of a highly probable forecast transaction. The hedge relationship was terminated on 16 June 2020, the day of the BME acquisition. For further details on the hedge accounting, refer to note 30.

28. Offsetting

The following tables show the effects of offsetting on the balance sheet and the related amounts not offset for financial assets and financial liabilities that are subject to enforceable netting arrangements:

								31/12/2021
	Assets subject to enforceable netting arrangements							
	Effects of offsetting on balance sheet			Related amounts not offset				
CHF million	Gross assets before balance sheet netting	Balance sheet netting with gross liabilities	**Net assets reported on the balance sheet[1]**	Financial liabilities	Collateral received[2]	**Assets after consideration of netting potential**	**Assets not subject to enforceable netting arrangements[1]**	**Balance sheet total[1]**
Receivables from C&S	2,350.0	–	2,350.0	–23.2	–2,325.7	1.2	187.1	2,537.1
Reverse repurchase transactions	*1,915.8*	–	*1,915.8*	–	*–1,914.6*	*1.2*	–	*1,915.8*
Other receivables from C&S	*434.2*	–	*434.2*	*–23.2*	*–411.0*	–	*187.1*	*621.3*
Financial assets (current and non-current)	3,251.1	–1,623.0	1,628.1	–619.5	–779.6	229.0	2,005.0	3,633.2
Derivatives	*2,908.4*	*–1,623.0*	*1,285.5*	*–619.5*	*–666.0*	–	*0.5*	*1,286.0*
Other financial assets (current)	*31.2*	–	*31.2*	–	*–14.7*	*16.5*	*277.4*	*308.6*
Other financial assets (non-current)	*311.5*	–	*311.5*	–	*–98.9*	*212.5*	*1,727.1*	*2,038.6*
Total assets	**5,601.2**	**–1,623.0**	**3,978.2**	**–642.7**	**–3,105.3**	**230.2**	**2,192.1**	**6,170.3**

								31/12/2020
	Assets subject to enforceable netting arrangements							
	Effects of offsetting on balance sheet			Related amounts not offset				
CHF million	Gross assets before balance sheet netting	Balance sheet netting with gross liabilities	**Net assets reported on the balance sheet[1]**	Financial liabilities	Collateral received[2]	**Assets after consideration of netting potential**	**Assets not subject to enforceable netting arrangements[1]**	**Balance sheet total[1]**
Receivables from C&S	2,686.8	–	2,686.8	–74.0	–2,610.3	2.5	199.4	2,886.2
Reverse repurchase transactions	1,714.0	–	*1,714.0*	–	*–1,713.8*	*0.2*	–	*1,714.0*
Other receivables from C&S	*972.8*	–	*972.8*	*–74.0*	*–896.4*	*2.3*	*199.4*	*1,172.2*
Financial assets (current and non-current)	1,968.1	–440.2	1,527.9	–825.3	–425.3	277.4	2,046.5	3,574.4
Derivatives	*1,599.5*	*–440.2*	*1,159.3*	*–825.3*	*–334.0*	–	*2.4*	*1,161.7*
Other financial assets (current)	*72.2*	–	*72.2*	–	*–15.4*	*56.7*	*207.2*	*279.4*
Other financial assets (non-current)	*296.4*	–	*296.4*	–	*–75.8*	*220.6*	*1,836.8*	*2,133.3*
Total assets	**4,654.9**	**–440.2**	**4,214.7**	**–899.3**	**–3,035.5**	**279.9**	**2,245.9**	**6,460.6**

[1] The balance sheet total is the sum of "Net assets reported on the balance sheet" that are subject to enforceable netting arrangements and "Assets not subject to enforceable netting arrangements".

[2] Financial collateral is reflected at its fair value, but has been limited to the net balance sheet exposure so as not to include any over-collateralization.

CHF million	Liabilities subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross liabilities before balance sheet netting	Balance sheet netting with gross assets	Net liabilities reported on the balance sheet[1]	Related amounts not offset: Financial assets	Collateral pledged[2]	Liabilities after consideration of netting potential	Liabilities not subject to enforceable netting arrangements[1]	31/12/2021 Balance sheet total[1]
Payables from C&S	7,882.8	–	7,882.8	–23.2	–	7,859.6	1,383.8	9,266.6
Financial liabilities (current and non-current)	3,006.4	–1,623.0	1,383.4	–619.5	–763.9	–	1,453.4	2,836.8
Derivatives	*2,907.5*	*–1,623.0*	*1,284.5*	*–619.5*	*–665.0*	–	*0.5*	*1,285.0*
Other financial liabilities (current)	–	–	–	–	–	–	*22.9*	*22.9*
Other financial liabilities (non-current)	*98.9*	–	*98.9*	–	*–98.9*	–	*1,430.0*	*1,528.9*
Total liabilities	**10,889.3**	**–1,623.0**	**9,266.3**	**–642.7**	**–763.9**	**7,859.6**	**2,837.2**	**12,103.4**

CHF million	Liabilities subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross liabilities before balance sheet netting	Balance sheet netting with gross assets	Net liabilities reported on the balance sheet[1]	Related amounts not offset: Financial assets	Collateral pledged[2]	Liabilities after consideration of netting potential	Liabilities not subject to enforceable netting arrangements[1]	31/12/2020 Balance sheet total[1]
Payables from C&S	8,364.6	–	8,364.6	–74.0	–	8,290.6	1,476.5	9,841.1
Payables from C&S	*8,364.6*	–	8,364.6	*–74.0*	–	*8,290.6*	*1,476.5*	*9,841.1*
Financial liabilities (current and non-current)	1,677.6	–440.2	1,237.4	–825.3	–412.2	–	1,197.2	2,434.6
Derivatives	*1,601.8*	*–440.2*	*1,161.6*	*–825.3*	*–336.4*	–	*0.2*	*1,161.8*
Other financial liabilities (current)	–	–	–	–	–	–	*327.7*	*327.7*
Other financial liabilities (non-current)	*75.8*	–	*75.8*	–	*–75.8*	–	*869.2*	*945.0*
Total liabilities	**10,042.2**	**–440.2**	**9,602.0**	**–899.2**	**–412.2**	**8,290.6**	**2,673.6**	**12,275.7**

[1] The balance sheet total is the sum of "Net liabilities reported on the balance sheet" that are subject to enforceable netting arrangements and "Liabilities not subject to enforceable netting arrangements".

[2] Financial collateral is reflected at its fair value, but has been limited to the net balance sheet exposure so as not to include any over-collateralization.

Enforceable netting arrangements

In the post-trading business, enforceable netting arrangements are in place. SIX x-clear Ltd and BME Clearing SAU operate as central counterparties. A CCP is an entity that interposes itself between trading partners to become a buyer to every seller and a seller to every buyer, thereby ensuring settlement even if one of the original trading partners fails to meet their obligations. In order to protect the CCPs against the potential losses in case of a participant's default, SIX requires the participants to provide collateral and to make contributions to a collective default fund. The transactions are subject to netting arrangements which are part of the clearing rules of SIX x-clear Ltd and BME Clearing SAU. SIX SIS Ltd and Iberclear are acting as CSDs. The CSDs may provide short-term credits to their clients and hold cash placements at custodians. These assets are covered through credit balances of clients and collaterals which are subject to netting arrangements (i.e. member agreements). Additionally, receivables and payables related to reverse repurchase transactions are subject to enforceable netting agreements, such as the Swiss Master Agreement for Repo Trades and/or Global Master Repurchase Agreement.

Balance sheet netting

Unsettled positions from clearing and settlement (i.e. forwards from clearing and settlement) are offset to the extent that netting is permitted, which requires that the amounts relate to the same clearing representative, the same instrument and the same maturity date.

Related amounts not offset

Reverse repurchase transactions

The agreements stipulate that all outstanding transactions with the same counterparty can be offset, and close-out netting applies across all outstanding transactions covered by the agreements if a default event or another predetermined event occurs. The arrangements, however, do not provide a legally enforceable right in the normal course of business. Financial collateral typically comprises highly liquid securities and can be liquidated in the event of counterparty default.

Other receivables/payables from clearing & settlement

Other receivables from clearing and settlement include in particular short-term credits and funds placed with other CSDs as part of the cross border settlement business. Financial liabilities against these counterparties are generally not offset in the normal course of business. The remaining amount of the assets is covered through credit balances of clients and collaterals which can be realized in a default event or if another predetermined event occurs.

Positive/negative replacement values of derivatives

The netting agreements for clearing transactions stipulate that close-out netting applies across all outstanding transactions with the same clearing member and currency if a default event or another predetermined event occurs. Such arrangements, however, do not provide a legally enforceable right in the normal course of business. The collateral can be realized in a default event or if another predetermined event occurs.

Group Composition

29. Interests in Other Entities

Subsidiaries

The list below shows SIX Group Ltd and its subsidiaries. The share capital of all subsidiaries consists solely of ordinary shares and the ownership interest held by SIX equals the share of voting rights. All subsidiaries are consolidated in the Group's financial statements.

Name of entity	Principal place of business	Principal activities		Share capital in 1,000	31/12/2021 Equity interest in %	31/12/2020 Equity interest in %
SIX Group Ltd	Zurich	Holding company	CHF	19,522	–	–
12H Ltd	Zurich	Provider of low-latency solutions	CHF	100	90.0	90.0
BME Clearing SAU	Madrid	Clearing	EUR	18,030	100.0	100.0
BME LATAM SAS	Bogota	Consulting services	COP	150,000	100.0	100.0
BME Post Trade Services SAU	Madrid	Services for Group companies and third parties	EUR	60	100.0	100.0
BME Regulatory Services SAU	Madrid	Regulatory compliance services	EUR	60	100.0	100.0
BME Servicios Corporativos SA	Madrid	Services for Group companies	EUR	25,000	100.0	100.0
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros SA	Madrid	Holding company	EUR	250,847	100.0	100.0
Bolsas y Mercados Españoles Group Services SAU	Madrid	Services for Group companies	EUR	60	100.0	–
Bolsas y Mercados Españoles Inntech SAU	Madrid	IT and Consulting services	EUR	331	100.0	100.0
Bolsas y Mercados Españoles Market Data SA	Madrid	Financial information services	EUR	4,165	100.0	100.0
Bolsas y Mercados Españoles Renta Fija SAU	Madrid	Fixed Income exchange	EUR	3,005	100.0	100.0
Bolsas y Mercados Españoles Sistemas de Negociación SA	Madrid	Stock exchange and stock exchange services	EUR	60	100.0	100.0
F10 (Switzerland) Ltd	Zurich	Innovation and startup consulting	CHF	100	100.0	–
F10 Global Innovation Network Spain SL	Madrid	Innovation and startup consulting	EUR	3	100.0	–
F10 Investment Ltd	Zurich	Investment in startups	CHF	100	75.0	–
Finaccess SIX Financial Information SA	Casablanca	Financial information services	MAD	8,548	55.0	55.0
Instituto Bolsas y Mercados Españoles SLU	Madrid	Financial training	EUR	10	100.0	100.0
LATAM Exchanges Data Inc.	Miami	Financial information services	USD	3,070	51.0	51.0
MEFF Sociedad Rectora del Mercado de Productos Derivados SAU	Madrid	Derivatives exchange	EUR	6,650	100.0	100.0
MEFF Tecnología y Servicios SAU	Barcelona	Electricity market CCP	EUR	60	100.0	100.0
Open Finance SL	Valencia	Consultancy services to financial entities	EUR	4	100.0	100.0
Orenda Software Solutions Inc.	Membertou	ESG and alternative date services	CAD	0	62.6	–
SDX Trading Ltd	Zurich	Digital exchange services	CHF	1,000	100.0	100.0
SECB Swiss Euro Clearing Bank GmbH	Frankfurt a. M.	Clearing services	EUR	30,000	100.0	100.0
SIX BBS Ltd	Zurich	Banking services	CHF	100	100.0	100.0
SIX Digital Exchange Ltd	Zurich	Digital exchange services	CHF	5,500	100.0	100.0
SIX Exchange Regulation Ltd	Zurich	Exchange regulation	CHF	100	100.0	100.0
SIX Exfeed Ltd	Zurich	Distribution of financial information	CHF	1,100	100.0	100.0
SIX Finance (Luxembourg) SA	Leudelange	Financing services	EUR	31	100.0	100.0
SIX Financial Information Belgium SA	Brussels	Financial information services	EUR	505	100.0	100.0
SIX Financial Information Denmark A/S	Copenhagen	Financial information services	DKK	1,600	100.0	100.0
SIX Financial Information Deutschland GmbH	Frankfurt a. M.	Financial information services	EUR	512	100.0	100.0

Name of entity	Principal place of business	Principal activities	Share capital in 1,000		31/12/2021 Equity interest in %	31/12/2020 Equity interest in %
SIX Financial Information España SA	Madrid	Financial information services	EUR	424	100.0	100.0
SIX Financial Information France SAS	Paris	Financial information services	EUR	44,900	100.0	100.0
SIX Financial Information Hong Kong Limited	Hong Kong	Inactive	HKD	4,000	100.0	100.0
SIX Financial Information Italia Srl	Milan	Financial information services	EUR	100	100.0	100.0
SIX Financial Information Japan Ltd	Tokyo	Financial information services	JPY	40,000	100.0	100.0
SIX Financial Information Ltd	Zurich	Financial information services	CHF	5,400	100.0	100.0
SIX Financial Information Luxembourg SA	Leudelange	Financial information services	EUR	31	100.0	100.0
SIX Financial Information Monaco SAM	Monaco	Financial information services	EUR	150	100.0	100.0
SIX Financial Information Nederland BV	Amsterdam	Financial information services	EUR	250	100.0	100.0
SIX Financial Information Nordic AB	Stockholm	Financial information services	SEK	100	100.0	100.0
SIX Financial Information Singapore Pte Ltd	Singapore	Financial information services	SGD	25	100.0	100.0
SIX Financial Information UK Ltd	London	Financial information services	GBP	500	100.0	100.0
SIX Financial Information USA Inc.	Stamford USA	Financial information services	USD	0	100.0	100.0
SIX Global Services Ltd	Zurich	Services for Group companies and third parties	CHF	100	100.0	100.0
SIX Group Services Ltd	Zurich	IT and management services	CHF	11,550	100.0	100.0
SIX Index Ltd	Zurich	Indices services	CHF	100	100.0	–
SIX Interbank Clearing Ltd	Zurich	Interbank payment services	CHF	1,000	100.0	100.0
SIX NCS Ltd	Zurich	Banking services	CHF	100	100.0	100.0
SIX Paynet Ltd	Zurich	E-billing and direct debit services	CHF	100	100.0	100.0
SIX Repo Ltd	Zurich	Swiss money market trading platform	CHF	1,000	100.0	100.0
SIX Securities Services Ltd	Zurich	Holding company	CHF	26,000	100.0	100.0
SIX SIS Ltd	Olten	Settlement and custody	CHF	26,000	100.0	100.0
SIX SIS Singapore Private Limited	Singapore	Settlement and custody	SGD	1,000	100.0	–
SIX SIS USA Inc.	Stamford USA	Settlement and custody	USD	1	100.0	–
SIX Swiss Exchange Ltd	Zurich	Stock exchange and stock exchange services	CHF	10,000	100.0	100.0
SIX Terravis Ltd	Zurich	Real estate information portal	CHF	4,100	100.0	100.0
SIX Trade Repository Ltd	Zurich	Trade repository	CHF	500	100.0	100.0
SIX x-clear Ltd	Zurich	Clearing	CHF	30,000	100.0	100.0
Sociedad de Bolsas SA	Madrid	Stock exchange and stock exchange services	EUR	8,414	100.0	100.0
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores SAU (“Iberclear”)	Madrid	Settlement and custody	EUR	114,380	100.0	100.0
Sociedad Rectora de la Bolsa de Valores de Barcelona SAU	Barcelona	Stock exchange and stock exchange services	EUR	8,564	100.0	100.0
Sociedad Rectora de la Bolsa de Valores de Bilbao SAU	Bilbao	Stock exchange and stock exchange services	EUR	2,957	100.0	100.0
Sociedad Rectora de la Bolsa de Valores de Madrid SAU	Madrid	Stock exchange and stock exchange services	EUR	21,348	100.0	100.0
Sociedad Rectora de la Bolsa de Valores de Valencia SAU	Valencia	Stock exchange and stock exchange services	EUR	4,111	100.0	100.0
SWISSTRADINGBOX Ltd	Zurich	IT services	CHF	100	50.1	50.1
Ultumus (SGP) Pte Ltd	Singapore	Index and ETF services	SGD	0	94.5	–
Ultumus (US) Inc.	Wilmington	Index and ETF services	USD	0	94.5	–
Ultumus Limited	London	Index and ETF services	USD	0	94.5	–

Changes in the composition of the Group during 2021

Orenda Software Solutions Inc.

In March 2021, SIX acquired an ownership stake of 62.6% in Orenda Software Solutions Inc. For further details, see note 30.

Ultumus Group

In July 2021, SIX acquired 94.5% of Ultumus Limited which is the parent company of Ultumus Group. The Group also includes the fully-owned subsidiaries Ultumus (US) Inc. and Ultumus (SGP) Pte Ltd. For further details, see note 30.

F10 Group

In June 2021, the association F10 FinTech Incubator and Accelerator was converted into a stock corporation with a paid-up capital of CHF 0.1 million and renamed F10 (Switzerland) Ltd. SIX fully owns and controls F10 (Switzerland) Ltd since the incorporation.

Upon the incorporation of F10 (Switzerland) Ltd, SIX also obtained control over the subsidiaries F10 Investment Ltd and F10 Global Innovation Network Spain SL. F10 Investment Ltd is owned by SIX, F10 (Switzerland) Ltd and other investors by 40%, 35% and 25%, respectively. SIX obtained control over F10 Investment Ltd, as the direct and indirect ownership totaled 75%. Previously, the 40% direct interest of SIX was accounted for using the equity method. Obtaining control over both subsidiaries of F10 (Switzerland) Ltd neither resulted in any fair value adjustments nor goodwill.

Newly incorporated entities

In 2021, the following entities have been incorporated as fully owned subsidiaries:

- SIX SIS USA Inc.: the purpose is to support SIX SIS Ltd in providing settlement and custody services.
- SIX SIS Singapore Private Limited: the purpose is to support SIX SIS Ltd in providing settlement and custody services.
- SIX Index Ltd: the purpose is to provide indices services for the Financial Information business unit.
- Bolsas y Mercados Españoles Group Services SAU: the purpose is to provide services for Group companies.

Changes in the composition of the Group during 2020

12H Ltd

In February 2020, SIX obtained control of 12H Ltd by acquiring an additional stake of 40.1%. Since then, SIX owns 90.0% of the capital and voting rights. Previously, SIX had held an interest of 49.9% and accounted for the investment by applying the equity method. For further details, see note 30.

Bolsas y Mercados Españoles Group

In June 2020, SIX acquired 93.16% of the shares in Bolsas y Mercados Españoles Group, Spain (BME). During the mandatory extension period of the voluntary tender offer and the squeeze-out, SIX also acquired the remaining shares. For further details, see note 30.

Newly incorporated entities

In 2020, the following entities have been incorporated as fully owned subsidiaries:

- SIX NCS Ltd: the purpose is to provide banking services.
- SIX Finance (Luxembourg) SA: the purpose is to provide finance services to other entities of the Group by issuing a bond.

Significant associates and joint ventures

Name of entity	Principal place of business	Principal activities	Share capital in 1,000		31/12/2021 Equity interest in %	31/12/2020 Equity interest in %
Custodigit Ltd	Zurich	Digital asset services	CHF	1,750	42.9	–
Regis-TR SA	Luxembourg	Trade repository	EUR	3,600	50.0	50.0
Regis-TR UK Ltd	London	Trade repository	GBP	1,641	50.0	50.0
SwissSign Group Ltd	Glattbrugg	Identity and certificate services	CHF	12,500	–	13.5
TWINT Ltd	Zurich	Mobile payment solutions	CHF	12,750	26.7	26.7
Worldline SA	Bezons	Electronic payment and transactional services	EUR	190,334	10.6[1]	10.7[1]

[1] Voting rights as at 31 December 2021: 18.8% (31 December 2020: 18.9%)

Changes during 2021

Custodigit Ltd

In January 2021, SIX acquired 42.9% of the shares in Custodigit Ltd. The business of Custodigit involves the development, operation and commercialization of information technology platforms and services for handling and storage of digital assets. The participation in Custodigit is classified as investment in associates and accounted for using the equity method. The total purchase price was CHF 15.0 million.

SwissSign Group Ltd

In October 2021, SIX disposed of the shares in SwissSign Group Ltd. The transaction had no impact on the Group's consolidated figures.

Changes during 2020

Worldline SA

In April 2020, SIX disposed of 10.1 million shares in Worldline SA. The disposal resulted in a gain of CHF 172.5 million and a loss of CHF 30.8 million from the recycling of other comprehensive income. The net remeasurement gain of CHF 141.7 million has been included in other financial income (see note 9). In October 2020, Worldline SA acquired Ingenico SA. As the purchase price was partially paid through the issuance of additional Worldline shares, the ownership interest of SIX has been reduced to 10.7%. Such a dilution of the ownership interest is commonly referred to "deemed disposal". The remeasurement of the investment due to the deemed disposal resulted in a gain of CHF 195.4 million and a loss of CHF 26.5 million from the recycling of other comprehensive income. The net gain of CHF 168.9 million has been recognized in other financial income (see note 9). SIX still has significant influence over Worldline SA as SIX holds 18.8% of the voting rights as at 31 December 2021 (31 December 2020: 18.9%) and has three representatives in the Board of Directors of Worldline SA.

The following table presents the carrying amount and share of other comprehensive income of the individually material associates, and in aggregate for the individually non-material associates and joint ventures:

			31/12/2021			31/12/2020
CHF million	**Worldline**	**Others**	**Total**	**Worldline**	**Others**	**Total**
Carrying amount	**1,525.8**	**85.1**	**1,610.8**	**1,666.5**	**25.0**	**1,691.5**
Share of profit	−95.8	−6.3	−102.1	25.6	−9.9	15.7
Share of other comprehensive income incl. currency translation adjustments	−46.6	0.2	−46.4	−15.4	−0.2	−15.6
Share of total comprehensive income	**−142.4**	**−6.1**	**−148.5**	**10.2**	**−10.1**	**0.1**
Share of other changes in equity of associates	**6.9**	**–**	**6.9**	**10.9**	**–**	**10.9**

As at 31 December 2021, there was no unrecognized share of losses of associates. As at 31 December 2020, the unrecognized share of losses for the year and cumulatively totaled CHF 3.8 million and CHF 21.0 million, respectively, when SIX had stopped recognizing its share of losses for associates by applying the equity method.

The following table summarizes financial information for material associates.

CHF million	31/12/2021 Worldline SA	31/12/2020[1] Worldline SA
Current assets	8,034.5	4,943.6
Non-current assets	12,704.9	16,380.3
Current liabilities	–5,711.7	–4,903.7
Non-current liabilities	–4,769.0	–5,161.1
Non-controlling interests	–901.2	–980.7
Net assets attributable to shareholders	**9,357.4**	**10,278.4**
SIX share of associates' net assets	995.9	1,099.3
Goodwill and other adjustments	529.8	567.2
Total carrying amount	**1,525.8**	**1,666.5**
Revenues	**3,990.2**	**2,636.2**
Net profit (loss) from continuing operations	217.5	137.7
Net profit (loss) from discontinued operations	–1,019.3	39.1
Net profit (loss)	**–801.7**	**176.7**
of which attributable to shareholders of Worldline SA	*–812.8*	*175.2*
Other comprehensive income	252.0	–56.8
Total comprehensive income	**–549.6**	**119.9**
of which attributable to shareholders of Worldline SA	*–562.0*	*118.5*
Fair value of investment	1,513.8	2,560.1

[1] Restated in line with the Worldline SA financial statements as of 31 December 2021.

30. Acquisitions of Subsidiaries

Acquisitions in 2021

Orenda Software Solutions Inc.

In March 2021, SIX acquired 62.6% of Orenda Software Solutions Inc. (Orenda), a Canadian-based AI platform specializing in ESG and alternative data sets. This acquisition is part of the strategy of SIX to help its customers drive more insights with data, providing consumption-ready data and analytics for faster and more informed decisions. At closing, SIX transferred a cash consideration of CHF 3.7 million.

Both SIX and the minority shareholders have options to either buy or sell the remaining stake in Orenda. The options are exercisable three and five years after the closing. The exercise price of the options depends on the revenues at the time of exercise. The call options have been measured by using probability weighted forecasts. The fair value of the call options is currently immaterial. As of the closing, the estimated probability weighted exercise price of the put options totaled CHF 6.2 million. SIX firstly recognized the non-controlling interests of CHF 1.3 million by applying the partial goodwill method. Secondly, the non-controlling interests have been derecognized by recognizing a financial liability of CHF 6.2 million and by reducing retained earnings by CHF 4.8 million. As of 31 December 2021, the liability totaled CHF 6.1 million. Changes in the liability are recognized as financial income or expenses. If the options expire unexercised, the financial liability will be derecognized and the non-controlling interests will be reinstated.

From the date of acquisition, the business has negatively impacted Group earnings before tax by CHF 1.7 million. Assuming that the acquisition had taken place on 1 January 2021, the management estimates that Group earnings before tax would have been CHF 0.1 million lower.

Net assets acquired

The net assets acquired amounted to CHF 3.6 million. The assets included in particular cash and identified intangible assets of CHF 3.7 million and CHF 1.2 million, respectively. The liabilities comprised in particular payables and financial liabilities of CHF 1.0 million.

Goodwill

SIX decided to apply the partial goodwill method. The recognized goodwill of CHF 1.5 million comprises the value of expected synergies arising from the acquisition. The goodwill is allocated entirely to the financial information business area. None of the goodwill recognized is expected to be deductible for income tax purposes.

Ultumus Limited

In July 2021, SIX acquired 94.5% of Ultumus Limited (Ultumus), an international London-based index and ETF data specialist. The acquisition aims at enhancing the data offering of SIX and to support its overall strategy to bring new data to its clients in a fast-growing market. The cash consideration totaled CHF 50.2 million.

Both SIX and the minority shareholders have options to either buy or sell the remaining stake in Ultumus. Generally, the options are exercisable four years after the closing at fair value and have been measured by using probability weighted forecasts. The fair value of the call options is currently immaterial. As of the closing, the estimated probability weighted exercise price of the put options totaled CHF 2.5 million. SIX firstly recognized the non-controlling interests by applying the partial goodwill method. This resulted in a minor amount of non-controlling interests. Secondly, the non-controlling interests have been derecognized by recognizing a financial liability of CHF 2.5 million and by reducing retained earnings by CHF 2.5 million. As of 31 December 2021, the liability totaled CHF 2.5 million. Changes in the liability are recognized as financial income or expenses. If the options expire unexercised, the financial liability will be derecognized and the non-controlling interests will be reinstated.

From the date of acquisition, the business has contributed CHF 2.3 million of Group revenues and negatively impacted Group earnings before tax by CHF 1.8 million in 2021. Assuming that the acquisition had taken place on 1 January 2021, the management estimates that Group revenues and Group earnings before tax would have been CHF 2.4 million higher and CHF 1.6 million lower, respectively.

The transaction costs of the acquisition amounted to CHF 0.9 million, which were included in other operating expenses and personnel expenses in 2021.

Identifiable assets acquired and liabilities assumed
The following table summarizes assets acquired and liabilities assumed on the acquisition date.

CHF million	Fair value recognized on acquisition
Cash and cash equivalents	0.6
Trade and other receivables	0.7
Other current assets	0.7
Current assets	**2.0**
Intangible assets	2.8
Non-current assets	**2.8**
Total assets	**4.9**
Trade and other payables	0.4
Other current liabilities	3.2
Current liabilities	**3.7**
Deferred tax liabilities	0.6
Non-current liabilities	**0.6**
Total liabilities	**4.2**
Net assets acquired	**0.6**
Goodwill	49.5
Non-controlling interests	0.0
Total purchase price	**50.2**
of which cash considerations	*50.2*

Trade and other receivables
Trade and other receivables comprised gross contractual amounts of CHF 0.7 million, none of which were expected at the date of acquisition to be uncollectible.

Goodwill
SIX decided to apply the partial goodwill method. The recognized goodwill of CHF 49.5 million comprises the value of expected synergies arising from the acquisition. The goodwill is allocated entirely to the financial information business area. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisitions not yet completed

In September 2021, SIX signed the share purchase agreement to acquire the remaining stakes in Regis-TR SA and Regis-TR UK Ltd (Regis-TR), a leading European trade repository. The acquired business will be allocated to the securities services business area. The closing of the transaction is expected to occur in the first half of 2022. The purchase price will be determined based on the closing accounts. As of 31 December 2021, the investment in Regis-TR was accounted for using the equity method.

Acquisitions in 2020

12H Ltd

On 28 February 2020, SIX obtained control of 12H Ltd by acquiring an additional stake of 40.1%. Since then, SIX owns 90.0% of the capital and voting rights. Previously, SIX had held an interest of 49.9% and accounted for the investment by applying the equity method. The fair value of the interest previously held was CHF 20.3 million. The remeasurement gain recognized in financial income was CHF 0.3 million.

The purpose of 12H business is to provide low-latency access to Swiss securities trading via radio-frequency technology.

The primary reason for the business combination is to provide trading participants from around the world with equal access to SIX Swiss Exchange, enabling them all to obtain the same benefits. Additionally, the combination helps SIX to create the best possible trading conditions in order to attract liquidity in Swiss securities and strengthen its position as their reference market.

At closing, SIX transferred a cash consideration of CHF 8.0 million. The purchase agreement also includes three milestone payments totaling CHF 4.3 million that are contingent on the finalization of an additional radio-frequency link.

Both SIX and the minority shareholder have an option to either buy or sell the remaining stake in 12H Ltd two years after the closing. The minority shareholder may sell the remaining stake for CHF 3.2 million. As of the closing, SIX decided to firstly recognize the non-controlling interests of CHF 1.6 million by applying the partial goodwill method. Secondly, the non-controlling interests have been derecognized by recognizing a financial liability of CHF 3.2 million and by reducing retained earnings by CHF 1.5 million. Dividends relating to the remaining stake in 12H Ltd are recognized as an expense in the income statement. If the put option is exercised, the payment will be recognized against the financial liability. If the put option expires unexercised, the financial liability will be derecognized and the non-controlling interests will be reinstated. Any difference between the liability and the non-controlling interest will be recognized in equity. SIX may acquire the remaining stake for CHF 4.3 million. The call option is classified as an equity instrument and does not provide SIX present access to returns. Should the option be exercised, the financial liability will be derecognized and the difference to the payment will be recognized in equity. If the option elapses unexercised, there will be no impact on the financial statements.

From the date of acquisition, the business has contributed CHF 4.5 million of Group revenues and negatively impacted Group earnings before tax by CHF 0.5 million in 2020. Assuming that the acquisition had taken place on 1 January 2020, the management estimates that Group revenues and Group earnings before tax would have been CHF 1.1 million higher and CHF 0.1 million lower, respectively.

Identifiable assets acquired and liabilities assumed

The following table summarizes assets acquired and liabilities assumed on the acquisition date.

CHF million	Fair value recognized on acquisition
Cash and cash equivalents	5.4
Other current assets	1.1
Current assets	**6.5**
Property, plant and equipment	10.4
Intangible assets	5.4
Non-current assets	**15.8**
Total assets	**22.3**
Other current liabilities	0.6
Current liabilities	**0.6**
Financial liabilities	4.4
Deferred tax liabilities	1.1
Non-current liabilities	**5.4**
Total liabilities	**6.1**
Net assets acquired	**16.2**
Goodwill	17.9
Fair value of pre-existing interest	–20.3
Non-controlling interests	–1.6
Total purchase price for the additional stake	**12.2**
of which contingent considerations	*4.3*[1]
of which cash considerations	*8.0*

[1] The initial milestone payment of CHF 2.2 million was made in October 2020 and the second milestone payment of CHF 1.1 million was made in October 2021. The payments are presented within investing activities in the cash flow statement.

Trade and other receivables

Trade and other receivables comprised gross contractual amounts of CHF 0.6 million, none of which were expected at the date of acquisition to be uncollectible.

Customer relationships

The multi-period excess earnings method (MEEM) was applied to assess the fair value of customer relationships. The aggregate fair value of customer relationships constitutes the total of CHF 5.4 million.

Goodwill

SIX decided to apply the partial goodwill method. The recognized goodwill of CHF 17.9 million comprises the value of expected synergies arising from the acquisition. The goodwill is allocated entirely to the trading business area. None of the goodwill recognized is expected to be deductible for income tax purposes.

Bolsas y Mercados Españoles

In November 2019, SIX made an all-cash voluntary tender offer for 100% of the share capital of Bolsas y Mercados Españoles, Spain (BME). Until 16 June 2020, 77.9 million shares had been tendered, resulting in the ownership interest of 93.16%. Due to legal requirements, the initial offer was extended until 5 September 2020. The mandatory extension of the offer has been accounted for as a single linked transaction. As of the closing, SIX recognized a liability of CHF 202.9 million for the purchase price of the remaining stake of 6.84%. After the expiry of the extension period, SIX exercised the squeeze-out right for the remaining shares. Since September 2020, SIX has owned 100% of the shares in BME. Due to the acquisition by SIX, the BME shares have been delisted from the Spanish markets in September 2020.

BME is the operator of all stock markets and financial systems in Spain. It trades shares, ETFs, warrants, certificates and many other instruments and is one of the four major European stock exchange and market operators.

The primary reason for the business combination is to strengthen the Swiss and Spanish ecosystems by bringing new capabilities and offering attractive and cross-border services to the entire value chain. SIX and BME have created the third largest financial market infrastructure group in Europe.

SIX paid EUR 32.98 per BME share, including those acquired during the mandatory extension and the squeeze-out, which resulted in a total consideration of CHF 2,967.9 million.

SIX used foreign currency forward contracts, foreign currency swaps and the foreign currency component of reverse repurchase transactions as hedging instruments to hedge the foreign currency risk of the purchase price. The payment of the consideration was considered to be a highly probable transaction when the regulatory approvals for the business combination were obtained. At this point in time, SIX started to apply hedge accounting. SIX established a hedge ratio of 100%. There was an economic relationship between the highly probable transaction and the hedging instruments, as they were all denominated in Euros. There was no imbalance in the hedges that created ineffectiveness. As of the closing of the business combination, the accumulated gain of CHF 42.1 million recognized in OCI as a cash flow hedge reserve was removed from equity and included in the initial cost of the investment in BME (i.e. reduction of initial costs).

Initially, SIX financed the acquisition through a bridge facility which was repaid in 2021. For further details about borrowings, refer to note 17.

From the date of acquisition, the business has contributed CHF 196.6 million of Group revenues and positively impacted Group earnings before tax by CHF 71.6 million in 2020. Assuming that the acquisition had taken place on 1 January 2020, the management estimates that Group revenues and Group earnings before tax would have been CHF 138.8 million and CHF 26.0 million higher, respectively.

The transaction costs of the acquisition amounted to CHF 50.8 million, CHF 31.5 million of which were included in other operating expenses and personnel expenses in 2020.

Final fair value measurement

In the first half year of 2021, SIX finalized the purchase price allocation for the acquisition. As at 31 December 2020, the fair value of BME’s investments in associates and joint ventures had been measured on a provisional basis, as the final valuation had not yet been completed. Based on the final valuation, the fair value of BME’s investments in associates and joint ventures increased from CHF 10.8 million to CHF 55.0 million. The increase in fair value of CHF 44.2 million was recognized against goodwill. Therefore, the carrying amount of the goodwill as of the acquisition date decreased to CHF 1,634.9 million.

Identifiable assets acquired and liabilities assumed

The following table summarizes the final assets acquired and liabilities assumed on the acquisition date.

CHF million	Final fair value recognized on acquisition
Cash and cash equivalents	3,659.3
Trade and other receivables	44.1
Receivables from clearing & settlement	71.0
Financial assets	2,133.3
Current income tax receivables	48.8
Other current assets	5.8
Current assets	**5,962.3**
Property, plant and equipment	64.3
Intangible assets	1,184.6
Investments in associates and joint ventures	55.0
Financial assets	16.8
Deferred tax assets	12.3
Non-current assets	**1,333.0**
Total assets	**7,295.4**
Trade and other payables	1.9
Payables from clearing & settlement	3,394.2
Financial liabilities	2,135.2
Contract liabilities	19.5
Current income tax payables	56.2
Other current liabilities	50.1
Current liabilities	**5,657.2**
Financial liabilities	22.2
Provisions	4.7
Contract liabilities	4.9
Other non-current liabilities	17.5
Deferred tax liabilities	297.2
Non-current liabilities	**346.5**
Total liabilities	**6,003.6**
Net assets acquired	**1,291.7**
Goodwill	1,634.9
Non-controlling interests of BME	−0.9
Total purchase price	**2,925.8**
of which payable to non-controlling shareholders	*202.9*[1]
of which cash considerations	*2,765.0*
of which cash flow hedges reserve reclassified to the investment	*−42.1*

[1] The NCI liability was fully settled in cash and is presented within investing activities in the cash flow statement.

Trade and other receivables
The fair value of acquired trade and other receivables is CHF 44.1 million. The gross contractual amount for trade and other receivables due is CHF 47.6 million, CHF 3.5 million of which is expected to be uncollectible.

Customer relationships
The multi-period excess earnings method (MEEM) was applied to assess the fair value of customer relationships. The aggregate fair value of customer relationships constitutes the total of CHF 601.5 million.

Other intangible assets
The relief from royalty method was applied to assess the fair value of brands and software. The aggregate fair value of brands amounts to CHF 218.8 million and the fair value of software totals CHF 273.6 million. The cost approach was applied to the fair value of licenses. The aggregate fair value of licenses amounts to CHF 87.6 million.

Goodwill
The recognized goodwill of CHF 1,634.9 million comprises the value of expected synergies arising from the acquisition. The goodwill was initially allocated entirely to the BME business unit. In 2021, the goodwill was reallocated due to organizational changes (see note 20). CHF 36.5 million of the goodwill is expected to be deductible for tax purposes.

Additional Information

31. Assets Pledged or Assigned to Secure Own Liabilities

The following table presents the carrying amount of assets pledged or restricted in use:

CHF million	31/12/2021	31/12/2020[1]
Cash and cash equivalents	5.8	5.4
Bonds at amortized cost	16.5	56.7
Bonds at FVtOCI	212.5	220.6
Other debt instruments	101.2	77.7
Total	**336.0**	**360.5**

[1] Prior-year's figures have been reclassified to match the current year's presentation.

As at 31 December 2021, SIX x-clear Ltd has pledged bonds of CHF 229.0 million for the interoperability and the intraday credit facility used in connection with the Norwegian equities settlement (31 December 2020: CHF 277.4 million).

SIX holds funds at correspondent banks which originate from corporate actions and are linked to securities of sanctioned persons. The funds cannot be accessed until the sanctions are lifted. As of 31 December 2021, the sanctioned accounts amounted to CHF 98.9 million (31 December 2020: CHF 75.8 million).

Additionally, SIX has pledged assets and provided cash deposits as security for operating lease agreements. These amounts are restricted in use.

32. Contingent Liabilities

Except for the uncertainties regarding the final tax assessment (refer to Note 12), SIX had no significant contingent liabilities as at 31 December 2021 (2020: none).

33. Leases

SIX as lessee

SIX leases in particular office space, vehicles and IT equipment.

Leases of office space are negotiated on an individual basis and contain a wide range of different terms and conditions. Typically, they run for periods up to 13 years and may include an option to renew the lease for an additional period and/or to terminate the lease early. Some leases include variable lease payments that depend on local price indices. SIX subleases some of the leased office space.

The leases of vehicles and IT equipment typically run for periods of three to five years.

SIX also leases printers and other IT equipment with contract terms of up to five years. The leases of printers are usually leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

Right-of-use assets

For the quantitative disclosures on the right-of-use assets, see note 19.

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows is set out in note 25.

Extension and termination options

Some leases of office space contain extension or termination options only exercisable by SIX. The termination options are subject to a termination fee of up to 15 monthly rentals. SIX assesses at lease commencement whether it is reasonably certain to exercise the extension option or not to exercise a termination option and performs a reassessment if there is a significant event or significant change in the circumstances within its control.

CHF million	Notes	31/12/2021	31/12/2020
Amounts recognized in the income statement			
Income from subleasing of right-of-use assets		0.8	1.0
Interest expenses on lease liabilities	10	–2.9	–2.9
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		–0.2	–0.5
Amounts recognized in the statement of cash flows			
Total cash outflow for leases		15.7	19.2
Lease commitments and undiscounted potential future lease payments not included in the lease liabilities			
Future lease payments related to leases not yet commenced to which SIX is committed		–	1.7
Extension options not reasonably certain		0.6	3.0

SIX as lessor

SIX partially leases out some office buildings owned and subleases some office space. These leases are classified as operating leases, because they do not transfer substantially all the risk and rewards incidental to ownership of the assets.

Operating lease income also includes fees earned for the renting of conference rooms and the income from recharges of ancillary costs. In 2021, the operating lease income totaled CHF 11.4 million (2020: CHF 11.9 million).

The table below sets out a maturity analysis of the future undiscounted lease payments:

CHF million	31/12/2021	31/12/2020
Within one year	6.6	8.0
Between one and five years	22.9	22.8
More than five years	11.2	16.6
Total	**40.8**	**47.4**

The breakdown of property, plant and equipment in assets used by SIX and assets leased to third parties is provided in note 19.

34. Defined Benefit Plans

SIX has established its own pension plan in Switzerland. Outside of Switzerland, SIX uses different, generally legally independent pension providers. Defined benefit plans are in place for Switzerland, Spain and France. Independent actuarial valuations for the plans are performed as required for the defined benefit plans. The defined benefit plan for Switzerland represents more than 98% of the total present value of the defined benefit obligation. For this reason, SIX does not present the defined benefit plans in Spain and France separately.

Swiss pension plan

The Swiss pension plan covers all SIX employees in Switzerland and exceeds the minimum benefit requirements under the Swiss law (BVG). The benefits covered include retirement, disability and death benefits. Pension plan contributions are paid by the employees and the employer and calculated as a percentage of the covered salary. The rate of contribution depends on the age of the employee. All entities are responsible for the timely payment of contributions for each employee.

The Swiss plan provides employees with a choice between three saving plans: the budget plan, the standard plan and the maximum plan. The three plans differ only in the amount of employee contributions. At retirement, the employees' individual savings capital is multiplied by the conversion rate, which is defined by the pension fund regulations, and can be paid out as either a lifetime annuity or a lump-sum payment. In the event of disability, the pension plan pays a disability pension until the ordinary retirement age. In the event of death, the surviving spouse, registered partner or life partner is entitled to receive a pension.

Although the Swiss pension plan is a defined contribution plan under the Swiss pension law, it qualifies and is therefore accounted for as a defined benefit plan under IAS 19 *Employee Benefits*. According to the relevant affiliation agreements, there is no provision for SIX to be liable to the plan for other affiliated companies' obligations. Any deficit or surplus of the pension plan will be allocated between the affiliated companies according to the relevant defined benefit obligation.

The employer contributions expected to be made to the Swiss pension plan in 2022 are CHF 40.4 million.

Plan assets and defined benefit obligation

The overall investment policy and strategy for the Swiss defined benefit plans are guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plan. The foundation board is responsible for determining the mix of asset types and target allocations. Actual asset allocation is determined by a variety of current and expected economic and market conditions and in consideration of specific asset class risks, the risk profile and the maturity pattern of the plan.

The plan assets of the Group comprise:

CHF million	31/12/2021	31/12/2020
Listed equity instruments	569.9	497.7
Listed debt instruments	646.6	664.9
Listed real estate	359.6	304.5
Cash and cash equivalents	19.7	16.5
Other financial investments	148.7	119.9
Total plan assets	**1,744.5**	**1,603.6**

All equity and most of the debt instruments have quoted prices in active markets. All government bonds excluding emerging markets have investment grade ratings.

An asset-liability matching (ALM) study is performed periodically by an external investment advisor, in which the consequences of the strategic investment policies are analyzed. The strategic investment policy of the Swiss pension fund for 2021 can be summarized as follows:

- The strategic asset allocation comprises 24.0% to 40.0% (neutral: 32.0%) of equity instruments; 30.0% to 55.0% (neutral: 41.0%) of debt instruments and cash; and 18.0% to 35.0% (neutral: 27.0%) of other investments (e.g. real estate and alternative investments).
- The interest rate risk is not managed actively, but the pension plan is underweighted in duration.
- The foreign currency risk of the main currencies is managed by a currency overlay program or foreign currency hedge directly in the funds.

The following table summarizes the changes in the present value of the defined benefit obligation:

CHF million	2021	2020
Present value of obligation at 1 January	**–1,635.5**	**–1,530.4**
Effect of business combinations and disposals	–	–22.8
Interest expenses on defined benefit obligation	–2.6	–4.9
Current service costs (employer)	–56.1	–51.5
Employee contributions	–29.8	–29.3
Benefits paid	43.0	30.5
Actuarial gains or (losses)	48.8	–26.2
Administration costs	–0.8	–0.8
Translation adjustments	1.4	–0.2
Present value of obligation at 31 December	**–1,631.6**	**–1,635.5**

Changes in the fair value of plan assets were as follows:

CHF million	2021	2020
Fair value of plan assets at 1 January	**1,603.6**	**1,527.5**
Effect of business combinations and disposals	–	9.2
Employer contributions	42.2	40.0
Employee contributions	29.8	29.3
Interest income on assets	2.4	4.7
Return on plan assets (excl. contributions in interest income)	110.2	23.4
Benefits paid	–43.3	–30.5
Translation adjustments	–0.4	0.1
Present value of plan assets at 31 December	**1,744.5**	**1,603.6**

Amounts recognized in the balance sheet:

CHF million	31/12/2021	31/12/2020
Present value of defined benefit obligation	–1,631.6	–1,635.5
Fair value of plan assets	1,744.5	1,603.6
Recognized pension assets/(liabilities)	**112.9**	**–32.0**
of which presented as pension assets	*134.0*	*–*
of which presented as pension fund liabilities	*–21.1*	*–32.0*

All benefits were vested at the end of the reporting period. The weighted average duration of the defined benefit obligation at the reporting date was 15 years (31 December 2020: 16 years).

The following table provides information on pension costs for defined benefit plans:

CHF million	2021	2020
Current service costs	–56.1	–51.5
Net interest expenses	–0.1	–0.1
Administration costs	–0.8	–0.8
Total pension expense for the period	**–57.1**	**–52.4**

Remeasurements recognized in other comprehensive income:

CHF million	2021	2020
Actuarial gains/(losses)	48.8	–26.2
Return on plan assets excl. interest income	110.2	23.4
Total income/(expense) recognized in OCI	**159.0**	**–2.8**

The actuarial gains/(losses) arising from changes in financial assumptions totaled CHF 2.0 million (2020: CHF –41.1 million).

Assumptions used to determine the defined benefit obligation

The following were the principal actuarial assumptions at the reporting date:

	31/12/2021	31/12/2020
Discount rate	0.35%	0.15%
Salary trend	0.85%	0.70%
Interest rate on retirement savings capital	1.00%	0.30%
Mortality tables	BVG 2020 GT	BVG 2015 GT

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarizes the positive or negative impact on the defined benefit obligation at the reporting date as a result of a change in the principal actuarial assumptions.

	Present value of defined benefit obligation	
CHF million	31/12/2021	31/12/2020
Defined benefit obligation based on current actuarial assumptions	–1,631.6	–1,635.5
Discount rate		
Change in actuarial assumption – decrease of 50 bps	–1,762.4	–1,777.2
Change in actuarial assumption – increase of 50 bps	–1,517.3	–1,512.5
Salary trend		
Change in actuarial assumption – decrease of 25 bps	–1,624.5	–1,628.1
Change in actuarial assumption – increase of 25 bps	–1,638.8	–1,643.1
Interest rate on retirement savings capital		
Change in actuarial assumption – decrease of 50 bps	–1,600.4	–1,616.6
Change in actuarial assumption – increase of 50 bps	–1,664.2	–1,668.4
Life expectancy		
Change in actuarial assumption – decrease of 1 year	–1,591.9	–1,595.5
Change in actuarial assumption – increase of 1 year	–1,671.0	–1,675.2

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation in 2021 and are applied to adjust the defined benefit obligation at the reporting date based on the assumptions concerned. While the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity to the assumptions shown.

35. Related Party Disclosures

SIX defines related parties as:
- shareholders that have significant influence by delegating a member into the Board of Directors of SIX
- associated companies that are significantly influenced by SIX
- post-employment benefit plans for the benefit of SIX employees
- key management personnel
- entities that are directly or indirectly controlled or jointly controlled by key management personnel

120 banks hold shares in SIX, but no bank holds more than 20% of the Group's shares issued. The shares are widely distributed, i.e. no bank category has an absolute majority. All shareholders are bound by a shareholders' agreement.

Transactions with related parties and companies are made at terms equivalent to those that prevail in arm's length transactions. The price schedules for transactions with third parties also apply to transactions with related parties.

Transactions and outstanding balances with related parties of SIX are summarized in the tables below.

				2021
CHF million	**Qualifying shareholders**	**Associates and joint ventures**	**Post-employment benefit plans**	**Total**
Income statement				
Operating income	314.0	54.0	–	368.1
Other operating expenses	−0.7	−40.4	–	−41.1
Net financial income	−0.3	−0.5	–	−0.7
Net interest income	−0.8	–	–	−0.8
Contributions	–	–	−41.6	−41.6

				31/12/2021
CHF million	**Qualifying shareholders**	**Associates and joint ventures**	**Post-employment benefit plans**	**Total**
Balance sheet				
Cash and cash equivalents	203.8	–	–	203.8
Trade and other receivables	30.5	8.0	–	38.5
Receivables from clearing & settlement	38.4	–	–	38.4
Financial assets	38.2	–	–	38.2
Trade and other payables	–	0.4	0.1	0.5
Payables from clearing & settlement	754.9	135.9	–	890.9
Financial liabilities current	9.5	–	–	9.5
Other liabilities	6.4	12.7	–	19.1

CHF million	Qualifying shareholders	Associates and joint ventures	Post-employment benefit plans	Total
				2020
Income statement				
Operating income	324.1	56.4	–	380.5
Other operating expenses	–11.5	–37.7	–	–49.2
Net financial income	–1.6	–0.5	–	–2.0
Net interest income	–2.1	–	–	–2.1
Contributions	–	–	–39.3	–39.3

CHF million	Qualifying shareholders	Associates and joint ventures	Post-employment benefit plans	Total
				31/12/2020
Balance sheet				
Cash and cash equivalents	261.1	–	–	261.1
Trade and other receivables	24.4	11.8	–	36.3
Receivables from clearing & settlement	60.3	–	–	60.3
Financial assets	71.0	0.5	–	71.5
Trade and other payables	0.1	0.4	0.1	0.7
Payables from clearing & settlement	1,505.0	136.1	–	1,641.1
Financial liabilities current	381.6	–	–	381.6
Other liabilities	1.0	3.1	–	4.0

Receivables from clearing & settlement due from related parties of CHF 37.8 million are collateralized (31 December 2020: CHF 40.9 million). No loss allowance for doubtful receivables (i.e. lifetime expected credit losses according to stage 3 of the impairment model) relating to amounts due from related parties were recorded as at 31 December 2021 or 31 December 2020.

Compensation paid to key management personnel

Key management personnel are defined as members of the Board of Directors and the Executive Board. This definition is based on the requirements of IAS 24 *Related Party Disclosures*.

The members of the Board of Directors and the Executive Board and their immediate relatives do not have any ownership interest in the Group's companies.

Apart from the compensation paid and the regular contributions to the pension fund institutions, no transactions with key management personnel took place. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period.

CHF million	2021	2020
Salaries and other short-term employee benefits	–13.9	–14.3
Other long-term benefits	–3.0	–2.9
Total compensation to key management	**–16.9**	**–17.2**

36. Events after the Balance Sheet Date

As at 3 March 2022, the date of approval for issue of the financial statements by the Board of Directors, the Group had undergone no subsequent events warranting a modification of the value of the assets and liabilities or an additional disclosure.

Statutory Auditor's Report on the Audit of the Consolidated Financial Statements

To the General Meeting of SIX Group Ltd, Zurich
Zurich, 4 March 2022

Opinion

We have audited the consolidated financial statements of SIX Group Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 47 to 140) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Impairment of goodwill and purchased intangible assets

Area of focus

SIX Group holds significant intangible assets on its balance sheet, amounting CHF 2,838.6 million as at 31 December 2021, which represents in total 15.8% of the total assets. These relate predominantly to goodwill and purchased intangible assets (trademarks & licenses, customer relationships and internally generated software acquired in a business combination).

We focused on this area due to the size of the goodwill and the purchased intangible assets as at 31 December 2021 and the use of significant assumptions by management in their impairment assessment, which has to be performed on an annual basis or more frequently if any if indicators for impairment are present. These assessments involve significant management judgements in applying assumptions within the valuation models. The judgements and estimates used in the valuation models include the parameters, such as:

– Free cash flow forecasts
– Long-term growth rates
– Discount rates

The applied accounting policies for these positions are described in note 2 and further details related to goodwill and purchased intangible assets are disclosed in note 20 to the consolidated financial statements.

Our audit response

We have confirmed our understanding of the impairment assessment process and assessed the design effectiveness of key controls, concluding that a substantive audit approach should be adopted. We evaluated, with the support of our valuation experts, the reasonableness of valuation models and the appropriateness of the significant assumptions related to the valuation parameters. Specifically, we verified the calculation method for the determination of the discount rates and long-term growth rates and compared the rates with market- and industry specific reference values. Further, we assessed the projected cash flows and compared these forecasts to the business plans approved by the Board of Directors and appraised the reliability of the forecasts in previous years by back testing. Based on discussion with the management we also gained an understanding about their budgeting process. We inspected the sensitivity analysis performed by management and performed our own additional sensitivity analysis on the key valuation parameters, understanding the impact that reasonably possible changes to these key inputs would have on the overall carrying value of the goodwill and purchased intangible assets at the balance sheet date.

In addition, we assessed the appropriateness of the relevant disclosures for this audit focus area in the financial statements.

Our audit procedures did not lead to any reservations regarding the impairment of goodwill and purchased intangible assets.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse:
http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Jan Marxfeld
Licensed audit expert
(Auditor in charge)

Slaven Cosic
Licensed audit expert

SIX Group Ltd
Financial Statements 2021

1. Balance Sheet

CHF million	Notes	31/12/2021	31/12/2020
Assets			
Cash and cash equivalents	3.2.2	351.8	182.5
Current financial assets	3.2.5	16.8	15.3
Trade receivables	3.2.3	6.8	8.2
Other receivables	3.2.4	306.5	473.8
Positive replacement values of derivatives		0.9	2.5
Accrued income and prepaid expenses		12.9	12.8
Current assets		**695.6**	**695.2**
Non-current financial assets	3.2.5	141.1	142.5
Investments in subsidiaries and associated entities	3.2.6	6,624.5	6,226.6
Non-current assets		**6,765.6**	**6,369.0**
Total assets		**7,461.1**	**7,064.2**
Liabilities			
Trade payables	3.2.7	2.3	4.3
Current interest-bearing liabilities	3.2.8	280.2	297.3
Other current liabilities	3.2.9	1.0	324.8
Negative replacement values of derivatives		0.8	0.3
Accrued expenses and deferred income		12.3	13.4
Current liabilities		**296.7**	**640.1**
Non-current interest-bearing liabilities	3.2.10	1,298.4	734.0
Other non-current liabilities	3.2.11	8.2	17.2
Non-current provisions		3.2	3.2
Non-current liabilities		**1,309.8**	**754.3**
Total liabilities		**1,606.5**	**1,394.4**
Equity			
Share capital		19.5	19.5
Legal capital reserves			
Reserves from capital contributions		230.2	230.2
Legal retained earnings			
Reserves for indirectly held treasury shares		23.3	23.3
Free reserves			
Profit carried forward		5,312.8	4,964.9
Profit for the year		268.8	431.8
Treasury shares	3.2.14	–0.0	–0.0
Total equity		**5,854.7**	**5,669.8**
Total liabilities and equity		**7,461.1**	**7,064.2**

2. Income Statement

CHF million	Notes	2021	2020
Dividend income from investments		216.3	354.6
Service revenues		14.8	15.0
Other trade revenues		9.0	9.0
Total operating income		**240.0**	**378.6**
Consulting and other professional fees		–16.5	–50.9
Marketing and advertising expenses		–0.0	–0.0
Valuation adjustments and losses	3.2.16	–31.5	–42.5[1]
Other operating expenses		–2.5	–6.7
Total operating expenses		**–50.5**	**–100.1**
Operating profit before interest and tax		**189.5**	**278.5**
Financial income	3.2.17	81.9	302.7
Financial expenses	3.2.17	–54.7	–158.7
Earnings before tax and extraordinary items		**216.7**	**422.6**
Extraordinary income	3.2.19	57.0	13.6
Extraordinary expenses	3.2.19	–	–4.3
Earnings before tax		**273.7**	**431.9**
Taxes		–4.9	–0.1
Profit for the year		**268.8**	**431.8**

[1] Reclassification of prior-year’s figures from “Depreciation and amortization” to “Valuation adjustments and losses”.

3. Notes to the Financial Statements

3.1 Principles of the financial statements

3.1.1 General principles

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. The financial statements may be influenced by the creation and release of hidden reserves.

3.1.2 Foreign currency translation

Transactions in foreign currencies are recorded at the current exchange rates. Monetary items are translated using the closing rates. Non-monetary items are translated using historical exchange rates. Exchange rate gains and losses are credited or debited to the income statement.

Foreign currency positions were translated into CHF using the following closing rates:

Foreign currency	31/12/2021	31/12/2020
EUR	1.0347	1.0842
GBP	1.2345	1.2019
USD	0.9144	0.8819

3.1.3 Investments in subsidiaries and associated entities

Investments in subsidiaries and associated entities are carried at cost less accumulated impairment losses.

3.1.4 Financial assets

Bonds are measured at the lower of amortized cost or market value. Financial assets which are due within one year are presented within current assets. Loans are carried at nominal value less accumulated impairment losses.

3.1.5 Derivative financial instruments

Derivatives are recognized initially at cost. Subsequent to initial recognition derivatives are measured at market value.

3.1.6 Treasury shares

At initial recognition, treasury shares are recognized at cost as a negative position within equity. Gains or losses that occur upon a subsequent sale are recognized as financial income or expense.

3.1.7 Revenue recognition

Revenues for services are recognized when they are invoiced. This occurs when they have been provided.

3.1.8 Hedge accounting

SIX Group Ltd may apply hedge accounting in case a hedging transaction (i.e. derivative) was concluded to hedge a market risk of a balance sheet item, the hedging transaction is embedded in the company’s internal risk system and the hedge relationship is effective. When applying hedge accounting to balance sheet items which are measured at costs, any gain in the market value of the balance sheet item and the effective portion of the loss on the hedging transaction are offset, i.e. market value changes are not recognized. If the loss on the hedging instrument exceeds the gain on the balance sheet item, the net loss is recognized in the income statement. A net gain is not recognized. In case the market value of the balance sheet item decreases below its carrying amount, the loss on the balance sheet item and the effective portion of the positive replacement value of the hedge are recognized. If the gain on the hedging instrument exceeds the loss on the balance sheet item, the net gain is not recognized.

3.2 Disclosure on balance sheet and income statement items and other information

3.2.1 Number of full-time equivalents

The annual average number of full-time equivalents in the reporting year was nil (2020: nil).

3.2.2 Cash and cash equivalents

CHF million	31/12/2021	31/12/2020
Due from third parties	12.0	12.7
Due from shareholders	339.8	169.8
Cash and cash equivalents	**351.8**	**182.5**

3.2.3 Trade receivables

CHF million	31/12/2021	31/12/2020
Due from third parties	–	0.1
Due from Group and associated entities	6.8	8.2
Trade receivables	**6.8**	**8.2**

3.2.4 Other receivables

CHF million	31/12/2021	31/12/2020
Due from third parties	1.8	17.1
Due from Group and associated entities	304.7	456.7
Other receivables	**306.5**	**473.8**

3.2.5 Financial assets

CHF million	31/12/2021	31/12/2020
Loans due from third parties	–	0.3
Loans due from Group and associated entities	91.8	89.5
Bonds	45.7	60.7
Equity and convertible loans	20.3	7.3
Financial assets	**157.8**	**157.8**
of which current	*16.8*	*15.3*
of which non-current	*141.1*	*142.5*

3.2.6 Investments in subsidiaries and associated entities
Fully consolidated participations

			31/12/2021		31/12/2020	
Name	Place	Currency	Share capital in 1,000	Share in %[2]	Share capital in 1,000	Share in %[2]
12H Ltd	Zurich	CHF	100	90.0	100	90.0
BME Clearing SAU[1]	Madrid	EUR	18,030	100.0	18,030	100.0
BME LATAM SAS[1]	Bogota	COP	150,000	100.0	150,000	100.0
BME Post Trade Services SAU[1]	Madrid	EUR	60	100.0	60	100.0
BME Regulatory Services SAU[1]	Madrid	EUR	60	100.0	60	100.0
BME Servicios Corporativos SA[1]	Madrid	EUR	25,000	100.0	25,000	100.0
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros SA	Madrid	EUR	250,847	100.0	250,847	100.0
Bolsas y Mercados Españoles Group Services SAU[1]	Madrid	EUR	60	100.0	–	–
Bolsas y Mercados Españoles Inntech SAU[1]	Madrid	EUR	331	100.0	331	100.0
Bolsas y Mercados Españoles Market Data SA[1]	Madrid	EUR	4,165	100.0	4,165	100.0
Bolsas y Mercados Españoles Renta Fija SAU[1]	Madrid	EUR	3,005	100.0	3,005	100.0
Bolsas y Mercados Españoles Sistemas de Negociación SA[1]	Madrid	EUR	60	100.0	60	100.0
F10 (Switzerland) Ltd	Zurich	CHF	100	100.0	–	–
F10 Global Innovation Network Spain SL[1]	Madrid	EUR	3	100.0	–	–
F10 Investment Ltd	Zurich	CHF	100	75.0	–	–
Finaccess SIX Financial Information SA[1]	Casablanca	MAD	8,548	55.0	8,548	55.0
Instituto Bolsas y Mercados Españoles SLU[1]	Madrid	EUR	10	100.0	10	100.0
LATAM Exchanges Data Inc.[1]	Miami	USD	3,070	51.0	3,070	51.0
MEFF Sociedad Rectora del Mercado de Productos Derivados SAU[1]	Madrid	EUR	6,650	100.0	6,650	100.0
MEFF Tecnología y Servicios SAU[1]	Barcelona	EUR	60	100.0	60	100.0
Open Finance SL[1]	Valencia	EUR	4	100.0	4	100.0
Orenda Software Solutions Inc.	Membertou	CAD	0	62.6	–	–
SDX Trading Ltd[1]	Zurich	CHF	1,000	100.0	100	100.0
SECB Swiss Euro Clearing Bank GmbH	Frankfurt a.M.	EUR	30,000	100.0	30,000	100.0
SIX BBS Ltd	Zurich	CHF	100	100.0	100	100.0
SIX Digital Exchange Ltd	Zurich	CHF	5,500	100.0	5,500	100.0
SIX Exchange Regulation Ltd	Zurich	CHF	100	100.0	100	100.0
SIX Exfeed Ltd	Zurich	CHF	1,100	100.0	1,100	100.0
SIX Finance (Luxembourg) SA	Leudelange	EUR	31	100.0	31	100.0
SIX Financial Information Belgium SA[1]	Brussels	EUR	505	100.0	505	100.0
SIX Financial Information Denmark A/S[1]	Copenhagen	DKK	1,600	100.0	1,600	100.0
SIX Financial Information Deutschland GmbH	Frankfurt a.M.	EUR	512	100.0	512	100.0
SIX Financial Information España SA[1]	Madrid	EUR	424	100.0	424	100.0
SIX Financial Information France SAS	Paris	EUR	44,900	100.0	44,900	100.0
SIX Financial Information Hong Kong Limited	Hong Kong	HKD	4,000	100.0	4,000	100.0

[1] Investments held indirectly
[2] Equity interest and voting rights

Fully consolidated participations (continued)

Name	Place	Currency	31/12/2021 Share capital in 1,000	31/12/2021 Share in %[2]	31/12/2020 Share capital in 1,000	31/12/2020 Share in %[2]
SIX Financial Information Italia Srl	Milan	EUR	100	100.0	100	100.0
SIX Financial Information Japan Ltd	Tokyo	JPY	40,000	100.0	40,000	100.0
SIX Financial Information Ltd	Zurich	CHF	5,400	100.0	5,400	100.0
SIX Financial Information Luxembourg SA	Leudelange	EUR	31	100.0	31	100.0
SIX Financial Information Monaco SAM [1]	Monaco	EUR	150	100.0	150	100.0
SIX Financial Information Nederland BV	Amsterdam	EUR	250	100.0	250	100.0
SIX Financial Information Nordic AB	Stockholm	SEK	100	100.0	100	100.0
SIX Financial Information Singapore Pte Ltd	Singapore	SGD	25	100.0	25	100.0
SIX Financial Information UK Ltd	London	GBP	500	100.0	500	100.0
SIX Financial Information USA Inc.	Stamford USA	USD	0	100.0	0	100.0
SIX Global Services Ltd	Zurich	CHF	100	100.0	100	100.0
SIX Group Services Ltd	Zurich	CHF	11,550	100.0	11,550	100.0
SIX Index Ltd	Zurich	CHF	100	100.0	–	–
SIX Interbank Clearing Ltd	Zurich	CHF	1,000	100.0	1,000	100.0
SIX NCS Ltd	Zurich	CHF	100	100.0	100	100.0
SIX Paynet Ltd	Zurich	CHF	100	100.0	100	100.0
SIX Repo Ltd	Zurich	CHF	1,000	100.0	1,000	100.0
SIX Securities Services Ltd	Zurich	CHF	26,000	100.0	26,000	100.0
SIX SIS Ltd [1]	Olten	CHF	26,000	100.0	26,000	100.0
SIX SIS Singapore Private Limited [1]	Singapore	SGD	1,000	100.0	–	–
SIX SIS USA Inc. [1]	Stamford USA	USD	1	100.0	–	–
SIX Swiss Exchange Ltd	Zurich	CHF	10,000	100.0	10,000	100.0
SIX Terravis Ltd	Zurich	CHF	4,100	100.0	4,100	100.0
SIX Trade Repository Ltd	Zurich	CHF	500	100.0	500	100.0
SIX x-clear Ltd [1]	Zurich	CHF	30,000	100.0	30,000	100.0
Sociedad de Bolsas SA [1]	Madrid	EUR	8,414	100.0	8,414	100.0
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores SAU [1]	Madrid	EUR	114,380	100.0	114,380	100.0
Sociedad Rectora de la Bolsa de Valores de Barcelona SAU [1]	Barcelona	EUR	8,564	100.0	8,564	100.0
Sociedad Rectora de la Bolsa de Valores de Bilbao SAU [1]	Bilbao	EUR	2,957	100.0	2,957	100.0
Sociedad Rectora de la Bolsa de Valores de Madrid SAU [1]	Madrid	EUR	21,348	100.0	21,348	100.0
Sociedad Rectora de la Bolsa de Valores de Valencia SAU [1]	Valencia	EUR	4,111	100.0	4,111	100.0
SWISSTRADINGBOX Ltd [1]	Zurich	CHF	100	50.1	100	50.1
Ultumus (SGP) Pte. Ltd [1]	Singapore	SGD	0	94.5	–	–
Ultumus (US) Inc. [1]	Wilmington	USD	0	94.5	–	–
Ultumus Limited	London	USD	0	94.5	–	–

[1] Investments held indirectly
[2] Equity interest and voting rights

Significant associated companies

Name	Place	Currency	31/12/2021 Share capital in 1,000	31/12/2021 Share in %[2]	31/12/2020 Share capital in 1,000	31/12/2020 Share in %[2]
Custodigit Ltd	Zurich	CHF	1,750	42.9	–	–
Regis-TR SA[1]	Luxembourg	EUR	3,600	50.0	3,600	50.0
Regis-TR UK Ltd[1]	London	GBP	1,641	50.0	1,641	50.0
SwissSign Group Ltd	Glattbrugg	CHF	12,500	–	12,500	13.5
TWINT Ltd[1]	Zurich	CHF	12,750	26.7	12,750	26.7
Worldline SA	Bezons	EUR	189,804	10.7[3]	124,137	26.9[3]

[1] Investments held indirectly
[2] Equity interest and voting rights
[3] Voting rights as at 31 December 2021: 18.8% (31 December 2020: 18.9%)

3.2.7 Trade payables

CHF million	31/12/2021	31/12/2020
Due to third parties	0.2	0.0
Due to Group and associated entities	2.1	4.3
Trade payables	**2.3**	**4.3**

3.2.8 Current interest-bearing liabilities

CHF million	31/12/2021	31/12/2020
Due to third parties	0.1	0.1
Due to Group and associated entities	280.1	297.2
Current interest-bearing liabilities	**280.2**	**297.3**

3.2.9 Other current liabilities

CHF million	31/12/2021	31/12/2020
Due to third parties	1.0	0.1
Due to Group and associated entities	–	16.3
Due to shareholders	–	308.4
Other current liabilities	**1.0**	**324.8**

3.2.10 Non-current interest-bearing liabilities

CHF million			31/12/2021	31/12/2020
Due to third parties			600.0	2.2
thereof 0.125% dual part bond	*ISIN CH1142754337 / CH1142754345*	*Maturity: 27/11/2026*	*150.0*	–
thereof 0.2% bond	*ISIN CH1132966347*	*Maturity: 28/09/2029*	*450.0*	–
Due to Group and associated entities [1]			698.4	731.8
Non-current interest-bearing liabilities			**1,298.4**	**734.0**

[1] Related to the issue of EUR 650.0 million Senior Bond by SIX Finance (Luxembourg) SA, see note 3.2.13.

3.2.11 Other non-current liabilities

CHF million	31/12/2021	31/12/2020
Due to Group and associated entities	8.2	17.2
Other non-current liabilities	**8.2**	**17.2**

3.2.12 Liabilities due to pension fund

CHF million	31/12/2021	31/12/2020
Liabilities due to pension fund	0.1	0.1

3.2.13 Contingent liabilities

CHF million	31/12/2021	31/12/2020
Total amount of guarantees and warranty obligations		
Group and associated obligors	864.1	876.7
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

Group and associated obligors include:
- CHF 47.0 million (2020: CHF 47.0 million) guarantee in the event of insolvency of a cash pooling member
- CHF 2.1 million (2020: CHF 8.3 million) contingent liability related to credit facilities granted to Group entities
- CHF 103.0 million (2020: CHF 103.0 million) guarantee related to an intraday facility
- CHF 13.6 million (2020: CHF 13.6 million) guarantee related to the VISA license for SIX BBS Ltd
- CHF 698.4 million (2020: CHF 704.7 million) guarantee related to the issue of EUR Senior Bond by SIX Finance (Luxembourg) SA

3.2.14 Treasury shares including treasury shares held by Group entities

Values in CHF million	31/12/2021 Number	31/12/2021 Value	31/12/2020 Number	31/12/2020 Value
Held by SIX Group Ltd	10	0.0	10	0.0
Held by subsidiaries	607,854	23.3	607,854	23.3

There were no transactions with treasury shares in the reporting and in the previous year.

3.2.15 Securities in favor of third parties

CHF million	31/12/2021	31/12/2020
Assets pledged as collateral	–	0.5

Assets pledged relate to a facility to hedge transactions in foreign currencies under which cash deposited at a bank was pledged.

3.2.16 Valuation adjustments and losses

CHF million	2021	2020
Current assets	–0.0	–0.0
Financial assets	–31.5	–42.5
Valuation adjustments and losses	**–31.5**	**–42.5**

In the reporting year, loans due from Group entities were impaired in the amount of CHF 31.5 million (2020: CHF 42.5 million).

3.2.17 Financial result

CHF million	2021	2020
Foreign exchange gains	79.8	91.0
Gain on disposal of financial assets	0.1	203.6
Other income	2.0	8.1
Financial income	**81.9**	**302.7**
Foreign exchange losses	–46.5	–54.3
Loss on disposal of financial assets	–0.1	–83.0
Other expenses	–8.1	–21.4
Financial expenses	**–54.7**	**–158.7**

3.2.18 Hidden reserves released

Hidden reserves in the amount of CHF 0.0 million have been released in the reporting year (2020: nil).

3.2.19 Explanations of extraordinary positions in the income statement

Investments in subsidiaries are valued individually. As a result, a reversal of impairment of CHF 57.0 million was recognized in extraordinary income (2020: CHF 13.6 million). No impairment of investments was recognized in extraordinary expenses (2020: CHF 4.3 million).

4. Statement of Changes in Equity

		Legal capital reserves	Legal retained earnings	Free reserves		
CHF million	Share capital	Reserves from capital contributions	Reserves for treasury shares	Profit carried forward	Treasury shares	Total equity
Balance at 1 January 2020	**19.5**	**230.2**	**23.3**	**5,041.0**	**–0.0**	**5,314.1**
Dividends paid	–	–	–	–76.1	–	–76.1
Profit for the year	–	–	–	431.8	–	431.8
Balance at 31 December 2020	**19.5**	**230.2**	**23.3**	**5,396.7**	**–0.0**	**5,669.8**
Dividends paid	–	–	–	–83.9	–	–83.9
Profit for the year	–	–	–	268.8	–	268.8
Balance at 31 December 2021	**19.5**	**230.2**	**23.3**	**5,581.6**	**–0.0**	**5,854.7**

The share capital consists of 19,521,905 registered shares with a par value of CHF 1.00 each.

An ordinary dividend of CHF 4.30 per registered share was paid during the reporting period.

5. Appropriation of Profit

CHF million	2021	2020
Profit carried forward from previous year	**5,312.8**	**4,964.9**
Profit for the year	268.8	431.8
Available profit carried forward	**5,581.6**	**5,396.7**
Dividend of CHF 4.75 per registered share of CHF 1.00 nominal value (previous year: CHF 4.30)	92.7	83.9
Profit carried forward to the following year	**5,488.9**	**5,312.8**

The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table above.

Report of the Statutory Auditor on the Financial Statements

To the General Meeting of SIX Group Ltd, Zurich
Zurich, 4 March 2022

As statutory auditor, we have audited the accompanying financial statements of SIX Group Ltd, which comprise the balance sheet, income statement, notes and statement of changes in equity (pages 146 to 156), for the year ended 31 December 2021.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of investments in subsidiaries

Area of focus

As at 31 December 2021, SIX Group Ltd holds investments in subsidiaries in the amount of CHF 6,624.5 million, corresponding to 88.8% of the total assets, which are accounted for at acquisition cost less accumulated impairment losses.

We focused on this area due to the significance on the balance sheet and because of the judgements and assumptions over the impairment of the investments in subsidiaries. Where indicators of impairment are identified, management assesses the potential need of impairment of each subsidiary individually by comparing the carrying amount of the investment in subsidiary with the recoverable amount, which is calculated based on the value of capitalized earnings. This calculation involves several judgments including assumptions on future free cash flows, discount rates and long-term growth rates.

The applied accounting policy for this position is described in note 3.1.3 and further details related to investments in subsidiaries are disclosed in note 3.2.6 to the financial statements.

Our audit response

We have confirmed our understanding of the impairment assessment process and assessed the design effectiveness of key controls, concluding that a substantive audit approach should be adopted. To test the appropriateness of management's assessment, we evaluated the impairment indicators identified. In case indicators were present, we compared the carrying amount of the investment with the amount of capitalized earnings. In respect of the value of capitalized earnings, we have assessed the valuation model used. We verified, with the support of our valuation experts, the key assumptions used, including the discount rate, long-term growth rate and reliability of the forecasted free cash flows by comparing the management's business plan with historic data and the business plan approved by the Board of Directors.

In addition, we assessed the appropriateness of the relevant disclosures for this audit focus area in the financial statements.

Our audit procedures did not lead to any reservations regarding the impairment of investments in subsidiaries.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company’s articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Jan Marxfeld	Slaven Cosic
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

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