

## Media Release

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### Reprimand issued against Bellevue Group AG

**SIX Exchange Regulation reprimands Bellevue Group AG for several errors in its 2016 annual financial statements. Bellevue Group AG is sanctioned for the incorrect recognition of the foreign currency translation, the inadequate liquidity risk disclosures as well as the insufficient fair value disclosures with regard to a liability from a contingent consideration.**

Bellevue Group AG breached the requirements of IFRS in its 2016 annual financial statements as follows:

Bellevue Group AG erroneously recognized a gain from foreign currency translation amounting to CHF 672,000 directly in equity through “other comprehensive income”. Instead, this foreign exchange gain resulting out of a contingent consideration in connection with a business combination should have been recognized in the income statement. As a result of this error, the net loss for the year 2016 was overstated by CHF 672,000 and the basic/diluted loss per share was overstated by CHF 0.05 (both approximately 51%). The total comprehensive income and equity are not affected.

Financial statement position	Amounts as stated in the 2016 IFRS annual financial statements	Amounts after the correction of errors	Effect
Net loss	CHF -1.324 million	CHF -652,000	CHF +672,000 (+50.8%)
Loss per share	CHF -0.10	CHF -0.05	CHF +0.05 (+50.8%)

Furthermore, the maturity analysis for financial liabilities was disclosed inadequately. In this regard, the liability from the contingent consideration in the amount of CHF 21.3 million was erroneously disclosed as being due in full within 3 months. In fact, a portion of this liability is contractually due only within 1 to 5 years.

In its 2016 annual financial statements, Bellevue Group AG allocated the fair value of the liability arising from the contingent consideration to level 3. However, the corresponding fair value was not included in the disclosure of the fair value hierarchy. In addition, the significant unobservable inputs used in the fair value measurement were not disclosed in enough detail and no reconciliation describing the changes in fair value between the balance sheet dates was disclosed. Moreover, the sensitivity analysis with regard

to a reasonable possible change in the unobservable inputs and their effects on the fair value was incorrectly disclosed.

After considering the severity of the errors, the degree of negligence as well as the fact that the company has not been sanctioned during the last three years, SIX Exchange Regulation issued a sanction notice reprimanding Bellevue Group AG. The company has accepted the sanction notice. The errors were already corrected in the 2017 interim financial statements and will be corrected in the 2017 annual financial statements, respectively.

Previous sanctions in the area of financial reporting can be found at:

<https://www.six-exchange-regulation.com/en/home/publications/explorer/sanction-decisions.html>

#### **Appendix regarding the accounting standards**

Periodic financial reporting is part of the information required under the Stock Exchange Act and the Listing Rules to ensure a functional market. As part of this process, issuers must comply with the applicable financial reporting standards.

Information about financial reporting can be found at:

<https://www.six-exchange-regulation.com/en/home/issuer/obligations/financial-reporting.html>

#### **The following accounting standards were relevant for the assessment of the case in question**

According to IAS 21p23(a) foreign currency monetary items shall be translated into the functional currency of an entity by using the closing rate. Such exchange differences resulting out of the foreign currency translation shall be recognized in profit or loss pursuant to IAS 21p28.

IFRS 7p39(a) states that an entity shall disclose a maturity analysis for non-derivative financial liabilities that shows the remaining contractual maturities in time bands.

For financial instruments measured at fair value, IFRS 13p93(b) requires the classification into the three levels of the fair value hierarchy. In addition, for fair values categorized within level 3, information shall be disclosed with regard to the significant unobservable inputs used in the fair value measurement (IFRS 13p93(d)) and a reconciliation must be disclosed describing the changes in fair value between the balance sheet dates (IFRS 13p93(e)). Furthermore, a quantitative sensitivity analysis shall be disclosed illustrating the effects on the fair value from a reasonable possible change in the unobservable inputs in accordance with IFRS 13p93(h)(ii).

Should you have any questions, please feel free to contact Stephan Meier, Head Media Relations.

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### **SIX Exchange Regulation**

SIX Exchange Regulation performs the functions assigned under Swiss federal law and enforces and monitors compliance with the rules laid down by the Regulatory Board. SIX Exchange Regulation imposes sanctions in so far as it is authorised to do so by the regulations, or submits sanction requests to SIX Swiss Exchange's Sanction Commission.

SIX Exchange Regulation's independence from SIX Swiss Exchange's operating business is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement monitoring trading. [www.six-exchange-regulation.com](http://www.six-exchange-regulation.com)

### **Sanction Commission**

The Sanction Commission can impose sanctions in the case of violations of the Rule Books of SIX Swiss Exchange and SIX Structured Products Exchange, the Listing Rules and the Additional Rules. It is composed of between five and eleven members. The Chairman of the Sanction Commission and half of its members are elected by the Regulatory Board, with the remaining members appointed by the Board of Directors of SIX.

### **SIX**

SIX operates the infrastructure underpinning the Swiss financial sector and offers a comprehensive range of services around the world in the fields of securities trading and settlement, financial information and payment transactions. The company is owned by its users (approximately 130 banks of various orientation and size). Its workforce of over 4,000 employees and presence in 25 countries throughout the world generated operating income of CHF 1.8 billion and a Group net profit of CHF 221,1 million in 2016. [www.six-group.com](http://www.six-group.com)