

# Notes to the Annual Accounts

## 1. Principles

### 1.1 General Information

The present annual accounts of MCH Group Ltd. with head office in Basel have been drawn up in accordance with the Swiss commercial accounting and financial reporting legislation (Title 32 of the Swiss Code of Obligations). The main accounting and valuation principles applied that are not prescribed by law are described below.

### 1.2 Valuation principles

Assets are valued at no more than acquisition cost. All assets and liabilities denoted in foreign currencies are translated at the exchange rates applicable on the balance sheet date. The resulting exchange rate differences are included on the income statement. Any unrealised exchange gains are deferred and reported under the item "Accrued expenses and deferred income". Income and expenses denominated in foreign currencies and all transactions in foreign currencies are translated at the exchange rates applicable on the individual transaction dates.

### 1.3 Non-inclusion of a cash flow statement and further details in the notes

MCH Group Ltd. draws up group accounts in accordance with a recognised accounting standard (Swiss GAAP FER). In accordance with the statutory provisions, it has thus dispensed with the inclusion of details of interest-bearing liabilities and auditing fees and also with the presentation of a cash flow statement in the notes to the present annual accounts.

## 2. Disclosures on balance sheet and income statement positions

### 2.1 Investments

The direct and principal indirect holdings are listed in the notes to the group accounts.

Notes to the Group Account | Financial assets

The capital share corresponds to the voting share.

Direct and associated investments in subsidiaries

| Investments in subsidiaries         | City       | Activity                   |   | Share capital as of 31.12.2020 in 1000 | Holding as of 31.12.2020 in % | Share capital as of 31.12.2019 in 1000 | Holding as of 31.12.2019 in % |
|-------------------------------------|------------|----------------------------|---|--|-------------------------------|--|-------------------------------|
| MCH Swiss Exhibition (Basel) Ltd.   | Basel      | Exhibitions and congresses | A | CHF 40 000                             | 100.0                         | CHF 40 000                             | 100.0                         |
| MCH Swiss Exhibition (Zurich) Ltd.  | Zurich     | Exhibitions and congresses | A | CHF 13 720                             | 100.0                         | CHF 13 720                             | 100.0                         |
| MCH Beaulieu Lausanne SA            | Lausanne   | Exhibitions                | A | CHF 100                                | 100.0                         | CHF 100                                | 100.0                         |
| MCH Live Marketing Solutions AG     | Effretikon | Stand construction         | A | CHF 300                                | 100.0                         | CHF 300                                | 100.0                         |
| MCH US Corp.                        | Delaware   | Live Marketing Solutions   | A | USD 30 000                             | 100.0                         | USD 30 000                             | 100.0                         |
| Investments in associated companies | City       | Activity                   |   | Share capital as of 31.12.2020 in 1000 | Holding as of 31.12.2020 in % | Share capital as of 31.12.2019 in 1000 | Holding as of 31.12.2019 in % |
| metron Vilshofen GmbH <sup>1)</sup> | Vilshofen  | Stand construction         | A | EUR 0                                  | 0.0                           | EUR 140                                | 20.0                          |

1) The investment in Metron Vilshofen GmbH was impaired to the net market value of CHF 1 in 2019 and sold on the 26.03.2020.

A Company directly owned by MCH Group Ltd.

### 2.2 Other receivables and payables

Other receivables from third parties include insurance compensation not yet received for the cancellation of shows in the amount of CHF 2.7 million.

The other liabilities to third parties include the issue taxes owed for the two capital increases.

Other payables towards holdings include already received insurance compensation for the cancellation of shows but not yet transferred to the holdings in the amount of 12.4 million. The event cancellation insurance was taken out by MCH Group Ltd. The insurance compensation is therefore collected in advance by MCH Group Ltd., which then transfers it to the holdings that bear the damage due to the exhibition cancellations.

## 2.3 Long-term, non-interest-bearing liabilities to stakeholders

The long-term, non-interest-bearing liabilities to stakeholders are the non-interest-bearing loan of the Canton of Basel-Stadt to MCH Messe Basel which was transferred to MCH Group as part of the capital increase. This loan was converted into share capital on the basis of the non-exercised subscription rights of third-party shareholders. The remaining amount that could not be converted into share capital will continue as a loan.

## 2.4 Shareholders' equity

As at 31.12.2020, the share capital is divided into 14,869,351 (previous year 6,006,575) registered shares with a nominal value of CHF 10.00 per share.

At the Extraordinary General Meeting of 27.11.2020, the shareholders of MCH Group Ltd. approved all the proposals of the Board of Directors with more than 96 % of votes in favour. All in all, 622 shareholders, representing 84 % of the nominal value of the shares, voted in writing on the Board of Directors' proposals. They agreed to the opting-up clause, permitting Lupa Systems LLC to acquire a stake of up to 49 % without being obliged to make a public offer, and to the capital increase of up to CHF 104.5 million, in two tranches.

In the first tranche ("capital increase 1"), the share capital was increased by a nominal CHF 20,000,000.00 through the issue of 2,000,000 new shares with a nominal value of CHF 10.00 and an issue price of CHF 15.00 each, honouring the subscription rights of shareholders. The subscription ratio was 1 to 3. The subscription period for capital increase 1 ran from 30.11.2020 to 04.12.2020. All the subscription rights of the public-sector entities with a stake in the company (Canton of Basel-Stadt, Canton of Basel-Landschaft, Canton of Zurich and the City of Zurich) and the subscription rights not exercised by the other shareholders were allocated to the Canton of Basel-Stadt which subsequently subscribed to 1,616,251 shares through offsetting (conversion of a loan from the Canton of Basel-Stadt into equity). The other shareholders subscribed to 383,749 shares against cash payment.

|                           | Number of shares | Share capital (a) | Additional paid-in capital (Agio) <sup>1)</sup> (b) | Total (a) + (b)   | Cash flow 2020   |
|---------------------------|------------------|-------------------|---|-------------------|------------------|
|                           | Shares           | CHF               | CHF   | CHF               | CHF              |
| Bevor capital increase 1  | 6 006 575        | 60 065 750        | –   | 60 065 750        | –                |
| Canton Basel-Stadt        | 1 616 251        | 16 162 510        | 8 081 255   | 24 243 765        | –                |
| Other shareholders        | 383 749          | 3 837 490         | 1 918 745   | 5 756 235         | 5 756 235        |
| <b>Capital increase 1</b> | <b>2 000 000</b> | <b>20 000 000</b> | <b>10 000 000</b>                                   | <b>30 000 000</b> | <b>5 756 235</b> |
| After capital increase 1  | 8 006 575        | 80 065 750        | 10 000 000  | 90 065 750        | 5 756 235        |

1) Accounted in equity and reported under capital reserves.

Following the issue of the newly created registered shares for capital increase 1, the stake held by the public-sector entities changed from 49.11 % to 57.03 % and that of the remaining shareholders from 50.89 % to 42.97 %.

In the second tranche (“capital increase 2”), the share capital was increased by a nominal CHF 68,627,760.00 through the issue of 6,862,776 new registered shares with a nominal value of CHF 10.00 and an issue price of CHF 10.00 each, honouring the subscription rights of shareholders. The subscription ratio was 7 to 6. The subscription period for capital increase 2 ran from 10.12.2020 to 18.12.2020. By subscribing to 391,296 shares against cash payment, the Canton of Basel-Stadt subscribed to enough shares for the total proportion of shares held by the public-sector entities with a stake in the company to remain above 33 1/3 % following capital increase 2. Subscription rights not exercised by the public-sector entities with a stake in the company or by the remaining shareholders were transferred to Lupa Systems LLC, which subsequently subscribed to 4,805,238 shares against cash payment. The other shareholders subscribed to 1,666,242 shares against cash payment.

|                           | Number of shares | Share capital (a) | Additional paid-in capital (Agio) <sup>1)</sup> (b) | Total (a) + (b)   | Cash flow 2020    |
|---------------------------|------------------|-------------------|---|-------------------|-------------------|
|                           | Shares           | CHF               | CHF   | CHF               | CHF               |
| Before capital increase 2 | 8 006 575        | 80 065 750        | 10 000 000  | 90 065 750        | 5 756 235         |
| Canton of Basel-Stadt     | 391 296          | 3 912 960         | –   | 3 912 960         | 3 912 960         |
| Lupa Systems LLC          | 4 805 238        | 48 052 380        | –   | 48 052 380        | 48 052 380        |
| Other shareholders        | 1 666 242        | 16 662 420        | –   | 16 662 420        | 16 662 420        |
| <b>Capital increase 2</b> | <b>6 862 776</b> | <b>68 627 760</b> | <b>–</b>  | <b>68 627 760</b> | <b>68 627 760</b> |
| After capital increase 2  | 14 869 351       | 148 693 510       | 10 000 000  | 158 693 510       | 74 383 995        |

1) Accounted in equity and reported under capital reserves.

Following the issue of the newly created registered shares for capital increase 2, the stake held by the public-sector entities changed from 57.03 % to 33.34 % and that of the remaining shareholders from 42.97 % to 34.34 %. Lupa Systems LLC now has a stake of 32.32 %.

After the announcement in spring 2020 of its withdrawal, the Canton of Basel-Landschaft has now, following the successful completion of the two capital increases, tendered the 471,250 shares it has held to date to its partner canton, the Canton of Basel-Stadt, as agreed. The latter has accepted the offer. With the acquisition of the Canton of Basel-Landschaft’s shares, the Canton of Basel-Stadt now holds 4,492,447 shares in MCH Group Ltd., corresponding to a stake of 30.21 %. The remaining public-sector entities with a stake in MCH Group Ltd. (Canton of Basel-Stadt, Canton of Zurich and the City of Zurich) continue to hold 33.34 % of the shares following this sale.

The entire capital increase resulted in an increase in the share capital of CHF 88,627,760 and additional paid-in capital of CHF 10,000,000 (share premium). This was done in two interdependent steps. It would not have been possible to implement only one of the two steps. The total transaction costs and issue taxes of CHF 5,354,674 were offset against the share premium (CHF 3,261,833 of this had been paid as per 31.12.2020).

|                               | Number of shares | Share capital (a) | Additional paid-in capital (Agio) <sup>1)</sup> (b) | Total (a) + (b)   | Cash flow 2020    |
|-------------------------------|------------------|-------------------|---|-------------------|-------------------|
|                               | Shares           | CHF               | CHF   | CHF               | CHF               |
| Before capital increase       | 6 006 575        | 60 065 750        | –   | 60 065 750        | –                 |
| Canton of Basel-Stadt         | 2 007 547        | 20 075 470        | 8 081 255   | 28 156 725        | 3 912 960         |
| Lupa Systems LLC              | 4 805 238        | 48 052 380        | –   | 48 052 380        | 48 052 380        |
| Other shareholders            | 2 049 991        | 20 499 910        | 1 918 745   | 22 418 655        | 22 418 655        |
| <b>Capital increase gross</b> | <b>8 862 776</b> | <b>88 627 760</b> | <b>10 000 000</b>                                   | <b>98 627 760</b> | <b>74 383 995</b> |
| Transaction costs             | –                | –                 | –5 354 674  | –5 354 674        | –5 354 674        |
| Canton of Basel-Stadt         | –                | –                 | –   | –                 | –3 261 833        |
| <b>Capital increase net</b>   | <b>8 862 776</b> | <b>88 627 760</b> | <b>4 645 326</b>                                    | <b>93 273 086</b> | <b>71 122 162</b> |
| After capital increase        | 14 869 351       | 148 693 510       | 4 645 326   | 153 338 836       | 71 122 162        |

1) Accounted in equity and reported under capital reserves.

Of the reported reserves from capital contributions in the amount of TCHF 32,635, TCHF 27,586 were confirmed by the tax authorities in July 2013. The amount of CHF 0.4 million, which has not been confirmed since 2013, relates to issuing costs of the capital increase in 2011. A reclassification within equity has not yet been made. The newly created capital reserves of TCHF 4,645 are filed with the tax administration and are not yet confirmed.

## 2.5 Repayment waiver on loan

In conjunction with the restructuring of MCH Swiss Exhibition (Basel) Ltd. that was required as a result of Covid-19, a repayment waiver became necessary in the 2020 financial year on the loan granted for CHF 45.0 million.

## 2.6 Bond

In the framework of financing MCH Group Ltd., a CHF 100 million bond was raised in 2018, with a term running from 16.05.2018 to 16.05.2023 (5 years) and a coupon of 1.875 %. The fees incurred for the issue of the bond have been capitalised under prepayments and accrued income and will be charged to the income statement on a straight-line basis over the five-year term.

## 2.7 Unemployment insurance (ALV) contributions (short-time working)

Due to Covid-19, the company applied for and was granted short-time working by the state. For the 2020 financial year, an application was submitted for CHF 0.2 million (CHF 0.2 million of which has been received).

## 3. Further details

### 3.1 Full-time employees

The number of full-time employees averaged over the year was between 10 and 50 in both the reporting year and the previous year.

### 3.2 Sureties provided for liabilities of third parties

By way of security for obligations taken on by MCH Live Marketing Solutions AG in the context of a work contract, MCH Group Ltd. provided guarantees amounting to CHF 5.1 million on 31.12.2020 (previous year CHF 1.0 million). To secure a rent guarantee for MC<sup>2</sup>, a guarantee of CHF 2.2 million (USD 2.5 million) was issued (previous year CHF 2.4 million, USD 2.5 million).

### 3.3 Contingent liabilities

As the parent company, MCH Group Ltd. guarantees the fulfilment of the contracts (investment contributions and loans earmarked for a specific purpose) with the public-sector entities (the Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich) by means of joint and several liability (abstract payment guarantee).

MCH Group Ltd. is jointly and severally liable with MCH Swiss Exhibition (Basel) Ltd. for a credit facility of CHF 40.0 million (previous year CHF 40.0 million), which was taken up for a sum of CHF 40.0 million (previous year CHF 40.0 million) by MCH Swiss Exhibition (Basel) Ltd. on the balance sheet date.

### 3.4 Maximum dividend payment

The financing concept with the public-sector entities (the Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich) provides for a maximum dividend payment of 5 % over the full financing term.

### 3.5 Key shareholders

At the end of 2020, 2,255 (previous year 2,360) registered shareholders were entered in the share register.

Shareholding 31.12. 2020 (31.12.2019):

- Lupa Systems LLC: 32.3 % (0.0 %)
- Canton of Basel-Stadt: 30.2 % (33.5 %)
- LLB Swiss Investment AG: 4.75 % (9.8 %) <sup>1)</sup>
- HSBC Overseas Nominee (UK) Ltd.: 1.62 % (0.0 %)
- Canton of Zurich: 1.6 % (4.0 %)
- City of Zurich: 1.5 % (3.7 %)
- Canton of Basel-Landschaft: 0.0 % (7.8 %)
- Indexatlas AG 0.0 % (3.85 %)

<sup>1)</sup> As per 31.12.2019, the Statutes included a restriction on the transferability of shares for non-state shareholders of 5 % of all registered shares. This was cancelled at the Extraordinary General Meeting of MCH Group Ltd. on 27.11.2020 through an amendment to the Statutes.

## 3.6 Disclosure of participation rights

### Shares held by members of the Board of Directors

|  | Number of shares CHF 10<br>and percentage of voting<br>rights<br>31.12.2020 |             | Number of shares CHF 10 and<br>percentage of voting rights<br>31.12.2019 |             |
|--|---|-------------|--|-------------|
| Dr. Ulrich Vischer, Chairman                   | 777   | 0.0%        | 313  | 0.0%        |
| Christoph Brutschin, Vice-Chairman             | 0   | 0.0%        | 0  | 0.0%        |
| Markus Breitenmoser                            | 0   | 0.0%        | 0  | 0.0%        |
| Dr. Eva Herzog <sup>1)</sup>                   |   |             | 0  | 0.0%        |
| Hans-Kristian Hoejsgaard                       | 1 858   | 0.0%        | 1 000  | 0.0%        |
| Dr. Balz Hösly                                 | 0   | 0.0%        | 0  | 0.0%        |
| Dr. Dagmar Maria Kamber Borens                 | 0   | 0.0%        | 0  | 0.0%        |
| Dr. Karin Lenzlinger Diedenhofen <sup>2)</sup> |   |             | 50   | 0.0%        |
| Eleni Lionaki <sup>3)</sup>                    | 0   | 0.0%        |  |             |
| James R. Murdoch <sup>3)</sup>                 | 0   | 0.0%        |  |             |
| Dr. André Odermatt <sup>2)</sup>               |   |             | 0  | 0.0%        |
| Jeffrey Palker <sup>3)</sup>                   | 0   | 0.0%        |  |             |
| Dr. Tanja Soland <sup>4)</sup>                 |   |             |  |             |
| Thomas Weber <sup>1)</sup>                     |   |             | 0  | 0.0%        |
| Andreas Widmer                                 | 0   | 0.0%        | 0  | 0.0%        |
| <b>Total</b>                                   | <b>2 635</b>  | <b>0.0%</b> | <b>1 363</b>   | <b>0.0%</b> |
| <b>Shares held by related parties</b>          |   |             |  |             |
| of Dr. Ulrich Vischer                          | 748   | 0.0%        | 300  | 0.0%        |
| of Markus Breitenmoser <sup>5)</sup>           | 2 847   | 0.0%        | 1 150  | 0.0%        |
| of James R. Murdoch <sup>6)</sup>              | 4 805 238   | 32.3%       |  |             |

1) BD member up to 24.04.2020

2) BD member up to 21.12.2020

3) BD member as of 21.12.2020

4) BD member from 24.04.2020 to 21.12.2020

5) MCBM Beteiligungen AG

6) Lupa Systems LLC

The members of the Board of Directors hold shares to the value of TCHF 57,729 (previous year TCHF 66). The taxable value per share is CHF 12.00 (previous year CHF 26.10).

## Shares held by members of the Executive Board

|                                | Number of shares CHF 10<br>and percentage of voting<br>rights 31.12.2020 |             | Number of shares CHF 10<br>and percentage of voting rights<br>31.12.2019 |             |
|--------------------------------|--|-------------|--|-------------|
| Andreas Eggimann               | 0  | 0.0%        | 0  | 0.0%        |
| Florian Faber                  | 0  | 0.0%        | 0  | 0.0%        |
| Peter Holenstein <sup>1)</sup> |  |             | 62   | 0.0%        |
| Marc Spiegler <sup>2)</sup>    | 0  | 0.0%        |  |             |
| Bernd Stadlwieser              | 2 787  | 0.0%        | 1 500  | 0.0%        |
| Beat Zwahlen                   | 0  | 0.0%        | 0  | 0.0%        |
| <b>Total</b>                   | <b>2 787</b>   | <b>0.0%</b> | <b>62</b>  | <b>0.0%</b> |
| Shares held by related parties |  |             |  |             |
| of Peter Holenstein            |  |             | 256  | 0.0%        |
| of Bernd Stadlwieser           | 2 787  | 0.0%        | 1 500  | 0.0%        |

1) BD member up to 31.12.2019

2) EB member as of 01.01.2020

The members of the Executive Board hold shares to the value of TCHF 33 (previous year TCHF 41). The taxable value per share is CHF 12.00 (previous year CHF 26.10).

## 3.7 Influence of the Covid-19 pandemic on the financial year

### Review of 2020

The Covid-19 outbreak has negatively impacted economic conditions and customer demand globally and, as a result, business activity and financial performance were significantly negatively impacted in the 2020 reporting year. In March 2020, the outbreak escalated into a global pandemic. Governments and public authorities restricted freedom of movement, travel, and the holding of meetings and events, among other things, in order to contain the spread of the virus. In many European countries, including Switzerland, the restrictions were relaxed somewhat in the summer months up until September 2020. In autumn 2020, a second wave of the pandemic broke out, and the Swiss federal government ordered further measures to contain the pandemic, including severely restricting the number of participants at events in the first instance and then also banning exhibitions held indoors.

Following the escalation of the pandemic and the various restrictions and prohibitions put in place, the majority of exhibitions and events had to be postponed or cancelled. In the 2020 financial year, it was thus only possible to stage four of the planned 24 MCH exhibitions (Swissbau, SWISS-MOTO and SWISS-CUSTOM and also ILMAC Lausanne). All other exhibitions in Switzerland – including Baselworld, Art Basel in Basel and Giardina Zürich – had to be postponed, as did Art Basel in Hong Kong and Miami Beach and Masterpiece London. Of the planned 24 third-party exhibitions in the 2020 financial year, only five could be held. This led to a decline in sales of CHF 174.6 million (-67 %) in the “Exhibitions” and “Venues” segments compared with the previous year.



In the "Live Marketing Solutions" division, numerous orders were postponed or cancelled. In the 2020 financial year, the division took on 1,124 projects in this business field, which, in terms of numbers, was around 60 % fewer than in the previous year. This resulted in a drop in sales of CHF 82.6 million, corresponding to a decline of 44 % compared with the previous year.

### **Outlook for 2021 and following years**

Based on the latest developments and the availability of a vaccine, exhibitions and events can be expected to resume in the second half of 2021. It is currently virtually impossible to say in what form and under what protective conditions they will be staged. It can be assumed that events taking place in 2021 and beyond will have lower participant numbers than when they were last held, which will also be associated with a corresponding drop in sales.

The continuing uncertainty regarding the further development of the pandemic and the timing of the return to normal, coupled with the resulting economic consequences, necessitates continuous monitoring and reassessment of the situation and, based on this, the implementation of suitably aligned measures by the Board of Directors and management of the MCH Group.

In order to assess the negative economic consequences and the measures that need to be adopted for the company, the strategic and medium-term plan for the coming years was revised to take into account the foreseeable impact of the pandemic. The necessary cost-cutting measures derived from this were implemented immediately. One of these measures involves making use of short-time working and the associated compensation from the state.

In December of the 2020 reporting year, the capital increase for MCH Group was successfully completed. This capital increase, together with the entry of new anchor shareholder, Lupa Systems LLC, has secured the necessary capital and liquidity reserves for MCH Group to survive the consequences of the pandemic, on the one hand, and to make the strategic decisions and investments required for a successful future, on the other.

On the basis of the carefully revised medium-term plan and the secured capital and liquidity position, the management and Board of Directors has concluded that the liquidity and also the equity base of the holding company have sufficient reserves to ensure the continued existence of the group beyond 2021. In principle, it is assumed that the situation will calm down as of mid-2021 and that activities can be resumed in the second half of 2021.

As a result, the Board of Directors sees no relevant uncertainty for the future of the MCH Group and its group companies.