

# Transformation

In 2019, the MCH Group launched a far-reaching transformation process aimed at aligning itself to the requirements of the future both strategically and operationally and also in terms of its structure and organisation. In the course of the 2020 financial year, major progress was made on implementing this strategy, and decisive milestones were achieved with the strengthening of the capital structure and the shareholder base. We will continue to intensively pursue this process of transformation in the current business year – with additional new stimuli from the strengthened management bodies.

The MCH Group aims to secure long-term value retention and value enhancement for the company, for the benefit of all its – national and international – stakeholders: shareholders and employees, industry communities and customers, partners and suppliers, and the business locations of Basel and Zurich.



Hong Kong Spotlights by Art Basel

The MCH Group has developed and initiated a future-orientated strategy to this end.

- It is creating future-orientated platforms for the communities of selected ecosystems. These platforms promote, enliven and expand the activities of the communities, thus making a valuable contribution to the functioning and development of the ecosystems. The platform formats can be physical, hybrid or purely digital, with a commercial or communicative character; they are aimed at professional target groups or end consumers and have either an international or a regional reach.
- It supports the stakeholders within the ecosystems with holistic experience-marketing solutions – from the strategy and creation right through to implementation. The stakeholders are institutions, organisers and companies in the fields of business, culture and sport. The services can be material, hybrid or digital in nature and can be offered worldwide.

With this strategy, the MCH Group is gearing itself to future market and customer requirements, which are currently undergoing a pronounced change due to the profound modification in the live-marketing business and the far-reaching consequences of the Covid-19 pandemic. The group will be placing specific focus on innovation, digitalisation and internationalisation to this end.

## Alignment to future market and customer needs

The Covid-19 pandemic and the restrictions and bans imposed by the authorities both slowed down and sped up the implementation of the strategy in equal measure. They made it necessary to stabilise the company through a range of immediate organisational and cost-cutting moves. At the same time, work on developing key projects, and especially those in the digital field, had to be intensively stepped up, having taken on additional importance and urgency through the ban on staging physical events.

The first Art Basel Online Viewing Rooms (OVR) were offered in March 2020 already and subsequently underwent further development in terms of their technology and content. Working on from this strong fundament for Art Basel, we can now press ahead with the next strategic step – the development of an Art Basel Marketplace to provide even greater support for galleries in their efforts to reach new groups of art lovers and buyers.

### Innovation

A further example of the new platforms developed is the successful launch of the Swissbau Innovation Lab, a new community platform for the construction and real-estate industry. The digital platform has been primarily developed and implemented in-house, enabling us to acquire valuable experience. The Swissbau Innovation Lab concept provides a sound basis on which to develop scalable community infrastructure.

In the Live Marketing Solutions field too, work continued on the expansion of services and offerings that had been decided on prior to the outbreak of the pandemic. MCH Group is now in a position to offer its customers holistic experience-marketing solutions for both real and digital formats. This is also opening up further opportunities for the acquisition of new customers and for providing support to existing customers and projects in additional areas.



Annual Meeting DGHO

In the light of the necessary transformation and strategy implementation, as well as the economic consequences of the Covid-19 pandemic, the Board of Directors and the Executive Board drew up a comprehensive package of measures for structurally strengthening the company. This includes the entry of Lupa Systems as a new investor, capital increases of more than CHF 90 million, the restructuring of debt capital and the partial renewal of the Board of Directors. With the completion of the capital increases before Christmas 2020, the continued existence of the company beyond 2021 has been secured.

## Strengthened capital structure and shareholder base

The changed shareholder structure following the capital increases, with the public sector (Canton of Basel-Stadt and the Canton and City of Zurich), Lupa Systems and private shareholders holding a stake of around one third each, is balanced. This also applies for the future composition of the Board of Directors, with three representatives from each of the three shareholder groups. The approval, by a large majority, at the Extraordinary General Meeting of 27.11.2020 shows that the private shareholders also recognise and support this three-way partnership as a model for taking the group into the future.

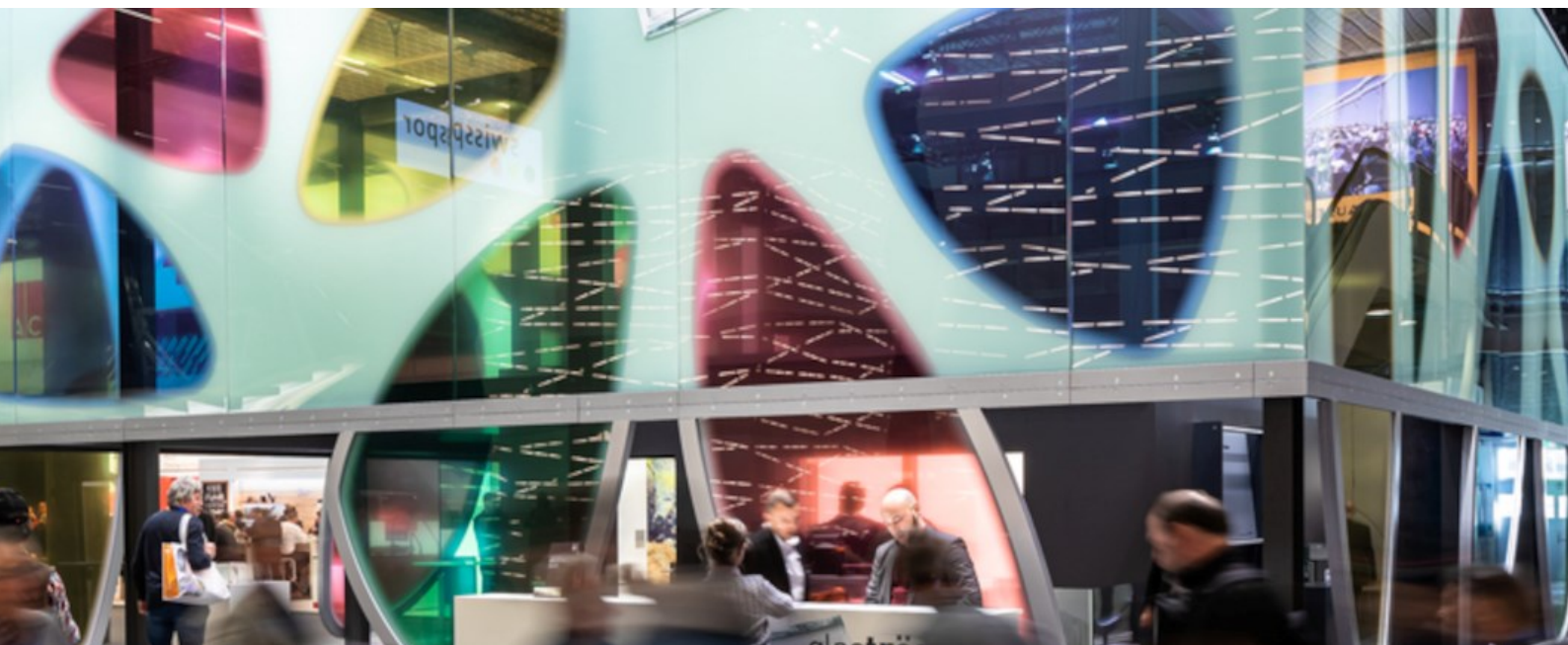
### Shareholders

With Lupa Systems, a new anchor shareholder has been found who has agreed to a long-term involvement, supports the strategy – including the commitment to the Basel and Zurich locations – and will be accelerating its implementation. Lupa Systems is inputting valuable know-how into the company in terms of digitalisation and technology as well as content creation and media.

## International industry experience, innovative strength and management competence

The reduction in the stake of the public-sector entities from 49.11 % to 33.34 % and the reduction in the public sector's representation on the Board of Directors from six to three members highlights a clear commitment to the private-sector and the international alignment of the MCH Group – while not neglecting the interests of its locations

Following the capital increases, the first step towards the partial renewal of the Board of Directors has been completed with the number of public-sector representatives having been reduced to three and the entry of the three elected members from Lupa Systems. The second step will take place at the General Meeting of 28.04.2021. With the planned appointment of Andrea Zappia (Chairman) and Marco Gadola (Vice-Chairman), the Board of Directors will benefit greatly from additional international industry experience, innovative strength and management competence.



Swissbau

## Exploiting the synergies in the unique MCH network

In mid-January 2021, the Board of Directors appointed Beat Zwahlen as interim Group CEO and Markus Hüsler as new Group CFO. The Executive Board with its partially changed membership will be focusing to a greater extent on the synergy potential and cooperation of the different business segments within the unique MCH network. Organisational measures have already been implemented to centralise innovation, business development and digitalisation throughout the group.

In their new composition, the Board of Directors and Executive Board will be addressing intensively the further development of the strategy as one of their priorities. The aim is to implement further strategic initiatives and open up new sources of revenue and – depending on the how the Covid-19 situation develops – achieve the break-even point as rapidly as possible.