

# FUTURE

BUSINESS REPORT 2021

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# **Business Report 2021**

## Financial Report

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## Annual Report

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# Group Balance Sheet

Assets	Details	31.12.2021		31.12.2020	
		CHF 1000	%	CHF 1000	%
Cash and cash equivalents	2	113 726	–	130 082	–
Trade accounts receivable	3	45 447	–	11 240	–
Other current receivables		5 428	–	9 017	–
Inventories and work in progress	4	37 405	–	25 326	–
Prepayments and accrued income	5	14 031	–	18 665	–
<b>Total current assets</b>		<b>216 037</b>	<b>53.5</b>	<b>194 330</b>	<b>48.6</b>
Tangible fixed assets	6	179 531	–	200 133	–
Financial assets	7	3 073	–	2 388	–
Intangible fixed assets	8	5 214	–	2 612	–
<b>Total non-current assets</b>		<b>187 818</b>	<b>46.5</b>	<b>205 133</b>	<b>51.4</b>
<b>Total assets</b>		<b>403 855</b>	<b>100.0</b>	<b>399 463</b>	<b>100.0</b>

Liabilities and shareholders' equity	Details	31.12.2021		31.12.2020	
		CHF 1000	%	CHF 1000	%
Current financial liabilities	9	8 532	–	12 723	–
Trade accounts payable		15 605	–	3 857	–
Advance payments received for work in progress		34 062	–	26 292	–
Other accounts payable		8 478	–	7 293	–
Current provisions	10	4 331	–	7 319	–
Accrued expenses and deferred income	5	39 301	–	23 908	–
<b>Total current liabilities</b>		<b>110 309</b>	<b>27.3</b>	<b>81 392</b>	<b>20.4</b>
Non-current financial liabilities	9	237 891	–	242 022	–
Long-term provisions	10	7 812	–	8 743	–
<b>Total non-current liabilities</b>		<b>245 703</b>	<b>60.8</b>	<b>250 765</b>	<b>62.8</b>
<b>Total liabilities</b>		<b>356 012</b>	<b>88.2</b>	<b>332 157</b>	<b>83.2</b>
Share capital		148 694	–	148 694	–
Capital reserves		58 955	–	78 955	–
Own shares		–1 483	–	–	–
Retained earnings		–158 353	–	–160 772	–
Minority interests		30	–	429	–
<b>Total shareholders' equity</b>		<b>47 843</b>	<b>11.8</b>	<b>67 306</b>	<b>16.8</b>
<b>Total liabilities and shareholders' equity</b>		<b>403 855</b>	<b>100.0</b>	<b>399 463</b>	<b>100.0</b>

# Group Income Statement

		2021	2020
	Details	CHF 1000	CHF 1000
Services, stand construction		114 833	129 285
Surface areas		42 573	16 857
Admissions		3 525	1 845
Media, sponsoring		18 147	6 467
Utility connections		785	1 081
Furniture, other fittings		10 344	1 439
Conferences		3 838	4 007
Parking		1 779	1 826
Revenue reductions		-5 498	340
Net sales from deliveries and services		190 326	163 147
Other operating income	11	47 349	29 341
Changes in work in progress		5 620	-4 521
Total operating income	12	243 295	187 967
Personnel expenses	13	-83 614	-81 992
Administration		-17 515	-15 626
Maintenance, repairs		-8 635	-8 188
Insurance, ground rent, rents		-15 121	-18 267
Energy		-4 259	-3 913
Furnishing expenses, stand construction		-77 230	-66 585
Exhibition and conference operations		-20 337	-32 706
Advertising, press, public relations		-9 012	-10 285
Other operating expenses	10	963	4 541
Result before interests, taxes and depreciations (EBITDA)	12	8 535	-45 054
Depreciation and impairment on tangible fixed assets	6	-18 794	-20 622
Depreciation and impairment on intangible fixed assets	8	-3 057	-402
Operating result (EBIT)	12	-13 316	-66 078
Result of associated organisations		-122	-30
Financial result	14	-4 457	-6 265
Loss before income taxes		-17 895	-72 373
Income tax	15	618	163
Loss of the year		-17 277	-72 210
of which attributable to non-controlling interests		-429	-489
of which attributable to the shareholders of the parent company		-16 848	-71 721
Result per share in CHF (diluted / undiluted) <sup>1)</sup>	16	-1.14	-11.39

1) Adjustment of the previous year's value. See Note 16.

# Group Cash Flow Statement

## Fund of cash and cash equivalents

		2021	2020
	Details	CHF 1000	CHF 1000
Cash flow from operating activities			
Loss of the year		-17 279	-72 210
Gain on disposal of fixed assets net		-10 886	-1 733
Reduction of non-repayable loan not affecting the fund	9	-2 500	-2 500
Depreciation and impairment		21 852	21 024
Attributable loss of associated companie		122	30
Other non-cash transactions	11	-5 574	-
Increase / Decrease trade accounts receivable		-33 891	50 022
Decrease / Increase other receivables		3 667	-4 189
Increase inventories and work in progress		-12 016	-814
Decrease prepayments and accrued income		5 581	8 349
Increase active deferred taxes		-810	-
Decrease / Increase trade accounts payable		10 076	-14 871
Increase / Decrease other payables		1 727	-928
Increase liabilities from work in progress		7 770	10 706
Increase / Decrease accrued expenses and deferred income		15 878	-72 436
Decrease provisions		-3 965	-5 302
Net cash flow from operating activities		-20 248	-84 852

		2021	2020
		CHF 1000	CHF 1000
Cash flow from investment activities	Details		
Investment in land, buildings and fixed installations, assets under construction		-2 634	-395
Investment in other tangible fixed assets		-913	-334
Investment in intangible fixed assets		-4 083	-2 074
Divestment of tangible fixed assets		16 404	2 512
Repayment of loans granted to others		-	25
Investment in consolidated companies (net of cash)	21	-736	-
Net cash flow from investment activities		8 038	-266
Cash flow from financing operations	Details	CHF 1000	CHF 1000
Capital increase	22.1	-2 093	71 122
Buyout of non-controlling interests		-	-1 127
Purchase of own shares		-1 483	-
Increase of current financial liabilities		-	5 948
Increase of non-current financial liabilities		-	3 424
Repayment of current financial liabilities		-167	-1 779
Repayment of non-current financial liabilities		-270	-180
Net cash flow from financing operations		-4 013	77 408
Exchange differences of cash and equivalents		-133	-493
Net cash flow		-16 356	-8 203
Cash and cash equivalents at the beginning of the financial year	2	130 082	138 286
Cash and cash equivalents at the end of the financial year	2	113 726	130 082

# Development of Consolidated Shareholders' Equity

The change in the consolidated shareholders' equity is as follows:

CHF 1000	Share capital	Capital reserves	Own shares	Retained earnings				Minority interests	Total
				Exchange differences	Hedging reserve	Retained profits	Total retained earnings		
As of 01.01.2020	60 066	74 310	–	–467	9	–87 308	–87 766	1 284	47 894
Exchange differences	–	–	–	–508	–	–	–508	–28	–536
Changes from cash flow hedges	–	–	–	–	–	–	–	–	–
Capital increase	88 628	4 645	–	–	–	–	–	–	93 273
Acquisition of Non-controlling interests	–	–	–	–	–	–777	–777	–	–777
Change in consolidation scope	–	–	–	–	–	–	–	–338	–338
Loss for the year	–	–	–	–	–	–71 721	–71 721	–489	–72 210
As of 31.12.2020	148 694	78 955	–	–975	9	–159 806	–160 772	429	67 306
Currency translation differences	–	–	–	–54	–	–	–54	30	–24
Changes from cash flow hedges	–	–	–	–	156	–	156	–	156
Purchase of own shares	–	–	–1 483	–	–	–	–	–	–1 483
Reclassification	–	–20 000	–	–	–	20 000	20 000	–	–
Changes goodwill from acquisitions	–	–	–	–	–	–835	–835	–	–835
Loss for the year	–	–	–	–	–	–16 848	–16 848	–429	–17 277
As of 31.12.2021	148 694	58 955	–1 483	–1 029	165	–157 489	–158 353	30	47 843



The revenue reserve includes CHF 35.4 million (previous year CHF 56.9 million) general statutory reserves (including the capital contribution reserves) held by MCH Group Ltd. and its subsidiaries, which may not be distributed at present. In the notes to the Group Accounts, note 17 shows the shareholders' equity with theoretical capitalization of the goodwill at its net book value of CHF 7.7 million (previous year CHF 25.8 million).

The share capital is divided into 14,869,351 registered shares (previous year 14,869,351 registered shares) with a nominal value of CHF 10.00 per share.

The taxable value per share as at 31.12.2021 is CHF 9.00 (previous year CHF 12.00).

In the reporting year, 100,000 own shares were purchased for purposes of future compensation of the management. The own shares were purchased in the period from 09.07.2021 to 21.07.2021 at an average market price of CHF 14.71. No shares had been awarded by the balance sheet date of 31.12.2021.

# Notes to the Group Account

## 1. Consolidation and valuation principles

### Introduction

The present group accounts are based on the individual financial statements for the group companies, drawn up according to uniform guidelines, as per 31.12.2021 and stated in Swiss francs (CHF). The consolidated annual accounts are based on the following principles:

### 1.1. Accounting and valuation principles

The consolidated annual accounts of MCH Group Ltd. comply with the specialist recommendations for accounting (Swiss GAAP FER) and thus fulfil the requirements of the SIX Swiss Exchange Directives for the “Swiss Reporting Standard” segment. They present a true and fair view of the group's assets, financial assets and earnings and have been drawn up on the assumption that the corporate activity will be continued. The group accounts are based on the principle of individual valuation for assets and liabilities and on historical acquisition costs.

### 1.2. Consolidation principles

The group accounts include the annual accounts of MCH Group Ltd. as well as all the group companies, observing the following criteria:

- Companies in which MCH Group Ltd. holds, either directly or indirectly, more than half of the voting rights or which are otherwise controlled by MCH Group Ltd. are fully consolidated. It is possible, under certain circumstances, for MCH Group Ltd. to exercise control over a company even without holding half of the voting rights. In this case, 100% of the assets, liabilities, income and expenses are included. Any shares of minority shareholders in the equity and profits of the consolidated companies are stated separately in the group balance sheet and the group income statement.
- Companies in which MCH Group Ltd. holds, either directly or indirectly, between 20% and 50% of the voting rights and which are not controlled by MCH Group Ltd. are included on the basis of the equity method. The share of equity held is stated under “Financial assets” in the group accounts. The pro-rata result for the year is stated under “Result of associated organisations” in the group income statement.
- Companies in which MCH Group Ltd. holds less than 20% of the voting rights are included on the consolidated balance sheet at acquisition price minus any value adjustment necessary for business reasons.

Initial consolidation is performed at the time at which MCH Group acquires control over the company. The assets and liabilities of the company acquired are valued at their current value at the time of acquisition. Any difference remaining between the purchase price and the equity of the acquired company following this revaluation is directly charged against or credited to the retained earnings as goodwill. Upon disposal of an investment, the goodwill previously recognized in equity is taken into account at the original cost for purposes of determining the gain or loss on the disposal of investments recognized in net income. This transaction is disclosed on a separate line in the equity statement. Transaction costs are recognized as expenses.

In performing full consolidation, 100% of the assets, liabilities, income and expenditure are included. Any shares of minority shareholders in the equity and profits of the consolidated companies are stated separately in the group balance sheet and group income statement. Intragroup assets and liabilities, and also expenditure and income from intragroup transactions and relations between intragroup companies are eliminated, as are profits from intragroup transactions. When shares are sold to or bought from minority shareholders, the difference between the selling price and the pro-rata book value of the net assets sold is recognized in retained earnings.

## 1.3. Foreign currency conversion

Annual accounts for consolidated companies in foreign currencies are converted as follows: current assets, fixed assets and borrowed capital at year-end rates (reporting date rate); shareholders' equity at historical rates. The income statement and cash flow statement are converted at the average rate for the year. The resulting currency translation differences are recognized in equity without affecting the operating result.

Items kept in foreign currencies are converted applying the reporting date exchange rate method. All assets and liabilities are converted at the daily exchange rate on the balance sheet date. The effects of foreign currency adjustments are included in the income statement. Unrealized exchange gains are similarly recognized with an effect on net income.

Transactions in foreign currency are converted at the official average rate of the Swiss Federal Tax Administration for the month in question.

Exchange rates CHF	Average annual rates		Year ending rates	
	2021	2020	2021	2020
USD	0.914	0.938	0.911	0.884
EUR	1.081	1.070	1.036	1.082
HKD	0.118	0.121	0.117	0.114
GBP	1.257	1.204	1.234	1.208
CNY	0.142	0.136	0.143	0.135
AED	0.249	0.256	0.248	0.241

## 1.4. General posting concepts

The annual accounts are drawn up on the basis of correct period accrual. The impact of business transactions and other occurrences is thus reported at the time they take place and not at the time cash and cash equivalents are received or paid. This means inter alia that expenses and income are assigned to and recognized in the relevant periods. A check is carried out on all assets at the end of the year to establish whether there are any signs that the book value of the asset is in excess of the realizable value (value impairment). If an impairment can be demonstrated, the book value is reduced to the realizable value, with the impairment being charged to the result for the period in question.

## 1.5. Valuation and accounting principles

### Income

MCH Group generates its sales with exhibitions, events and stand construction projects. The sales and associated expenditure for exhibitions and events are recognized, affecting net income, at the time at which the event is held. The last day of the exhibition or event is decisive for recognition in net income.

Stand construction projects are recognized in net income at the time, when the benefits and risks of the delivery and/or service pass to the purchaser. Deposits received from customers or paid to suppliers for projects in future business years are entered as prepayments and deferred income on the balance sheet for exhibitions and events; for stand construction projects, they are entered as work in progress and liabilities.

In the case of canceled projects (construction and stand building), the cancelation date of the project is normally deemed to be the realization date, and the corresponding terms of contract must be taken into account. If, in exceptional cases, special repayment and cancelation terms are negotiated, the date of the agreement on/signature of the repayment and cancelation terms is deemed to be the date of realization.

In the case of canceled exhibitions, profit is recognized as follows:

- Canceled exhibitions without event cancelation insurance:  
These are recognized in net income after agreement has been reached with the customers on the repayment and cancelation terms, unless the arrangements specified in the contract are applied.
- Canceled exhibitions with event cancellation insurance:  
Accrued costs are recognized in profit or loss under operating expenses at the time the exhibition is cancelled. Insurance benefits are recognized in profit or loss either after the insurance company has given a definitive payment commitment or if it can be assumed with virtual certainty that the insurance benefits will be provided.

### **Cash and cash equivalents**

Cash and cash equivalents include cash holdings and cash at banks and the Post Office, as well as short-term fixed deposits (remaining term less than 90 days). They are stated at their nominal value.

### **Accounts receivable for deliveries and services**

Receivables are stated at their net value, i.e. after deduction of any appropriate impairment (bad debt provision). Receivables are first written down individually. All receivables that are not written down individually are subject to a lump-sum value adjustment calculated on the basis of the following empirical values, without consideration of the country of origin:

Due date of invoice and value adjustment as a percentage of sum invoiced:

- > 360 days: 100 %
- 181 – 360 days: 50 %
- 91 – 180 days: 30 %
- 61 – 90 days: 15 %
- 31 – 60 days: 5 %
- 00 – 30 days: 2 %
- Not due: 2 %

### **Inventories and work in progress**

- Inventories  
Inventories are valued at the lower of acquisition or production cost and their net realizable value. Production costs include all the directly attributable material and manufacturing costs as well as overheads that have been incurred in conveying the inventories to their current location and converting them into their current state. If the acquisition and production costs are greater than the net market value, a value adjustment (expenditure) must be made for the amount of this difference. This value is determined on the basis of the current market price on the sales market. Discounts granted are deducted from the cost of goods as a reduction in the purchase price. Measurement subsequent to initial recognition is performed using the average cost method.

- Work in progress

Work in progress relates to long-term projects for stand construction, which is recognized and valued using the completed contract method, since the conditions for the percentage of completion method are not cumulatively fulfilled. The project expenses incurred during stand production are capitalized as work in progress. A long-term project is only recognized, affecting net income, when the delivery and performance risk has been transferred. Any losses are recognized immediately with an impact on net income. Advance payments received are recognized without affecting net income. They are offset against the corresponding long-term projects for which the advance payment has been made, insofar as there is no right of recovery. They are otherwise shown as liabilities.

### Other receivables and loans granted to others

Other receivables (including fixed deposits with a remaining term in excess of 90 days) and loans granted to others are stated at their nominal value minus any impairment.

### Prepayments, accruals and deferrals

Prepayments, accruals and deferrals are valued according to the principles that apply for receivables and liabilities. The prepayments and accrued income include both third-party and own work entered into the books for exhibitions and events taking place the following year (with the exception of work in progress on stand construction) and any sales for the reporting year that have not yet been invoiced. The accrued expenses and deferred income take in already-invoiced income from exhibitions, events and stand construction for the following year, as well as supplier invoices that have not yet arrived for goods and services already received. The accruals for current income tax are also stated under accrued expenses and deferred income.

### Tangible fixed assets

Tangible fixed assets are included in the balance sheet at acquisition or production cost and measured with allowance for the scheduled straight-line depreciation and any impairment. If the factors that have led to an impairment loss in the past improve significantly, the impairment loss will be reversed in part or in full by means of an impairment reversal. Depreciation of tangible fixed assets commences on the first day of their use. Assets under construction are thus not depreciated. The depreciation period corresponds to the estimated useful life and is as follows:

Depreciation category	Useful life	Fixed asset category
Developed property	No depreciation	Developed property
Buildings	40 years	Buildings
Various investments in extensions to buildings and systems	10 - 20 years	Buildings
Furniture and fittings	3 - 10 years	Other tangible assets
Vehicles	5 - 8 years	Other tangible assets
Sound and lighting equipment	5 - 10 years	Other tangible assets
Hardware	3 - 5 years	Other tangible assets

If it is ascertained that the useful life of a fixed asset is changing, especially as a result of technical progress, the state of the asset or the market, the residual book value of the asset will be depreciated over its new envisaged remaining useful life.

Accompanying services provided by our own employees in creating tangible fixed assets are not included as assets on account of the type of activity involved (general planning). Interest expenditure during the construction phase of a tangible fixed asset is included on the balance sheet as acquisition or production costs.

### Intangible assets

Intangible assets are non-monetary assets without physical substance. At MCH Group, only acquired immaterial assets are capitalized, employing the following categories (including the estimated useful life):

Depreciation category	Useful life	Fixed asset category
Acquired exhibitions and events	3 - 5 years	Intangible assets
Software	3 - 5 years	Intangible assets

Intangible assets developed by the group itself (exhibitions, events, software and other intangible assets) are not included as assets.

### Liabilities and loans taken up

Liabilities and loans taken up are stated at their nominal value. A liability or loan taken up is deemed to be short-term if it:

- is to be fulfilled within 12 months of the balance sheet date or
- an outflow of funds is to be expected in the operating activities on account of it.

All other liabilities are long-term.

### Derivative financial instruments

A derivative is included on the balance sheet if it meets the definition of an asset or a liability. The group employs currency futures and swaps for hedging currency risks. For currency hedging purposes, use is made of cash flow hedges, in particular, in order to reduce foreign currency risks for highly probable future cash flows from sales in foreign currencies. All open positions from cash flow hedges on the balance sheet date are disclosed in the notes and are recognised in equity via the hedging reserve.

### Pension benefit obligations

The pension obligations of the Group companies for old age, death and disability are based on the local regulations and practices in the countries concerned. With the exception of MC2, the most important companies are located in Switzerland, where employee pensions are managed by a legally independent foundation. Only isolated pension plans are operated abroad. The actual economic impacts of all the group's pension plans are calculated as per the balance sheet date.

Any benefit arising from the employer contribution provisions is recognized as an asset. The capitalization of further economic benefit (resulting from an excess funded status of the pension fund) is neither intended nor are the conditions for this fulfilled. An economic obligation is recognized as a liability if the conditions for the formation of a provision are fulfilled or, if appropriate, is stated as an obligation.

### **Provisions**

Provisions are established to cover all the identifiable risks and obligations existing at the time the balance sheet is drawn up. Provisions are stated on the balance sheet if a probable obligation exists towards third parties which is attributable to an event that took place in the past (prior to the balance sheet date) and if the level of the obligation can be estimated. The amount of the provision is based on the expected outflow of funds to settle the obligation, which is revaluated each year. The amount of the provision is determined through an analysis of the respective event which took place in the past, as well as on the basis of events that have occurred subsequent to the balance sheet date, insofar as these contribute towards clarifying the situation. Anticipated losses from exhibitions and events are recognized immediately with an impact on net income and shown under provisions. Obligating events after the balance sheet date have an impact on provisions if it becomes clear that they are caused by circumstances originating prior to the balance sheet date.

### **Goodwill**

In the case of an acquisition, the net assets acquired are valued at their current value. The excess of the acquisition costs over the revalued net assets corresponds to goodwill. Goodwill is offset directly against equity at the time of acquisition. This is permissible under Swiss GAAP FER insofar as the impact of theoretical capitalization and theoretical amortization on the goodwill and the equity is set out separately in the equity statement and in the notes. The goodwill is amortized on a theoretical basis over a period of five years. In the event of any impairment of the goodwill, this will be stated in the notes.

Upon disposal of an investment, the goodwill previously recognized in equity is taken into account at the original cost for purposes of determining the gain or loss to be recognized in profit or loss.

### **Taxes**

In stating current and future income tax consequences, a distinction is made between the determination of current and deferred income tax. Current income tax is calculated in accordance with the tax regulations for determining taxable income and is stated as expenditure. Current income tax is included under accrued expenses. Deferred taxes result from valuation differences between the group's values and the decisive values for tax purposes and are included as deferred items accordingly. The recognition of deferred income tax is based on a balance-sheet approach and fundamentally takes into account all future income-tax consequences. The deferred tax liability is calculated on the basis of the actual future tax rates to be expected and shown under the long-term provisions. Deferred tax assets from losses carried forward are not capitalized.

### **Subsidies**

In the context of the "Messe Basel New Buildings" project, various subsidies were granted from the public purse (Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich); these included investments à fonds perdu. In the 2012 business year, MCH Swiss Exhibition (Basel) Ltd. received a non-repayable loan, secured by a mortgage, of CHF 50.0 million from the Canton of Basel-Stadt, as a financing contribution à fonds perdu. This was to run for 20 years and incurred the obligation to continue operating the Congress Center Basel (CCB) for 20 years. Under buildings and fixed installations, an acquisition value was eliminated for the same amount as the non-repayable loan secured by a mortgage. Each year, the corresponding part of the building is depreciated by CHF 2.5 million and, at the same time, the non-repayable loan secured by a mortgage is reduced by CHF 2.5 million and recognized as other operating income.

## 2. Cash and cash equivalents

	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Cash, Post Office	3 726	11 878
Bank	110 000	108 203
Fixed deposits	–	10 001
Total cash and cash equivalents	113 726	130 082



### 3. Accounts receivable for deliveries and services

	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Trade accounts receivable	53 965	16 215
Bad debt provision	-8 518	-4 975
<b>Total trade accounts receivable</b>	<b>45 447</b>	<b>11 240</b>

Aging	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Not due	35 683	3 272
Due within 60 days	5 602	4 899
Due after 60 days	12 680	8 044
<b>Total trade accounts receivable</b>	<b>53 965</b>	<b>16 215</b>

## 4. Inventories and work in progress

	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Raw materials	1 138	1 040
Consumables and supplies	66	878
Semi-finished products	1 076	–
Merchandise	50	50
Prepayments for inventories	109	120
Value allowance on inventories	–1 071	–1 025
Total inventories	1 368	1 063
Long-term customer contracts	44 042	29 281
Value allowance on long-term customer contracts	–7 450	–4 660
Down payments received for long-term customer contracts	–555	–358
Total work in progress	36 037	24 263
Total inventories and work in progress	37 405	25 326

## 5. Prepayments, accruals and deferrals

Composition of prepayments and accrued income	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Exhibitions and events	4 594	5 686
Stand construction sales not yet invoiced	5 246	4 292
Prepaid rents	315	2 443
Prepaid income tax	506	–
Other	3 370	6 244
<b>Total of prepayments and accrued income</b>	<b>14 031</b>	<b>18 665</b>

  

Composition of accrued expenses and deferred income	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Services invoiced in advance for exhibitions and events	18 272	8 869
Staff	8 155	4 846
Accrual for current tax	760	324
Other	12 114	9 869
<b>Total of accrued expenses and deferred income</b>	<b>39 301</b>	<b>23 908</b>

The level of prepayments, accruals and deferrals is influenced primarily by the frequency of the individual exhibitions. On account of the Covid-19 pandemic, it is primarily services for Swissbau 2022 that were invoiced in advance. Under prepayments and accrued income, own work totaling CHF 1.9 million (previous year CHF 3.2 million) is included in the item for exhibitions and events.

## 6. Tangible fixed assets

Composition of tangible fixed assets CHF 1000	Developed Land	Buildings	Assets under construction	Other tangible fixed assets	Total
Purchase costs as of 1.1.2020	6 500	908 010	943	89 009	1 004 462
Additions	–	378	–	293	671
Disposals	–	–776	–	–2	–778
Depreciated values <sup>1)</sup>	–	–949	–	–14 011	–14 960
Exchange differences	–	–915	–	–1 378	–2 293
<b>Purchase values as of 31.12.2020</b>	<b>6 500</b>	<b>905 748</b>	<b>943</b>	<b>73 911</b>	<b>987 102</b>
Accumulated depreciation as of 1.1.2020	–	–704 433	–	–78 824	–783 257
Depreciation	–	–16 419	–	–4 203	–20 622
Reductions in value adjustments <sup>1)</sup>	–	949	–	14 011	14 960
Exchange differences	–	729	–	1 221	1 950
Total accumulated depreciation as of 31.12.2020	–	–719 174	–	–67 795	–786 969
<b>Net book value as of 31.12.2020</b>	<b>6 500</b>	<b>186 574</b>	<b>943</b>	<b>6 116</b>	<b>200 133</b>
Purchase costs as of 1.1.2021	6 500	905 748	943	73 911	987 102
Additions	–	2 666	24	913	3 603
Change in consolidation scope	–	–	–	3	3
Depreciated values <sup>1)</sup>	–	–12 583	–	–22 267	–34 850
Disposals	–2 500	–1 701	–967	–332	–5 500
Reclassification	–	–9	–	9	0
Exchange differences	–	290	–	403	693
<b>Purchase values as of 31.12.2021</b>	<b>4 000</b>	<b>894 411</b>	<b>–</b>	<b>52 640</b>	<b>951 051</b>
Accumulated depreciation as of 1.1.2021	–	–719 174	–	–67 795	–786 969
Depreciation	–	–15 712	–	–2 720	–18 432
Impairment	–	–203	–	–159	–362
Reductions in value adjustments <sup>1)</sup>	–	12 583	–	22 267	34 850
Exchange differences	–	–235	–	–372	–607
Total accumulated depreciation as of 31.12.2021	–	–722 741	–	–48 779	–771 520
<b>Net book value as of 31.12.2021</b>	<b>4 000</b>	<b>171 670</b>	<b>–</b>	<b>3 861</b>	<b>179 531</b>
thereof mortgaged buildings	–	163 435	–	–	163 435

1) After expiry of the depreciation period, the purchase or production cost value is offset against the accumulated depreciation.

In accordance with the decision of the Cantonal Parliament of 12.03.2008 relating to the financing concept for the new Messe Basel complex (formerly Exhibition Center Basel 2012), security was provided for the non-repayable loan of CHF 50.0 million, secured by a mortgage, that MCH Swiss Exhibition (Basel) Ltd. received as a financing contribution (à fonds perdu) through the issue of a mortgage note for this same amount, charged to the two buildings of the Congress Center Basel and the Musical Theater Basel. Following the sale of the Musical Theater as per 01.01.2020, the Musical Theater was deleted from the mortgage note.

The assets under construction are the accrued project costs for the “Rosentalturm” in Basel. The project was sold as per 03.07.2021, resulting in a profit of CHF 0.8 million.

The disposals of built land and buildings relate to a building in Basel which is no longer required for operations and which was sold on 31.12.2021. This resulted in a profit of CHF 9.7 million.

Due to a warehouse fire, fully depreciated assets in the amount of CHF 18.1 million were derecognized (previous year 13.8 million).

MCH Group has no unbuilt land. The asset category “Built land” (previous year “Land”) includes only built land. The asset category “Buildings” (previous year “Buildings and fixed installations”) includes all buildings as well as installations permanently connected to the buildings. The designations of these two asset categories have been adjusted by comparison with the previous year so that their significance is clear from their designation already.

## 7. Financial assets

	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Other loans	7	6
Employer contribution reserve	730	730
Deferred tax asset	807	–
Equity investment	1 529	1 652
<b>Total financial assets</b>	<b>3 073</b>	<b>2 388</b>

## 8. Intangible assets

Composition of intangible assets CHF 1000	Acquired intangible assets
Purchase costs as of 1.1.2020	17 863
Additions	2 074
Exchange differences	-379
Purchase values as of 31.12.2020	19 558
Accumulated depreciation as of 1.1.2020	-16 896
Depreciation	-402
Exchange differences	352
Total accumulated depreciation as of 31.12.2020	-16 946
Net book value as of 31.12.2020	2 612
Purchase costs as of 1.1.2021	19 558
Depreciated values <sup>1)</sup>	-23
Additions	5 669
Disposals	-18
Exchange differences	121
Purchase values as of 31.12.2021	25 307
Accumulated depreciation as of 1.1.2021	-16 946
+ Reductions in value adjustments <sup>1)</sup>	23
Depreciation	-1 353
Impairment	-1 704
Exchange differences	-113
Total accumulated depreciation as of 31.12.2021	-20 093
Net book value as of 31.12.2021	5 214

1) After expiry of the depreciation period, the purchase or production cost value is offset against the accumulated depreciation.

The additions in the reporting year relate to investments in digitalization projects of the Community Platforms of CHF 4.2 million and general modernizations and expansions of CHF 1.5 million.

## 9. Financial liabilities

	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Current loans from third parties	209	4 400
Current loans from participants	8 323	8 323
	8 532	12 723
Current loans from third parties	110 791	112 355
Non-current loans from participants	27 100	29 667
Bond	100 000	100 000
Total non-current financial liabilities	237 891	242 022
Total financial liabilities	246 423	254 745
Indebtedness net	132 697	124 663

The net debt (short and long-term loans taken up minus cash and cash equivalents) increased to CHF 132.7 million (previous year CHF 124.7 million).



CHF 1000	Residual maturity up to 1 year or less	Residual maturity 1–5 years	Residual maturity over 5 years or more	Total	Thereof secured by mortgages	Interest rate
Loans from third parties and banks	4 400	–	–	4 400	–	1%-1.25%
Loans from third parties (Canton of Basel-Landschaft)	–	–	35 000	35 000	35 000	3%-3.25%
Loans from third parties and banks	–	3 865	43 490	47 355	40 000	1%-4.12%
Interest-free loans from third parties (Canton of Basel-Landschaft) <sup>1), 3)</sup>	–	–	30 000	30 000	–	–
<b>Total loans from third parties</b>	<b>4 400</b>	<b>3 865</b>	<b>108 490</b>	<b>116 755</b>	<b>75 000</b>	
Loans from participants (Canton of Zurich)	67	268	399	734	734	2.0%
Loans from participants (City of Zurich)	–	–	1 500	1 500	1 500	2.0%
Interest-free loans from participants (Canton of Basel-Landschaft) <sup>1), 3)</sup>	5 756	–	–	5 756	–	–
Non-repayable loan (à fonds perdu) secured with a mortgage <sup>2)</sup>	2 500	10 000	17 500	30 000	30 000	–
<b>Total loans from involved parties</b>	<b>8 323</b>	<b>10 268</b>	<b>19 399</b>	<b>37 990</b>	<b>32 234</b>	
	–	100 000	–	100 000	–	1,875 %
<b>As of 31.12.2020</b>	<b>12 723</b>	<b>114 133</b>	<b>127 889</b>	<b>254 745</b>	<b>107 234</b>	
Loans from third parties and banks	209	–	–	209	–	1,25%
Loans from third parties (Canton of Basel-Landschaft)	–	35 000	–	35 000	35 000	3%-3.25%
Loans from third parties and banks	–	2 706	43 085	45 791	40 000	1%-4.12%
Interest-free loans from third parties (Canton of Basel-Landschaft) <sup>1), 3)</sup>	–	–	30 000	30 000	–	–
<b>Total loans from third parties</b>	<b>209</b>	<b>37 706</b>	<b>73 085</b>	<b>111 000</b>	<b>75 000</b>	
Loans from participants (Canton of Zurich)	67	268	332	667	667	2.0%
Loans from participants (City of Zurich)	–	–	1 500	1 500	1 500	2.0%
Interest-free loans from participants (Canton of Basel-Landschaft) <sup>1), 3)</sup>	5 756	–	–	5 756	–	–
Non-repayable loan (à fonds perdu) secured with a mortgage <sup>2)</sup>	2 500	10 000	15 000	27 500	27 500	–
<b>Total loans from involved parties</b>	<b>8 323</b>	<b>10 268</b>	<b>16 832</b>	<b>35 423</b>	<b>29 667</b>	
	–	100 000	–	100 000	–	1,875 %
<b>As of 31.12.2021</b>	<b>8 532</b>	<b>147 974</b>	<b>89 917</b>	<b>246 423</b>	<b>104 667</b>	

1) Interest as a subsidy; the interest-free loans of the cantons of Basel-Stadt and Basel-Landschaft are subordinated.

2) Financing sum, annual amortisation of CHF 2.5m, as a subsidy from 2013 onwards.

3) Repayment will be deferred if the equity ratio of MCH Group Ltd. falls below 30% or if no dividends are paid on account of the result.

In the framework of the financing for MCH Group, a CHF 100 million new issue (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%.

## 10. Provisions

CHF 1000	As of 01.01.2020	Recognised	Used	Released	Reclassification and currency translation differences	As of 31.12.2020	thereof short- term
Repairs to exhibition parking spaces	800	–	–	–	–	800	–
Renovation fund Theater 11	2 119	202	–	–	–	2 321	–
Restructuring	8 945	–	–5 102	–1 516	–	2 327	2 327
Deferred income tax provision	1 366	–	–	–295	–	1 071	–
Potential reimbursement claims	2 981	2 768	–	–258	–	5 491	3 506
Contractual risks	3 579	902	–	–2 021	–167	2 293	–
Other provisions	1 573	1 218	–143	–873	–16	1 759	1 486
<b>Total provisions</b>	<b>21 363</b>	<b>5 090</b>	<b>–5 245</b>	<b>–4 963</b>	<b>–183</b>	<b>16 062</b>	<b>7 319</b>

  

CHF 1000	As of 01.01.2021	Recognised	Used	Released	Reclassification and currency translation differences	As of 31.12.2021	thereof short- term
Repairs to exhibition parking spaces	800	–	–	–	–	800	–
Renovation fund Theater 11	2 321	202	–151	–	–	2 372	–
Restructuring	2 327	–	–1 458	–869	–	–	–
Deferred income tax provision	1 071	12	–	–	–	1 083	–
Potential reimbursement claims	5 491	1 099	–1 250	–	–	5 340	3 228
Contractual risks	2 293	1 342	–169	–2 172	–121	1 173	–
Other provisions	1 759	927	–1 168	–310	167	1 375	1 103
<b>Total provisions</b>	<b>16 062</b>	<b>3 582</b>	<b>–4 196</b>	<b>–3 351</b>	<b>46</b>	<b>12 143</b>	<b>4 331</b>

CHF 0.8 million (previous year CHF 0.8 million) are provided for contractual obligations entered into in conjunction with the repairs to the parking spaces for exhibition use at the Zurich location. A sum of CHF 0.2 million plus indexed inflation is paid into the provision for the Theater 11 renovation fund each year. This fund is used to finance renovation work on Theater 11. This obligation results from the agreements concluded with the grantor of the building lease, which stipulate that the amount remaining in the renovation fund upon reversion of the building rights will go to said grantor.

In the year 2019, a provision was created for the expected costs of structural and organizational optimisation of the national exhibition and event business. In some cases, the provision that had already been created the previous year was reversed accordingly, insofar as it had not already been used. No provisions for restructuring existed as at 31.12.2021 (previous year CHF 2.0 million). As at 31.12.2021, there are no provisions for threatened losses from long-term contracts and for structural and organizational optimizations (previous year CHF 0.3 million).

The recoveries relate to provisions for tax risks of CHF 3.8 million (unchanged compared to the previous year) and warranty guarantees from the project business of the Experience Marketing business unit of CHF 1.5 million (previous year CHF 0.5 million). A provision for a contractual obligation of a supplier in the amount of CHF 1.3 million recognized in the previous year was appropriated in the reporting year.

Contractual risks include a provision for pending legal proceedings in the United States in the amount of CHF 1.2 million (previous year CHF 1.4 million). A provision of CHF 0.9 million set up in the previous year for rental obligations of discontinued business premises was partially utilized in the year under review. The unused portion was reversed in full.

The release of provisions no longer required amounting to CHF 3.4 million (previous year CHF 5.0 million) was recognized in the income statement under "Other operating expenses" and resulted in a positive balance.

## 11. Other operating income

		2021	2020
	Details	CHF 1000	CHF 1000
Event Cancellation Insurance	22.6	12 259	21 990
Gain on sale of fixed assets		11 116	1 733
State Covid-19 Indemnities Switzerland		10 557	0
State Covid-19 Indemnities USA		5 756	0
Other		7 661	5 618
<b>Other operating income</b>		<b>47 349</b>	<b>29 341</b>

In the reporting year, the item “Gain on sale of fixed assets” includes the sale of a building in Basel that is no longer required for operations (CHF 9.7 million) and the sale of the “Rosentalturn” project (CHF 0.8 million). In the previous year, these were the gains on sale of the Musical Theater and Hall 3 in Basel.

The Swiss companies were able to receive the following non-repayable amounts under the federal Covid-19 hardship programs: Canton Basel-Stadt CHF 0.8 million (no conditions, not subject to the federal Covid-19 hardship ordinance of 25.11.2020, as only the cantonal share was distributed) and Canton of Zurich CHF 9.8 million (subject to the federal Covid 19 hardship ordinance of 25.11.2020, and thus its Art. 6 on restriction of use). For the latter, the Board of Directors is of the opinion that the restrictions have been complied with. However, the final assessment of a possible reimbursement obligation by the authorities is currently still pending. A different final assessment by the authorities would result in the recognition of a corresponding liability.

In the United States, the Paycheck Protection Program (PPP) loans received last year, which were directly related to the coverage of operational costs incurred due to the Covid-19 pandemic, were unconditionally forgiven in the amount of USD 6.1 million (CHF 5.8 million) due to local regulations.

## 12. Income by divisions and geographical markets

Operating income by divisions	2021 CHF 1000	%	2020 CHF 1000	%
Community Platforms	99 454	40.9	73 106	38.9
Experience Marketing	144 209	59.3	118 650	63.1
Venues	24 345	10.0	16 921	9.0
Corporate Functions and Consolidation	-24 713	-10.2	-20 710	-11.0
<b>Total operating income</b>	<b>243 295</b>	<b>100.0</b>	<b>187 967</b>	<b>100.0</b>
EBITDA by divisions	2021 CHF 1000	%	2020 CHF 1000	%
Community Platforms	-6 738	-78.9	-29 678	65.9
Experience Marketing	4 472	52.4	-13 481	29.9
Venues	-233	-2.7	11 402	-25.3
Corporate Functions and Consolidation	11 034	129.3	-13 297	29.5
<b>Total EBITDA</b>	<b>8 535</b>	<b>100.0</b>	<b>-45 054</b>	<b>100.0</b>
EBIT by divisions	2021 CHF 1000	%	2020 CHF 1000	%
Community Platforms	-7 922	59.5	-30 659	46.4
Experience Marketing	2 004	-15.0	-16 580	25.1
Venues	-15 985	120.0	-4 632	7.0
Corporate Functions and Consolidation	8 587	-64.5	-14 207	21.5
<b>Total EBIT</b>	<b>-13 316</b>	<b>100.0</b>	<b>-66 078</b>	<b>100.0</b>

The segment revenues and results of the business areas are stated prior to consolidation. The division “Community Platforms” comprises the revenues and results of the various physical, hybrid and digital platforms and the associated services of the units “Art & Art Related Industries”, “Watch/Jewelry/Gems” and “Swiss Events”. “Experience Marketing” includes strategy, creation and implementation of experience marketing services of the “Live Marketing Solutions” division with the brands MCH Global, Expomobilia and MC<sup>2</sup>. The division “Venues” business comprises the rental business (guest events, rental to own exhibitions) and general services (e.g. parking lot revenue) of the Basel and Zurich exhibition venues. “Corporate Functions & Consolidation” takes in Digital & Information, Corporate Finance, Corporate Services (Business Development & Innovation, Legal Department, Risk Management & Compliance, HR and Communications) and also the consolidation effects.

The segment results are being stated for the first time in the reporting year.

Operating income by geographical markets	2021 CHF 1000	%	2020 CHF 1000	%
Switzerland	71 366	29.3	94 071	50.0
Europe without Switzerland	29 031	11.9	10 036	5.3
North and South America	113 579	46.7	68 726	36.6
Asia, Pacific and Africa	29 319	12.1	15 134	8.1
<b>Total operating income</b>	<b>243 295</b>	<b>100.0</b>	<b>187 967</b>	<b>100.0</b>

Operating income by geographical market is presented subsequent to consolidation and thus relates purely to third-party sales.

## 13. Staff and staff expenditure

Employees	31.12.2021	31.12.2020
Full-time jobs	627	565
Personnel expenses	2021 CHF 1000	2020 CHF 1000
Ordinary personnel expenses	–87 370	–90 935
Short time compensation	3 756	8 943
Personnel expenses	–83 614	–81 992

As per 31.12.2021, an additional 8 employees (previous year 125 employees) are on furlough in the USA. They are still employed without remuneration and only their social security contributions are still being paid.

Expenditure on personnel includes compensation for short-time working of CHF 3.8 million (previous year CHF 8.9 million), which has all been collected (in the previous year, CHF 1.3 million had not yet been collected). Expenditure on personnel prior to compensation for short-time working was CHF 87.4 million (previous year CHF 90.9 million).

For the provision of various services, additional temporary staff are employed as cashiers, cloakroom attendants, guards and office workers, etc.

## 14. Financial result

	2021 CHF 1000	2020 CHF 1000
Interest income	16	20
Exchange gains	1 584	1 569
Total financial income	1 600	1 589
Interest on capital	-4 872	-4 434
Bank and credit card charges	-829	-720
Exchange losses	-356	-2 700
Total financial expense	-6 057	-7 854
Total financial result	-4 457	-6 265

The interest expenditure (interest on capital) relates to the financing costs for the operational loans and various other interest expenditure.



## 15. Taxes

	2021 CHF 1000	2020 CHF 1000
Current income tax	-152	-133
Deferred income tax	770	296
<b>Total income tax</b>	<b>618</b>	<b>163</b>

	2021 CHF 1000	2020 CHF 1000
Calculation of average tax rate		
Loss before income taxes	-17 895	-72 373
<b>Average applicable tax rate in %</b>	<b>3.5</b>	<b>0.2</b>

	2021 CHF 1000	2020 CHF 1000
Tax loss carryforwards		
Total tax loss carry forward as of 01.01.	290 680	206 434
Change in consolidation scope	-	-
Loss carry forwards expired	-987	-
Change in loss carry forward in the tax balance	22 771	84 246
<b>Total tax loss carry forward as of 31.12.</b>	<b>312 464</b>	<b>290 680</b>
Entitlement for deferred income taxes on losses carried forward not yet used	46 210	43 679
<b>Average tax rate in %</b>	<b>14.8</b>	<b>15.0</b>

Deferred tax assets from losses carried forward were not capitalized as per 31.12.2021.

	2021 CHF 1000	2020 CHF 1000 (revised)
Impact of changes in loss carry forwards on income tax		
Income tax prior to allowance for loss carry forwards	3 669	15 605
Impact of non-capitalisation of loss carry forwards	-4 452	-15 442
Impact of the use of non-capitalised loss carry forwards	1 401	-
<b>Income tax with allowance for loss carry forwards</b>	<b>618</b>	<b>163</b>

The calculation was based on the following assumptions:

Impact of the non-capitalization of losses carried forward. Shows how high the impact of tax losses carried forward would have been on income tax expenditure if these had been capitalized. The theoretical capitalization includes the formation and expiry of tax losses carried forward.

Impact from the use of non-capitalized losses carried forward: Shows how much higher income tax expenditure would have been if it had not been possible to claim any tax losses carried forward.

In the previous year, the calculation of the impact of changes in losses carried forward on income taxes was not correctly reported. The calculation has been reviewed and corrected in the reporting year. The previous year's figures have therefore been adjusted and restated. The values prior to adjustment were as

follows: for income taxes prior to consideration of tax losses carried forward CHF -0.6 million, for the influence of the non-capitalization of losses carried forward CHF 0.3 million, and for the impact of the use of non-capitalized losses carried forward CHF 0.5 million.

## 16. Earnings per share

	2021	2020
	CHF 1000	CHF 1000
Loss of the year	-17 277	-72 210
of which attributable to non-controlling interests	-429	-489
of which attributable to the shareholders of the parent company	-16 848	-71 721
Basis for the calculation of earnings per share	-16 848	-71 721

  

	2021	2020
	Number of Shares	Number of Shares
Issued shares at 01.01.	14 869 351	6 006 575
Capital increase at 09.12.2020	–	2 000 000
Capital increase at 22.12.2020	–	6 862 776
Purchase of own shares from 09. - 21.07.2021	-100 000	–
Issued shares at 31.12.	14 769 351	14 869 351
Weighted average number of issued shares	14 822 572	6 296 342

  

	2021	2020
	CHF	CHF (angepasst)
Result per share		
Result per share in CHF (diluted / undiluted)	-1.14	-11.39

The undiluted earnings per share are calculated by dividing the consolidated result for the year attributable to the shareholders of the parent company, after taxes, by the weighted average number of shares outstanding.

In the reporting year, there are no outstanding share options, share subscription rights or convertible bonds that could result in a dilution of earnings per share (previous year: none).

In the previous year, the result per share was calculated on the basis of the total number of shares outstanding as per 31.12.2020 instead of on the basis of the average time-weighted number of outstanding shares in 2020. On account of this calculation, the result per share was stated at CHF -4.82 instead of CHF -11.39. In the reporting year, the previous year's figures have therefore been adjusted and restated.

## 17. Goodwill

In accordance with the consolidation principles, MCH Group offsets the goodwill acquired directly against equity at the time of initial consolidation or the time of acquisition.

The theoretical net book value of the goodwill covers the acquired companies Creative Management Services, Inc. (MC<sup>2</sup> subgroup), Masterpiece London Ltd. and Digital Festival AG.

If the goodwill had been capitalized, assuming an amortization period of five years, the following values would have been obtained:

Additional disclosure with goodwill charged against equity		
	2021 CHF 1000	2020 CHF 1000
Loss for the year	-17 277	-72 210
Theoretical amortisation of goodwill	-18 856	-18 772
Result after taxes with capitalisation of the goodwill	-36 133	-90 982
Acquisition value of the goodwill		
	2021 CHF 1000	2020 CHF 1000
As of 01.01.	143 873	143 873
Additions	835	-
As of 31.12.	144 708	143 873
Accumulated amortisation of the goodwill		
	2021 CHF 1000	2020 CHF 1000
As of 01.01.	-118 113	-99 341
Amortisation	-18 856	-18 772
As of 31.12.	-136 969	-118 113
Shareholders' equity as of 31.12.	47 843	67 306
Theoretical net book value of goodwill	7 740	25 760
Shareholders' equity with inclusion of the goodwill as of 31.12.	55 583	93 066

## 18. Employee pension funds

### Pension funds Switzerland

Employer contribution reserve (ECR)	Nominal value	Application waiver	Balance sheet	Other impairments	Balance sheet	Result for ECR in personnel expense	
CHF 1000	31.12.2020	31.12.2020	31.12.2020	2020	31.12.2019	2020	2 019
Pension fund	730	–	730	–	730	–	–
<b>Total</b>	<b>730</b>	<b>–</b>	<b>730</b>	<b>–</b>	<b>730</b>	<b>–</b>	<b>–</b>

Economic benefit and pension fund expenditure	Excess/ under coverage	Economic benefit for the MCH Group	Change compared with previous year	Contributions limited to reporting period	Expenditure in personnel expense	
CHF 1000	31.12.2020	31.12.2020	2020	2019	2019	2019
Benefit plans with excess coverage	57 280	–	–	4 498	4 498	5 363
Benefit plans with under coverage	–	–	–	–	–	–
<b>Total</b>	<b>57 280</b>	<b>–</b>	<b>–</b>	<b>4 498</b>	<b>4 498</b>	<b>5 363</b>

Employer contribution reserve (ECR)	Nominal value	Application waiver	Balance sheet	Other impairments	Balance sheet	Result for ECR in personnel expense	
CHF 1000	31.12.2021	31.12.2021	31.12.2021	2021	31.12.2020	2021	2020
Pension fund	730	–	730	–	730	–	–
<b>Total</b>	<b>730</b>	<b>–</b>	<b>730</b>	<b>–</b>	<b>730</b>	<b>–</b>	<b>–</b>

Economic benefit and pension fund expenditure	Excess/ under coverage	Economic benefit for the MCH Group	Change compared with previous year	Contributions limited to reporting period	Expenditure in personnel expense	
CHF 1000	31.12.2021	31.12.2021	31.12.2020	2021	2021	2020
Benefit plans with excess coverage	57 000	–	–	3 739	3 739	4 498
Benefit plans with under coverage	–	–	–	–	–	–
<b>Total</b>	<b>57 000</b>	<b>–</b>	<b>–</b>	<b>3 739</b>	<b>3 739</b>	<b>4 498</b>

The employee pension fund of MCH Group (hereinafter referred to as the pension fund) is independent of the group. The fund is financed by employee and employer contributions as a matter of principle. Membership of the pension fund is compulsory for all employees with permanent contracts at MCH Group Ltd., MCH Swiss Exhibition (Basel) Ltd., MCH Swiss Exhibition (Zurich) Ltd., MCH Live Marketing Solutions AG and MCH Beaulieu Lausanne SA. Members are entitled to benefits which include an old-age pension, disability pension and benefits in the event of death. Since 01.01.2012, the pension fund has operated as a defined contribution scheme.

The companies affiliated to the fund make an overall contribution amounting to 150% of the contributions paid by the members. Expenditure in the 2021 financial year totaled CHF 3.7 million (previous year CHF 4.5 million). An actuarial balance sheet is drawn up by an expert at least once every three years. This was prepared as of 01.01.2021 on the basis of the BVG 2015 technical principles, period tables and a technical interest rate of 1.50%. The actuarial reserve is calculated on an annual basis. As per 31.12.2021, the estimated funded status in respect of the pension fund's net assets is 127.0% (previous year 128.0%). The total employer contribution reserve as per 31.12.2021 is CHF 0.7 million (previous year CHF 0.7 million).

## Pension plans United States

US Pension Fund	EIN Pension Number	Pension Zone status	Pension Zone status prior year	FIP/RP status pending or implemented	Contributions 2020 CHF 1000	Effective date of current agreement
UIPAT	52-6073909	yellow	yellow	no	10	31.08.2021
Western Conference of Teamsters	91-6145047	green	green	no	294	31.05.2021
Chicago Carpenters Trust Fund	36-6130207	green	green	no	32	31.05.2024
Other plans					16	
<b>Total</b>					<b>352</b>	

US Pension Fund	EIN Pension Number	Pension Zone status	Pension Zone status prior year	FIP/RP status pending or implemented	Contributions 2021 CHF 1000	Effective date of current agreement
UIPAT	52-6073909	yellow	yellow	no	525	31.08.2026
Western Conference of Teamsters	91-6145047	green	green	no	249	31.05.2022
Chicago Carpenters Trust Fund	36-6130207	green	green	no	128	31.05.2024
Other plans					11	
<b>Total</b>					<b>913</b>	

MC<sup>2</sup> contributes to collective pension plans which pay out retirement pensions.

The overall contribution was less than 5 % of the human resources expenditure in the 2021 financial year. Expenditure in the 2021 financial year was equivalent to CHF 0.4 million (previous year CHF 0.5 million). The Pension Protection Act provides the basis for the annual calculation. The current status report on the scheme is certified by the actuarial advisor each year. Institutions in the red zone are funded to less than 65 %, in the yellow zone to less than 80 % and those in the green zone are funded to at least 80 %. The table shows whether the FIP (financial Improvement plan) or the RP (rehabilitation plan) is pending or has

already been implemented. The main pension plans are also visible from this.

## Further details

In the collective pension solutions, the assets are available to provide benefits for the employees of other employers. The employers also jointly pay any uncovered obligations. In addition, the company can also be liable for any uncovered vested benefits in the event of termination or withdrawal.

As per 31.12.2021, approximately 13 % (previous year 8 %) of the human resources expenditure is used for employees in a trade union, taking in 9 (previous year 9) collective agreements. These are in force from 2022 to 2026. By this point in time, the agreements will have been renewed or renegotiated.

No debts exist to the pension funds as per 31.12.2021 (previous year CHF 0 million).

## 19. Off-balance-sheet transactions

CHF 1000	Due in 1 year or less	Due in 2–5 years	Due in 5 years or more	Total
Rental contracts for business premises	6 796	8 841	3 465	19 102
Rental and maintenance contracts for ICT	100	154	–	254
Lease commitments for vehicles	178	155	4	337
Rental contracts for exhibition space	1 098	2 908	4 065	8 071
Ground rent	1 693	6 303	45 810	53 806
As of 31.12.2020	9 865	18 361	53 344	81 570
Rental contracts for business premises	6 791	18 882	17 369	43 042
Rental and maintenance contracts for ICT	71	87	–	158
Rental contracts for exhibition space	715	3 045	3 362	7 122
Lease commitments for vehicles	102	58	–	160
Ground rent	1 570	6 270	44 171	52 011
As of 31.12.2021	9 249	28 342	64 902	102 493



## 20. Derivative financial instruments

CHF 1000	Contract value 2021	Replacement value 2021	Contract value 2020	Replacement value 2020	Purpose
Forward transactions foreign exchange	17 008	166	9 117	10	Hedging
<b>Total derivative financial instruments</b>	<b>17 008</b>	<b>166</b>	<b>9 117</b>	<b>10</b>	

Forward transactions (currency instruments) were concluded in order to hedge future sales income in foreign currencies. The current values for derivative financial instruments are included under other prepayments and accrued income.

## 21. Investments in subsidiaries

Investments in subsidiaries	City	Activity	Consolidation	Share capital in 1000	Investment in % Direct	Investment in % Indirect
Switzerland						
MCH Swiss Exhibition (Basel) Ltd.	Basel	CP, VE	F	CHF 40 000	100.0	
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	CP, VE	F	CHF 13 720	100.0	
MCH Beaulieu Lausanne SA	Lausanne	CP	F	CHF 100	100.0	
MCH Live Marketing Solutions AG	Effretikon	EM	F	CHF 300	100.0	
Art, Kunstmesse AG, in Basel	Basel	TC	F	CHF 50		100.0
Swisstech Fachmesse AG	Basel	TC	F	CHF 50		100.0
Natura, Internationale Fachmesse und Kongresse AG	Basel	TC	F	CHF 50		100.0
Ineltec Fachmesse AG	Basel	TC	F	CHF 50		100.0
Swissdata, Fachmesse für Datenverarbeitung AG	Basel	TC	F	CHF 50		100.0
Orbit Fachmessen AG	Basel	TC	F	CHF 100		100.0
Esthetica SA	Lausanne	TC	F	CHF 100		100.0
Design Miami Basel AG in Liquidation	Basel	CP	F	CHF 500		50.0
Digital Festival AG	Zurich	CP	F	CHF 105	100.0	
Parkhaus Messe Zürich AG	Zurich	VE	E	CHF 5 000		20.0
Germany						
Creative Management Holding GmbH	Hilden	EM	F	EUR 25		100.0
MC2 Europe GmbH	Hilden	EM	F	EUR 200		50.0
Great Britain						
Masterpiece London Ltd.	London	CP	F	GPB 19		67.5
United States						
Art Basel U.S. Corp.	Miami	CP	F	USD 100		100.0
MCH US Corp.	Delaware	EM	F	USD 30 000	100.0	
Creative Management Services, Inc.	Missouri	EM	F	USD 0		100.0
Creative Management Services, LLC	Delaware	EM	F	USD 45		100.0
Creative Management Services II, LLC	Missouri	EM	F	USD 0		100.0
Design Commerce Technologies, Inc.	Delaware	CP	A	USD 3		4.8
Hong Kong						
MCH Group Asia Ltd.	Hong Kong	CP	F	HKD 1		100.0
Masterpiece Asia Ltd.	Hong Kong	CP	F	HKD 0		67.5
China						
Expomobilia MCH Global Shanghai Ltd.	Shanghai	EM	F	RMB 1 360		100.0
United Arab Emirates						
Expomobilia MCH Global Middle East (Dubai) LLC <sup>7)</sup>	Dubai	EM	F	UAE 300		49.0

F Full consolidation  
E Equity consolidation  
A At cost  
CP Community Platforms  
VE Venues  
EM Experience Marketing  
TC Trademark company

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## Change in consolidation scope

On 1 June 2021, MCH Group wholly acquired Digital Festival AG in Zurich with its platforms “Digital Festival”, “HackZurich” and “HackZurich Talents” for a price of CHF 0.8 million (net of cash). The goodwill of CHF 0.8 million resulting from this was offset directly against the shareholders’ equity.

	01.06.2021 CHF 1000
Fair value of net assets acquired	418
Goodwill	835
Total purchase price consideration	1 253
Cash and cash equivalents in subsidiary acquired	-517
Investment in consolidated companies (net of cash)	736

## Further details

MCH Swiss Exhibition (Basel) Ltd. acquired 67.5% of the shares in Masterpiece London Ltd. on 30.11.2017 and, at the same time, took over control of the company. The minority shareholders of Masterpiece London Ltd. are entitled to sell their shares to MCH Swiss Exhibition (Basel) Ltd. following registration of the 2020 audited annual accounts. In return, MCH Swiss Exhibition (Basel) Ltd. is entitled to acquire the remaining shares in Masterpiece London Ltd. following registration of the 2023 audited annual accounts. Both options can be exercised up to 40 days following registration of the 2032 audited annual accounts. Since this is an equity transaction, the call/put agreement is not recognized in the balance sheet until the call or put option is exercised.

## 22. Further details

### 22.1. Capital increase 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 Investment Holdings LP	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
Capital increase gross	8 862 776	88 627 760	10 000 000	98 627 760	74 383 995
Transaction costs	–	–	–5 354 674	–5 354 674	–5 354 674
Canton of Basel-Stadt	–	–	–	–	–3 261 833
Capital increase net	8 862 776	88 627 760	4 645 326	93 273 086	71 122 162
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.

Transaction costs from the capital increase in 2020 which had not been paid the previous year were paid during the 2021 financial year for an amount of CHF 2.1 million.

### 22.2. Transactions with related parties

In the financial year, MC<sup>2</sup> had no further cash outflows to related parties for rental contracts (previous year the equivalent of CHF 0.8 million).

During the financial year, Masterpiece London Ltd. placed a stand construction order with a related company for the Masterpiece London show, for a value of a few thousand Swiss francs (previous year CHF 0.2 million). The contract was awarded on the basis of an ordinary tendering process.

### 22.3. Contingent liabilities and receivables

	31.12.2021 CHF 1000	31.12.2020 CHF 1000
Guarantee obligations	3 583	7 315
Other	495	794
Total contingent liabilities	4 078	8 109

On 31.12.2021, MCH Swiss Exhibition (Zurich) Ltd. has contingent liabilities of CHF 0.5 million (previous year CHF 0.6 million) in respect of the Theater 11 and the renovation of exhibition restaurants.

By way of security for obligations taken on by MCH Live Marketing Solutions AG in the context of a work contract, MCH Group Ltd. on 31.12.2021 provided guarantees totaling CHF 0.9 million (previous year CHF 5.1 million). In addition, there are bank guarantees with the possibility of recourse amounting to CHF 0.4 million (previous year CHF 0.6 million). To secure a rent guarantee for MC2, a guarantee of CHF 2.3 million (USD 2.5 million) (previous year 2.2 million, USD 2.5 million) was issued.

In July 2020, a warehouse fire destroyed fixed assets of MCH Swiss Exhibition (Basel) Ltd. in an external warehouse. The warehouse operator's insurance company has acknowledged a right of claim for MCH Swiss Exhibition (Basel) Ltd., but has not yet quantified it. Since all the assets concerned had already been fully depreciated before the fire, no impairment was required.

## 22.4. Risk management

MCH Group has implemented a risk management system. On the basis of a risk identification conducted by the Executive Board each year, the key risks for the group are rated according to the probability of their occurrence and their impact. These risks are avoided, reduced or passed on by means of appropriate measures decided on by the Board of Directors. The risks borne by the group itself are consistently monitored. The last risk assessment conducted by the Board of Directors was adopted on 19.11.2021. To allow the group to respond flexibly to changes in the risk environment, the Executive Board is entitled to commission in-depth risk clarifications on an ad-hoc basis.

## 22.5. Influence of the Covid-19 pandemic on the financial year

### **Review of 2021**

As in the previous year, 2021 was strongly marked by the Covid-19 pandemic. In the 2021 financial year, the pandemic had a considerable negative impact on business activity and the financial results. The period from January to August 2021 was marked by the continuing measures imposed by governments and public authorities, with severe restrictions still imposed on freedom of travel and the holding of meetings and events, where these were permitted at all.

In the first eight months of 2021, business activity came virtually to a standstill, with the exception of a considerably smaller Art Basel in Hong Kong and a small number of activities in the Experience Marketing division. Numerous exhibitions planned for the first half of the year, including SWISS-MOTO, Giardina, Baselworld, IFAS and Powertage, had to be postponed or canceled. In summer 2021, the restrictions were relaxed in a large number of European countries, including in Switzerland, and MCH Group was able to successfully stage exhibitions in the autumn within the scope of the imposed conditions. Art Basel in Basel and Art Basel in Miami Beach in December were both held with a large number of galleries and visitors. A number of Swiss events, such as Ilmac, Smart Swiss, Digital Festival in Zurich, which had been newly acquired with its Hackathon in 2021, and the careers fairs in Zurich and Lausanne were staged with a record number of visitors in some cases. Igeho and the Wine Festival that had been planned for the autumn had to be canceled, however.

The business field Experience Marketing has also experienced a notable upswing in business activity since the summer, including with the World Expo that opened in Dubai in October, where the Live Marketing Solutions division was able to construct a number of country pavilions, and also with the preparations for a number of key exhibitions and events staged in the USA at the end of 2021 and the start of 2022. Positive Covid-19 case numbers unfortunately increased significantly again at the end of 2021, and renewed restrictions were imposed by governments and authorities in many countries. Since this only occurred after all the major events had been held, however, this development had no further negative impact on the 2021 financial year.

The Swiss companies were able to receive the following non-repayable amounts under the federal Covid 19 hardship programs: Canton of Basel-Stadt CHF 0.8 million (no conditions, not subject to the federal Covid-19 hardship ordinance of 25.11.2020, as only the cantonal share was distributed) and Canton of Zurich CHF 9.8 million (subject to the federal Covid-19 hardship ordinance of 25.11.2020, and thus its Art. 6 on restriction of use).

In the United States, the Paycheck Protection Program (PPP) loans received last year, which were directly related to the coverage of operational costs incurred due to the Covid-19 pandemic, were unconditionally forgiven in the amount of USD 6.1 million (CHF 5.8 million) due to local regulations.

### **Outlook for 2022 and following years**

The high case numbers are unfortunately continuing at the beginning of 2022. Despite this, in the light of the latest developments MCH Group remains optimistic that the situation will gradually return to normal and that the exhibitions and events planned for 2022 will take place in most cases. A significant rise in the number of inquiries is also being recorded for the Live Marketing Solutions division. MCH Group will thus experience a pronounced increase in its business activity in 2022 and achieve an improvement in its operating results. Despite this, the situation must be continuously assessed for any negative developments and their corresponding impact on MCH Group.

Despite the strong negative impact of the pandemic, MCH Group has cash and cash equivalents of CHF 113 million gross at the end of 2021. Together with a return to normal of business activities, this forms the basis for the successful further development of the group.

On the basis of the strategy, which was revised by the Board of Directors in its new composition in 2021, and the medium-term plan for the group, the management and Board of Directors have concluded that the liquidity and also the equity base of MCH Group have sufficient reserves to ensure the company's continued existence beyond 2022.

In May 2023, the refinancing of the outstanding CHF 100 million bond is due. The Board of Directors is in the process of examining all possible options for refinancing this bond. For the refinancing, the two anchor shareholders of the Canton of Basel-Stadt and Lupa Investment Holdings LP have an obligation to provide a backstop (refinancing obligation if refinancing of the bond is not or only partially possible). The focus is on strengthening the capital base with downstream renewal of debt financing. The Board of Directors will be taking these decisions in the first few months of 2022.

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

## **22.6. Canceled exhibitions with event cancellation insurance**

MCH Group has taken out an overall cancellation insurance program for several events in the art sector, which covers certain risks in connection with possible losses of sales. The events canceled in the 2020 financial year (Art Basel in Hong Kong, Masterpiece in London, Art Basel in Basel and Art Basel in Miami Beach) were reported to the insurance company.

In the 2020 financial year, insurance benefits of CHF 22.0 million were recognized as other operating income, of which CHF 19.3 million were already received in the reporting year. In the 2021 financial year, further insurance benefits totaling CHF 15.0 million were received. At the end of the reporting year, the total insurance benefits of CHF 34.3 million had been received. No further payments will be made within the scope of this insurance limit.

## 22.7 Events subsequent to the balance sheet date

In December 2021, Messe Basel was informed by the Health Department of the Canton of Basel-Stadt that the authorization to hold Swissbau in January 2022 had been revoked. As a result, it was decided after consultation with the exhibitors that the trade fair would be postponed until May 2022. It was already clear at that time, however, that a number of exhibitors would not be able to participate at the later date or did not wish to do so. In January 2022, the decision thus had to be taken to stage Swissbau in a smaller and more compact format as "Swissbau Compact".

The ultimate downsizing of Swissbau is a direct consequence of the corona pandemic and the revocation of the authorization granted by the Canton of Basel-Stadt for the trade fair to be held in January 2022. It thus constitutes an adjusting event for the present annual accounts. The expected loss of CHF 4.1 million (value adjustment of capitalized costs CHF 3.9 million, provisions CHF 0.2 million) resulting from the downsizing of the event has been taken into consideration.

Giardina in Zurich should have been staged in March 2022. After the trade fair had had to be cancelled in 2020 and 2021 already, Messe Zürich kept to its plan to hold the fair in 2022 for as long as possible. When the corona case numbers dramatically increased in December 2021, Messe Zürich received the first cancellations from major customers already. At that point in time, MCH Swiss Exhibition (Zurich) Ltd was still cautiously optimistic that it would be possible to hold Giardina 2022 after all. When the situation failed to improve in January and the Swiss government took the decision to provisionally extend the Covid measures up until the end of March 2022, Giardina 2022 had to be definitively canceled.

The ultimate cancellation of Giardina is a direct result of the deteriorating corona situation in December 2021. The decision to cancel Giardina thus constitutes an adjusting event for the present annual accounts; the expected loss of CHF 0.7 million (value adjustment of capitalized costs CHF 0.4 million, provisions CHF 0.3 million) incurred through the cancelation of the event has been taken into consideration.

No other significant events occurred after the balance sheet date and prior to the adoption of the annual accounts by the Board of Directors which could affect the information value of the 2021 financial account and are therefore required to be disclosed here.

## 22.8. Equal pay analysis

The revised Gender Equality Act, which came into force in Switzerland on 01.07.2020, obliges employers with more than 100 employees to conduct a formal review of pay equity for men and women. The MCH Group carried out a corresponding equal pay analysis for the companies MCH Live Marketing Solutions AG and MCH Swiss Exhibition (Basel) Ltd. in February 2021 and April 2021 respectively, in accordance with the requirements of the Confederation, and had it audited by KPMG AG. There are no significant pay differences between the genders within these companies.

## 22.9. Approval of the annual accounts

The Board of Directors of MCH Group Ltd. approved the consolidated annual accounts on 24.03.2022.





# Statutory Auditor's Report

To the General Meeting of MCH Group Ltd., Basel

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of MCH Group Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statement of 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 (chapter Financial Report, with subchapter Group Account including Balance Sheet, Income Statement, Cash Flow Statement, Shareholders' Equity and Notes) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law 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 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.

## Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



### Valuation of property, plant and equipment (exhibition halls)

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.



## Valuation of property, plant and equipment (exhibition halls)

### Key Audit Matter

As at 31 December 2021, MCH Group Ltd. has land, buildings and fixed installations in the amount of CHF 175.7 mio., of which CHF 108.4 mio. correspond to exhibition halls situated in Basel and CHF 29.2 mio. correspond to exhibition halls situated in Zurich.

Management examines on a yearly basis whether there are indicators of impairments of the exhibition halls and whether a value adjustment recognized during previous reporting periods must be fully or partly reversed.

In this respect, the carrying amount is compared to the recoverable amount (higher of the net selling price and the value in use).

The value in use is based on the estimated and discounted forecast cash flows, which are determined mainly by the estimated future revenues and expenses as well as the discount rate.

The net selling price is the price realisable in a transaction between independent third parties less related expenses in connection with the sale.

### Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used, and the methodology used by management to evaluate the forecast cash flows. We involved our valuation specialists in order to support our audit procedures.

We performed amongst others the following audit procedures:

- comparing business plan data against the latest management approved forecasts and Board approved plans;
- challenging the robustness of the key assumptions used to determine the value in use, including forecast cash flows, long-term growth rates and discount rates by comparing them with publicly available data as well as based on our understanding of the commercial prospects of the related assets;
- assessment of the method used and verification of the appropriateness of the key assumptions applied in determining the net selling price;
- comparing the sum of the recoverable amount to the carrying amount of the corresponding assets and examining the recording of any value adjustments.

We also considered the appropriateness of disclosures in the consolidated financial statements.

For further information on the valuation of property, plant and equipment refer to the following:

- 1.4. General posting concepts
- 1.5. Valuation and accounting principles, paragraph Tangible fixed assets
- 6. Tangible fixed assets



### 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 Swiss GAAP FER 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 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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.

KPMG AG

Claudio Boller  
Licensed Audit Expert  
Auditor in Charge

Marc Stadelmann  
Licensed Audit Expert

Basel, 24 March 2022

KPMG AG, Viaduktstrasse 42, Postfach 3456, CH-4002 Basel

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# MCH Group Ltd.

## Balance sheet

### Statutory accounts of the holding company

		31.12.2021		31.12.2020	
Assets	Details	CHF 1000	%	CHF 1000	%
Cash and cash equivalents		25 831	–	55 212	–
Trade accounts receivable from holdings		12 561	–	5 619	–
Other receivables from third parties	2.2	455	–	3 009	–
Other receivables from holdings		370	–	349	–
Prepayments and accrued income from third parties		530	–	656	–
<b>Total current assets</b>		<b>39 747</b>	<b>9.8</b>	<b>64 845</b>	<b>16.2</b>
Long-term loans to holdings		127 172	–	125 178	–
Long-term non-interest-bearing loans to holdings	2.5	75 895	–	49 943	–
Investments	2.1	160 869	–	159 615	–
<b>Total non-current assets</b>		<b>363 936</b>	<b>90.2</b>	<b>334 736</b>	<b>83.8</b>
<b>Total assets</b>		<b>403 683</b>	<b>100.0</b>	<b>399 581</b>	<b>100.0</b>

		31.12.2021		31.12.2020	
Liabilities and shareholders' equity	Details	CHF 1000	%	CHF 1000	%
Trade accounts payable towards third parties		296	–	81	–
Trade accounts payables towards holdings		2 099	–	–	–
Other payables towards third parties	2.2	85	–	1 082	–
Other payables towards related parties	2.2	20 607	–	12 927	–
Accrued expenses and deferred income towards third parties		4 629	–	6 493	–
Accrued expenses and deferred income towards holdings		64	–	91	–
Short-term provisions		250	–	–	–
Total current liabilities		28 030	6.9	20 674	5.2
Long-term interest-bearing liabilities towards holdings		96 307	–	93 433	–
Long-term non-interest-bearing liabilities towards holdings		–	–	119	–
Long-term non-interest-bearing liabilities towards related parties	2.3	5 756	–	5 756	–
Bond	2.6	100 000	–	100 000	–
Total non-current liabilities		202 063	50.1	199 308	49.9
Total liabilities		230 093	57.0	219 982	55.1
Share capital	2.4	148 694	–	148 694	–
Statutory capital reserves					
- Reserves from capital contributions	2.4	32 635	–	32 635	–
Statutory retained earnings					
- General statutory retained earnings		5 600	–	5 600	–
Voluntary retained earnings					
- Statutory resolved retained earnings		47 600	–	47 600	–
Retained earnings					
- Profit carried forward		–54 930	–	–2 021	–
- Net loss		–4 526	–	–52 909	–
Own shares	2.4	–1 483	–	–	–
Total shareholders' equity		173 590	43.0	179 599	44.9
Total liabilities and shareholders' equity		403 683	100.0	399 581	100.0

# MCH Group Ltd.

## Income statement

Statutory accounts of the holding company

		2021	2020
	Details	CHF 1000	CHF 1000
Dividends from holdings		-	4 000
Other financial income from holdings		5 439	5 983
Other financial income		243	40
Management fee from holdings		7 195	7 936
Other operating income			
- Services with third parties		2	17
- Other operating income	2.8	3 788	3
Revenue reductions		-1	-1
Total operating income		16 666	17 978
	Details	CHF 1000	CHF 1000
Financial expense from bond		-1 885	-1 885
Financial expense from holdings		-6 959	-7 270
Contribution to holdings		-	-4 000
Other financial expenses		-180	-228
Personnel expenses	2.7	-6 915	-7 077
Other operating expenses			
- Administration		-4 499	-4 064
- Insurance		-382	-796
- Furnishing expenses		-14	-67
- Advertising, press, public relations		-329	-650
- Other operating expenses		-29	150
Value allowance on investments		-	-
Debt waiver on loans	2.5	-	-45 000
Total operating expenses		-21 192	-70 887
Total result before taxes		-4 526	-52 909
Income tax		-	-
Net loss	3.7	-4 526	-52 909

# 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. Unrealized 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 recognized accounting standard (Swiss GAAP FER). In accordance with the statutory provisions, it has thus dispensed with the provision 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 indirect holdings are listed in the “Group Account” section of the Financial Report under “21. Investments in subsidiaries”

- Online: [Link](#)
- Download pdf: [Page 117](#)

The capital share corresponds to the voting share.

### Direct investments

Investments in subsidiaries	City	Activity	Share capital as of 31.12.2021 in 1000	Holding as of 31.12.2021 in %	Share capital as of 31.12.2020 in 1000	Holding as of 31.12.2020 in %
MCH Swiss Exhibition (Basel) Ltd.	Basel	CP, VE	CHF 40 000	100.0	CHF 40 000	100.0
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	CP, VE	CHF 13 720	100.0	CHF 13 720	100.0
MCH Beaulieu Lausanne SA	Lausanne	VE	CHF 100	100.0	CHF 100	100.0
MCH Live Marketing Solutions AG	Effretikon	SC	CHF 300	100.0	CHF 300	100.0
MCH US Corp.	Delaware	EM	USD 30 000	100.0	USD 30 000	100.0
Digital Festival AG	Zurich	CP	CHF 105	100.0	CHF –	–

EM Experience Marketing  
SC Stand Construction

### 2.2 Other receivables and payables

In the previous year, the other payables to third parties included the issue taxes owed for the two capital increases for an amount of CHF 1.0 million.

Other payables towards holdings include already received insurance compensation for the cancelation of shows which has not yet been transferred to the holdings in the amount of CHF 20.6 million (previous year CHF 12.4 million) The event cancelation 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 cancelations. The transfer of the indemnities is made in the amount of the claims for the participations. The retained portion of CHF 3.8 million is included in other operating income.

## 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 first capital increase in 2020. 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 31.12.2021, the share capital is divided into 14,869,351 registered shares (unchanged compared with the previous year) with a nominal value of CHF 10.00 per share. Two capital increases took place in the 2020 financial year. In the first, the capital was increased by CHF 20,000,000 from CHF 60,065,750 to CHF 80,065,750 (subscription ratio 1 to 3). In the second, the capital was increased by CHF 68,627,760 from CHF 80,065,750 to CHF 148,693,510 (subscription ratio 7 to 6).

Of the reported reserves from capital contributions in the amount of CHF 32.6 million, an amount of CHF 32.2 million was confirmed by the tax authorities. The amount of CHF 0.4 million that has not been confirmed since 2013 relates to issuing costs for the capital increase in 2011. A reclassification within equity has not yet been made.

In the reporting year, 100,000 own shares were purchased for purposes of future compensation of the management. The own shares were purchased in the period from 09.07.2021 to 21.07.2021 at an average market price of CHF 14.71. No shares had been awarded by the balance sheet date of 31.12.2021.

## 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 are charged to the income statement on an accrual 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 during the previous year. No application for compensation was submitted for the 2021 financial year (previous year, CHF 0.2 million, CHF 0.2 million of which was received).

## 2.8 Other operating income

Other operating income includes income from event cancellation insurance of CHF 3.8 million.

## 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 0.9 million (previous year CHF 5.1 million) on 31.12.2021. To secure a rent guarantee for MC2, a guarantee of CHF 2.3 million (USD 2.5 million) was issued (previous year CHF 2.2 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 an 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 2021, 2,295 registered shareholders were entered in the share register (previous year 2,255).

Shareholding in excess of 1.00% as of 31.12.2021 (31.12.2020)

- Lupa Investment Holdings LP: 32.32 % (32.32 %)
- Canton of Basel-Stadt: 30.21 % (30.21 %)
- LLB Swiss Investment AG: 4.48 % (4.75 %)
- HSBC Overseas Nominee (UK) Ltd.: 1.62 % (1.62 %) <sup>1)</sup>
- Canton of Zurich: 1.61 % (1.61 %)
- City of Zurich: 1.51 % (1.51 %)

<sup>1)</sup> Without registered voting rights

## 3.6 Disclosure of participation rights

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

	Number of shares CHF 10 and percentage of voting rights 31.12.2021		Number of shares CHF 10 and percentage of voting rights 31.12.2020	
Dr. Ulrich Vischer, Chairman <sup>1)</sup>			777	0.0%
Andrea Zappia, Chairman <sup>2)</sup>	38 409	0.3%		
Christoph Brutschin, Vice Chairman <sup>3)</sup>	–	0.0%	–	0.0%
Marco Gadola, Vice Chairman <sup>4)</sup>	–	0.0%		
Markus Breitenmoser	9 000	0.1%	–	0.0%
Hans-Kristian Hoejsgaard <sup>5)</sup>			1 858	0.0%
Dr. Balz Hösly	–	0.0%	–	0.0%
Dr. Dagmar Maria Kamber Borens	–	0.0%	–	0.0%
Eleni Lionaki	–	0.0%	–	0.0%
James R. Murdoch	–	0.0%	–	0.0%
Jeffrey Palker	–	0.0%	–	0.0%
Andreas Widmer <sup>5)</sup>			–	0.0%
<b>Total</b>	<b>47 409</b>	<b>0.3%</b>	<b>2 635</b>	<b>0.0%</b>
Shares held by related parties				
of Dr. Ulrich Vischer			748	0.0%
of Markus Breitenmoser <sup>6)</sup>	2 847	0.0%	2 847	0.0%
of James R. Murdoch <sup>7)</sup>	4 805 238	32.3%	4 805 238	32.3%

1) Member and Chairman of the BoD up to 28.04.2021.

2) Member and Chairman of the BoD as of 28.04.2021.

3) Vice Chairman of the BoD up to 28.04.2021.

4) Member and Vice Chairman of the BoD as of 28.04.2021.

5) Member of the BoD up to 28.04.2021.

6) MCBM Beteiligungen AG

7) Lupa Investment Holdings LP

The members of the Board of Directors and related parties hold shares to the value of TCHF 43,699 (previous year TCHF 57,738). The taxable value per share is CHF 9.00 (previous year CHF 12.00).

## Shares held by members of the Executive Board

	Number of shares CHF 10 and percentage of voting rights 31.12.2021		Number of shares CHF 10 and percentage of voting rights 31.12.2020	
Bernd Stadlwieser <sup>1)</sup>			2 787	0.0%
Beat Zwahlen <sup>2)</sup>	–	0.0%	–	0.0%
Andreas Eggimann	1 000	0.0%	–	0.0%
Florian Faber	–	0.0%	–	0.0%
Michael Hüsler <sup>3)</sup>	6 000	0.0%	–	–
Marc Spiegler	–	0.0%	–	0.0%
<b>Total</b>	<b>7 000</b>	<b>0.0%</b>	<b>2 787</b>	<b>0.0%</b>
Shares held by related parties				
of Bernd Stadlwieser			2 787	0.0%
of Beat Zwahlen <sup>4)</sup>	5 000	0.0%	–	0.0%

1) Up to 15.01.2021 Group CEO.

2) Up to 15.01.2021 Group CFO, as of 15.01.2021 Group CEO a.i.

3) Appointment as of 15.01.2021.

4) CORxpert AG

The members of the Executive Board and related parties hold shares to the value of TCHF 108 (previous year TCHF 67). The taxable value per share is CHF 9.00 (previous year CHF 12.00).

## 3.7 Influence of the Covid-19 pandemic

### Review of 2021

As in the previous year, 2021 was strongly influenced by the Covid-19 pandemic. The pandemic had a significant negative impact on business activity and the financial results for the 2021 financial year. The period from January to August 2021 was marked by the continuing measures put in place by governments and public authorities, with severe restrictions on the freedom to travel and on the holding of meetings and events, where these were permitted at all.

In the first eight months of 2021, business activity came virtually to a standstill with the exception of a considerably scaled-down Art Basel in Hong Kong and a small number of activities in the Live Marketing Solutions division. Numerous exhibitions scheduled for the first half of the year, such as SWISS-MOTO, Giardina, Baselworld, IFAS and Powertage, had to be postponed or canceled. In summer 2021, restrictions were relaxed in a large number of European countries, including in Switzerland, and MCH Group was able to successfully stage exhibitions in the autumn within the scope of the conditions imposed. Art Basel in Basel in September and Art Basel in Miami Beach in December were both held with a large number of galleries and visitors. A number of Swiss events were staged, such as Ilmac, Smart Swiss, the Digital Festival in Zurich, which had been newly acquired in 2021 with its Hackathon, and the careers fairs in Zurich and Lausanne. These attracted a record number of visitors in some cases. Igeho and the Wine Festival that had been planned for the autumn had to be canceled, however.

The business field Experience Marketing has also experienced a notable upswing in its business activity since the summer, including with the World Expo that opened in Dubai in October, where the division Marketing Solutions division was able to construct a number of country pavilions, and also with the preparations for a number of key exhibitions and events staged in the USA at the end of 2021 and the start

of 2022. Positive Covid-19 case numbers unfortunately increased significantly again at the end of 2021, and renewed restrictions were imposed by governments and authorities in many countries. Since this only occurred after all the major events had been held, however, this development had no further negative impact on the 2021 financial year.

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

The high case numbers are unfortunately continuing at the beginning of 2022. Despite this, in the light of the latest developments MCH Group remains optimistic that the situation will gradually return to normal and that the exhibitions and events planned for 2022 will take place in most cases. A significant rise in the number of inquiries is also being recorded for the Live Marketing Solutions division. MCH Group will thus experience a pronounced increase in its business activity in 2022 and achieve an improvement in its operating results. Despite this, the situation must be continuously assessed for any negative developments and their corresponding impact on MCH Group.

Despite the strong negative impact of the pandemic, MCH Group has cash and cash equivalents of CHF 113 million gross at the end of 2021. Together with a return to normal of business activities, this forms the basis for the successful further development of the group.

On the basis of the strategy, which was revised by the Board of Directors in its new composition in 2021, and the medium-term plan for the group, the management and Board of Directors have concluded that the liquidity and also the equity base of MCH Group have sufficient reserves to ensure the company's continued existence beyond 2022.

In May 2023, the refinancing of the outstanding CHF 100 million bond is due. The Board of Directors is in the process of examining all possible options for refinancing this bond. For the refinancing, the two anchor shareholders of the Canton of Basel-Stadt and Lupa Investment Holdings LP have an obligation to provide a backstop (refinancing obligation if refinancing of the bond is not or only partially possible). The focus is on strengthening the capital base with downstream renewal of debt financing. The Board of Directors will be taking these decisions in the first few months of 2022.

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



# Statutory Auditor's Report

To the General Meeting of MCH Group Ltd., Basel

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of MCH Group Ltd., which comprise the balance sheet as at 31 December 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (chapter Financial Report, with sub-chapter Account MCH Group Ltd. including balance sheet, income statement and notes) for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession 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.

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



#### Investments impairment

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.



## Investments impairment

### Key Audit Matter

As at 31 December 2021, MCH Group Ltd. holds investments in the amount of CHF 160.9 mio.

The value adjustments recorded on investments during the year 2021 amount to CHF 0 mio.

MCH Group Ltd. holds direct and indirect investments in various industries. These are recorded on the balance sheet at most at acquisition cost less the necessary value adjustments. Management examines on a yearly basis if there are signs of investments impairment. If such signs exist, the carrying amount is compared to the recoverable amount (value in use). The value in use is based on the estimated and discounted forecast cash flows, which are determined mainly by the estimated future revenues and expenses as well as the discount rate.

### Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used, and the methodology used by management to prepare its cash flow forecasts.

For the investments' carrying amounts, we performed amongst others the following audit procedures:

- comparing business plan data against the latest management approved forecasts and Board approved business plans;
- challenging the robustness of the key assumptions used to determine the recoverable amount, including forecast cash flows, long-term growth rates and discount rates by comparing them with publicly available data as well as based on our understanding of the commercial prospects of the respective companies;
- comparing the sum of discounted forecast cash flows to the investments' carrying amounts and examining the recording of any value adjustments.





## Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### 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 financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

KPMG AG

Claudio Boller  
Licensed Audit Expert  
Auditor in Charge

Marc Stadelmann  
Licensed Audit Expert

Basel, 24 March 2022

KPMG AG, Viaduktstrasse 42, Postfach 3456, CH-4002 Basel

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The Reports 2021 of  
MCH Group are available  
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