



Reports 2019

Financial Report

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Group Balance Sheet

Assets	Details	31.12.2019		31.12.2018	
		CHF 1000	%	CHF 1000	%
Cash and cash equivalents	2	138 286	–	129 496	–
Trade accounts receivable	3	61 261	–	66 527	–
Other receivables		4 828	–	5 205	–
Inventories and work in progress	4	24 512	–	11 184	–
Prepayments and accrued income	5	27 011	–	37 611	–
Assets held for sale	6	–	–	1	–
Total current assets		255 898	53.3	250 024	50.2
Tangible fixed assets	8	221 205	–	243 137	–
Financial assets	6	1 713	–	2 163	–
Employer contribution reserve	11	730	–	730	–
Intangible fixed assets	9	967	–	2 176	–
Total non-current assets		224 615	46.7	248 206	49.8
Total assets		480 513	100.0	498 230	100.0

		31.12.2019		31.12.2018	
		CHF 1000	%	CHF 1000	%
Liabilities and shareholders' equity	Details				
Short-term loans taken up from third parties	19	222	–	638	–
Short-term loans taken up from related parties (shareholders)	19	2 567	–	2 567	–
Trade accounts payable		18 785	–	23 493	–
Liabilities from work in progress ¹⁾		15 586	–	9 271	–
Other payables		7 238	–	19 070	–
Short-term provisions	10	6 247	–	9 095	–
Accrued expenses and deferred income	5	95 235	–	88 759	–
Total current liabilities		145 880	30.3	152 893	30.7
Long-term loans taken up from third parties	19	44 389	–	45 213	–
Long-term loans taken up from related parties (shareholders)	19	127 234	–	129 800	–
Bond	19	100 000	–	100 000	–
Long-term provisions	10	15 116	–	13 443	–
Total non-current liabilities		286 739	59.7	288 456	57.9
Total liabilities		432 619	90.0	441 349	88.6
Share capital		60 066	–	60 066	–
Capital reserves		74 310	–	74 310	–
Retained earnings		–87 766	–	–78 838	–
Non-controlling interests		1 284	–	1 343	–
Total shareholders' equity		47 894	10.0	56 881	11.4
Total liabilities and shareholders' equity		480 513	100.0	498 230	100.0

1) The liabilities from work in progress are stated separately in 2019. For purposes of comparability, this item, which was included under accrued expenses and deferred income in 2018, has also been reclassified.

Group Income Statement

		2019	2018
	Details	CHF 1 000	CHF 1 000
Services, stand construction		239 602	289 837
Surface areas		124 184	145 207
Admissions		10 567	12 894
Media, sponsoring		33 255	35 282
Utility connections		3 958	5 435
Furniture, other fittings		14 433	13 742
Conferences		10 283	11 192
Parking		3 871	4 461
Revenue reductions		-2 600	-1 848
Net sales from deliveries and services		437 553	516 202
Other operating income		8 544	6 312
Changes in work in progress		-933	263
Total operating income	12	445 164	522 777

	Details	CHF 1 000	CHF 1 000
Personnel expenses		-127 769	-145 222
Administration		-26 006	-27 510
Maintenance, repairs		-11 773	-12 716
Insurance, ground rent, rents		-21 047	-22 785
Energy		-7 041	-7 372
Furnishing expenses, stand construction		-149 533	-166 808
Exhibition and conference operations		-48 965	-83 200
Advertising, press, public relations		-24 331	-32 742
Other operating expenses		-6 513	-2 545
Loss on sale of investments	7	-113	-17 836
Depreciation and impairment on tangible fixed assets	8	-21 984	-182 781
Depreciation and impairment on intangible fixed assets	9	-2 497	-3 283
Impairment on financial assets	7	-317	-67
Total operating expenses		-447 889	-704 867

		2019	2018
	Details	CHF 1000	CHF 1000
Result		-2 725	-182 090
Result of associated organisations		-30	150
Financial result net	14	-5 192	-7 149
Loss before income taxes		-7 947	-189 089
Income tax	15	-1 994	-1 344
Loss for the year		-9 941	-190 433
of which attributable to non-controlling interests		-244	10
of which attributable to the shareholders of the parent company		-9 697	-190 443
Result per share in CHF (diluted / undiluted)		-1.61 per share	-31.70 per share

Group Cash Flow Statement

Fund of cash and cash equivalents

		2019	2018
	Details	CHF 1000	CHF 1000
Cash flow from operating activities			
Loss of the year attributable to the shareholders of the parent company		–9 697	–190 443
Result attributable to non-controlling interests		–244	10
Book profit / loss from the sale of fixed assets		–2 189	620
Reduction of non repayable loan not affecting the fund	19	–2 500	–2 500
Depreciation and impairment		24 798	186 131
Loss on sale of investments	6	113	17 836
Attributable loss / gain of associated organisations		30	–150
Decrease trade accounts receivable		5 267	13 273
Decrease / Increase other receivables		143	–35
Increase / Decrease inventories and work in progress		–13 328	2 205
Decrease prepayments and accrued income		10 599	5 565
Decrease trade accounts payable		–4 140	–1 797
Decrease / Increase other payables		–11 820	7 961
Increase / Decrease liabilities from work in progress ¹⁾		6 315	–6 126
Increase / Decrease accrued expenses and deferred income		6 476	–33 170
Decrease provisions		–1 175	–9 324
Decrease employer contribution reserve	11	–	50
Net cash flow from operating activities		8 648	–9 894

		2019	2018
		CHF 1000	CHF 1000
Cash flow from investment activities	Details		
Investments in land, buildings and fixed installations, assets under construction		-2 404	-3 008
Investments in other tangible fixed assets		-2 141	-9 759
Investments in intangible fixed assets		-1 317	-2 432
Divestment of tangible fixed assets		5 949	6 088
Repayment of loans granted to others		126	95
Loans granted to others		-23	-
Investments in consolidated companies (without acquired cash and cash equivalents)		-	-
Investments in associated companies		-	-264
Disposal of consolidated companies (less disposed cash and cash equivalents)		621	-1 532
Disposal of associated companies		344	-
Net cash flow from investment activities		1 155	-10 812
Cash flow from financing operations	Details	CHF 1000	CHF 1000
Dividends to shareholders		-	-
Buyout of non-controlling interests		-	-74
Short-term loans taken up		375	434
Long-term loans taken up		-	100 000
Repayment of short-term loans		-267	-913
Repayment of long-term loans		-621	-65 334
Net cash flow from financing operations		-513	34 113
Currency translation differences		-500	202
Net cash flow		8 790	13 609
Cash and cash equivalents at the beginning of the financial year	2	129 496	115 887
Cash and cash equivalents at the end of the financial year	2	138 286	129 496

1) The liabilities from work in progress are stated separately in 2019. For purposes of comparability, this item, which was included under accrued expenses and deferred income in 2018, has also been reclassified.

Development of Consolidated Shareholders' Equity

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

CHF 1000	Share capital	Capital reserves	Retained earnings	Hedging reserve	Retained profits	Total retained earnings	Non-controlling interests	Total
			Accumulated currency translation differences					
As of 01.01.2018	60 066	74 310	-332	256	98 019	97 943	1 382	233 701
Currency translation differences	-	-	289	-	-	289	-35	254
Changes from cash flow hedges	-	-	-	18	-	18	-	18
Recycling Goodwill due to disposal of subsidiaries	-	-	-	-	13 846	13 846	-	13 846
Change in consolidation scope	-	-	-	-	-150	-150	-	-150
Offsetting Goodwill from equity transactions	-	-	-	-	-341	-341	-	-341
Non-controlling interests in the capital of acquired companies and buyout of non-controlling interests	-	-	-	-	-	-	-14	-14
Loss for the year 2018	-	-	-	-	-190 443	-190 443	10	-190 433
As of 31.12.2018	60 066	74 310	-43	274	-79 069	-78 838	1 343	56 881
Currency translation differences	-	-	-424	-	-	-424	-2	-426
Changes from cash flow hedges	-	-	-	-265	-	-265	-	-265
Recycling Goodwill due to disposal of subsidiaries	-	-	-	-	1 460	1 460	-	1 460
Change in consolidation scope	-	-	-	-	-2	-2	187	185
Loss for the year 2019	-	-	-	-	-9 697	-9 697	-244	-9 941
As of 31.12.2019	60 066	74 310	-467	9	-87 308	-87 766	1 284	47 894

The revenue reserve includes CHF 39.2 million (previous year CHF 39.5 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 16 shows the shareholders' equity with theoretical capitalisation of the goodwill at its net book value of CHF 44.5 million (previous year CHF 64.2 million).

The share capital is divided into 6,006,575 registered shares (previous year 6,006,575 registered shares) with a nominal value of CHF 10.00 per share. The upper limit on entries into the share register is 5% per shareholder. This registration limit does not apply to the Cantons of Basel-Stadt, Basel-Landschaft and Zurich or to the City of Zurich.

The taxable value per share as per 31 December 2019 is CHF 26.10 (previous year CHF 19.95).

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 December 2019 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, with the exception of the assets that are held for sale which are assessed at their current values (without revaluation above the original purchase price).

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 the 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 Ltd. 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 re-evaluation is directly charged against or credited to the retained earnings as goodwill. Upon disposal of an investment, the goodwill previously recognised in equity is taken into account at the original cost for purposes of determining the gain or loss on the disposal of investments recognised in net income. This transaction is disclosed on a separate line in the equity statement. Transaction costs are recognised 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 the 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 recognised 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 liabilities 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 resultant currency translation differences are recognised 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 exchange rate on the balance sheet date. The effects of foreign currency adjustments are included in the income statement. Unrealised exchange gains are similarly recognised with an effect on net income.

Transactions in foreign currencies are converted at the official average rate of the Swiss Federal Tax Administration for the month in question (previous year for third-party sales without value added tax, on the basis of the currently weekly exchange rate). Other transactions in foreign currencies can also be converted at the current rate.

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 recognised 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 realisable value (value impairment). If an impairment can be demonstrated, the book value is reduced to the realisable value, with the impairment being charged to the result for the period in question.

1.5. Valuation and accounting principles

Income

The MCH Group generates its sales with exhibitions, events and stand construction projects. The sales and associated expenditure for exhibitions and events are recognised, 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 recognised in net income at the time of the event, 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.

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%

Assets held for sale

The valuation of assets held for sale does not differ from the fundamental valuation of assets as per Swiss GAAP FER. Since the value in use is no longer appropriate, a value adjustment is made on the basis of the net market value minus the costs incurred in selling. If no current value is available, the assets held for sale are valued at most at acquisition cost.

Inventories and work in progress

_____ Inventories

Inventories are valued at the lower of acquisition or production cost and their net realisable 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 recognised 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 capitalised as work in progress. A long-term project is only recognised, affecting net income, when the delivery and performance risk has been transferred. Any losses are recognised immediately with an impact on net income. Advance payments received are recognised 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 in 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:

Land: no depreciation

Buildings: 40 years

Various investments in extensions to buildings and systems: 10 – 20 years

Furniture and fittings: 3 – 10 years

Vehicles: 5 – 8 years

Sound and lighting equipment: 5 – 10 years

Hardware: 3 – 5 years

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 the MCH Group, only acquired immaterial assets are capitalised, employing the following categories (including the estimated useful life):

Acquired exhibitions and events: 3 – 5 years

Software: 3 – 5 years

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. Use is made of cash flow hedges in particular for foreign currency hedging 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 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 recognised as an asset. The capitalisation 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 recognised 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 re-evaluated each year. The amount of the provision is determined through an analysis of the respective event in the past, as well as on the basis of events that have occurred subsequent to the balance sheet date, insofar as these contribute to clarifying the situation. Anticipated losses from exhibitions and events are recognised 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 capitalisation and theoretical amortisation on the goodwill and the equity is set out separately in the equity statement and in the notes. The goodwill is amortised 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 recognised in equity is taken into account at the original cost for purposes of determining the gain or loss to be recognised in profit or loss.

Taxes

In stating current and deferred income tax consequences, a distinction is made between 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 capitalised.

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.

2. Cash and cash equivalents

	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Cash, Post Office	21 005	19 139
Bank	84 340	97 376
Fixed deposits	32 941	12 981
Total cash and cash equivalents	138 286	129 496

3. Accounts receivable for deliveries and services

	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Trade accounts receivable	69 095	70 337
Bad debt provision	-7 834	-3 810
Total trade accounts receivable	61 261	66 527
 Aging	 31.12.2019 CHF 1000	 31.12.2018 CHF 1000
Not due	22 427	31 393
Due within 60 days	34 365	31 869
Due after 60 days	12 303	7 075
Total trade accounts receivable	69 095	70 337

4. Inventories and work in progress

Composition of inventories	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Raw materials	1 739	987
Consumables and supplies	1 248	235
Semi-finished products	–	1 158
Merchandise	56	134
Prepayments for inventories	123	–
Value allowance on inventories	-1 102	-1 074
Total inventories	2 064	1 440
 Composition of work in progress	 31.12.2019 CHF 1000	 31.12.2018 CHF 1000
Long-term customer contracts	22 525	9 823
Value allowance on long-term customer contracts	-77	-79
Down payments received for long-term customer contracts	–	–
Total work in progress	22 448	9 744
 Total inventories and work in progress	 24 512	 11 184

5. Prepayments, accruals and deferrals

Composition of prepayments and accrued income	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Exhibitions and events	18 725	23 957
Stand construction sales not yet invoiced	3 654	9 307
Prepaid rents	300	490
Other	4 332	3 857
Total of prepayments and accrued income	27 011	37 611

Composition of accrued expenses and deferred income	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Services invoiced in advance for exhibitions and events	68 659	61 023
Staff	11 162	11 782
Accrual for current tax	2 583	2 067
Other	12 831	13 887
Total of accrued expenses and deferred income	95 235	88 759

The level of prepayments, accruals and deferrals is influenced primarily by the frequency of the individual exhibitions. As per 31 December 2019, this essentially relates to the following exhibitions in 2020:

Swissbau, Baselworld, Giardina, SWISS-MOTO and Habitat-Jardin. Under prepayments and accrued income, own work for exhibitions and events totalling CHF 9.8 million (previous year CHF 9.2 million) is included in the item for exhibitions and events. In 2018, under other accrued expenses and deferred income, the expected loss for exhibitions and events in the following year that were likely to close with a loss was deferred in the 2018 financial year already. In 2019, this has been taken into account in the provisions.

In 2018, prepayments received on long-term customer orders were reported under accrued expenses and deferred income. In the current reporting year, this item has been broken down in more detail. For better comparability, the more detailed breakdown has also been aligned for the previous year.

6. Financial assets

	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Other loans	31	134
Total loans	31	134

The book value of the investments consolidated by the equity method is made up as follows:

Composition of equity investments	31.12.2019 CHF 1000	31.12.2018 CHF 1000
Parkhaus Messe Zürich AG	1 682	1 712
metron Vilshofen GmbH ²⁾	–	317
art.fair International GmbH ¹⁾	–	–
Total equity investments	1 682	2 029
Total financial assets	1 713	2 163
Value allowance on equity investments ^{1), 2)}	317	67
Assets held for sale in current assets ^{1), 2)}	–	1

1) The investment in art.fair International GmbH was reclassified to current assets (assets held for sale) in 2018 and valued at a net market value of CHF 1000. The investment was sold in 2019.

2) The investment in metron Vilshofen GmbH was reclassified to current assets (assets held for sale) and valued at a net market value of CHF 1.

7. Investments in subsidiaries

Investments in subsidiaries	City	Activity		Share capital as of 31.12.2019 in 1000	Holding as of 31.12.2019 in %	Share capital as of 31.12.2018 in 1000	Holding as of 31.12.2018 in %
MCH Swiss Exhibition (Basel) Ltd.	Basel	Exhibitions and congresses	A	CHF 40 000	100.0	CHF 40 000	100.0
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	Exhibitions and congresses	A	CHF 13 720	100.0	CHF 13 720	100.0
MCH Beaulieu Lausanne SA	Lausanne	Exhibitions	A	CHF 100	100.0	CHF 100	100.0
Winkler Livecom AG ⁴⁾	Wohlen	Event technology	A	CHF 0	0.0	CHF 0	0.0
MCH Live Marketing Solutions AG ¹⁾	Effretikon	Stand construction	A	CHF 300	100.0	CHF 300	100.0
Techno Fot AG ¹⁾	Effretikon	Digital printing	D	CHF 0	0.0	CHF 400	100.0
Rufener events Ltd. ¹⁾	Zurich	Event management	A	CHF 0	0.0	CHF 100	100.0
Oceansalt LLC ¹⁾	Zurich	Design	E	CHF 0	0.0	CHF 20	100.0
MCH Global AG ¹⁾	Basel	Live Marketing Solutions	A	CHF 0	0.0	CHF 100	100.0
Art, Kunstmesse AG, in Basel	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Swisstech Fachmesse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Natura, Internationale Fachmesse und Kongresse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Ineltec Fachmesse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Swissdata, Fachmesse für Datenverarbeitung AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Orbit Fachmessen AG	Basel	Trademark company	B	CHF 100	100.0	CHF 100	100.0
Esthetica SA	Lausanne	Trademark company	F	CHF 100	100.0	CHF 100	100.0
Exhibit & More AG	Zürich	Exhibitions	B	CHF 50	100.0	CHF 50	100.0
UAI Holding AG	Fällanden	Subholding	G	CHF 0	0.0	CHF 0	0.0
Design Miami Basel AG ²⁾	Basel	Exhibitions	B	CHF 500	50.0	CHF 500	50.0
Art Basel U.S. Corp.	Miami	Exhibitions	B	USD 100	100.0	USD 100	100.0
MCH Group Asia Ltd. ⁶⁾	Hong Kong	Exhibitions	B	HKD 1	100.0	HKD 1	100.0
Reflection Marketing AG ¹⁾	Wallisellen	Strategic Marketing Consulting	D	CHF 0	0.0	CHF 100	100.0
Seventh Plane Networks Pvt. Ltd. ⁸⁾	New Delhi	Exhibitions	B	INR 0	0.0	INR 300	65.0
Expomobilia MCH Global Shanghai Ltd.	Shanghai	Stand construction	D	RMB 1 360	100.0	RMB 1 360	100.0

MCH US Corp.	Delaware	Live Marketing Solutions	A	USD	30 000	100.0	USD	30 000	100.0
Creative Management Services, Inc.	Missouri	Live Marketing Solutions	H	USD	0	98.0	USD	0	98.0
Creative Management Services, LLC	Delaware	Live Marketing Solutions	I	USD	45	98.0	USD	45	98.0
Creative Management Services II, LLC	Missouri	Live Marketing Solutions	J	USD	0	98.0	USD	0	98.0
Creative Management Holding GmbH	Hilden	Live Marketing Solutions	J	EUR	25	98.0	EUR	25	98.0
MC ² Europe GmbH ³⁾	Hilden	Live Marketing Solutions	K	EUR	200	49.0	EUR	200	49.0
Masterpiece London Ltd.	London	Exhibitions	B	GPB	19	67.5	GPB	19	67.5
Expomobilia MCH Global Middle East (Dubai) LLC ¹⁰⁾	Dubai	Live Marketing Solutions	D	UAE	300	49.0	UAE	300	49.0
Masterpiece Asia Ltd. ⁹⁾	Hong Kong	Exhibitions	L	HKD	0	100.0	HKD	0	0.0

Investments in associated companies	City	Activity		Share capital as of 31.12.2019 in 1000	Holding as of 31.12.2019 in %	Share capital as of 31.12.2018 in 1000	Holding as of 31.12.2018 in %
Parkhaus Messe Zürich AG	Zurich	Car parking services	C	CHF 5 000	20.0	CHF 5 000	20.0
metron Vilshofen GmbH ⁷⁾	Vilshofen	Stand construction	A	EUR 140	20.0	EUR 140	20.0
art.fair International GmbH ⁵⁾	Cologne	Exhibitions	B	EUR 0	0.0	EUR 25	25.1

Minority investments	City	Activity		Share capital as of 31.12.2019 in 1000	Holding as of 31.12.2019 in %	Share capital as of 31.12.2018 in 1000	Holding as of 31.12.2018 in %
Design Miami II LLC	Miami	Exhibitions	B	USD 430	10.0	USD 430	10.0

1) These companies were merged into MCH Live Marketing Solutions AG on 01.01.2019.

2) The company Design Miami Basel AG is controlled by MCH Swiss Exhibition (Basel) Ltd.

3) The company MC² Europe GmbH is controlled by Creative Management Holding GmbH on the basis of a contractual agreement.

4) The company Winkler Livecom AG was sold to the local management and a private investor on 31.12.2018.

5) The holding in art.fair International GmbH was 2018 reclassified to current assets (assets held for sale) and sold in 2019.

6) Name change in 2018, previously Asian Art Fairs Ltd.

7) In 2019, the holding in Metron Vilshofen GmbH was reclassified under current assets (assets held for sale) and valued at a net market value of CHF 1.

8) The holding in Seventh Plane Networks Pvt. Ltd. was sold on 02.09.2019.

9) The holding was founded on 02.04.2019.

10) The company Expomobilia MCH Global Middle East (Dubai) LLC is controlled by MCH Live Marketing Solutions Ltd.

A Company directly owned by MCH Group Ltd.

B Company owned by MCH Swiss Exhibition (Basel) Ltd.

C Company owned by MCH Swiss Exhibition (Zurich) Ltd.

D Company owned by MCH Live Marketing Solutions AG (renamed in 2018; former Expomobilia AG).

E Company owned by MCH Live Marketing Solutions AG (2017 Rufener events Ltd.)

F Company owned by MCH Beaulieu Lausanne SA.

G The UAI Holding AG was merged into MCH Swiss Exhibition (Basel) Ltd. in 2018.

H Company held by MCH US Corp.

I Company held by Creative Management Services, Inc.

J Company held by Creative Management Services, LLC.

K Company held by Creative Management Holding GmbH. The companies under letters H to K belong to the MC² subgroup.

L Company held by Masterpiece London Ltd.

Change in consolidation scope

The majority holding in Seventh Plane Networks Pvt. Ltd. increased from 60.3% to 65% in the 2018 financial year. Seventh Plane Networks Pvt. was sold on 02.09.2019. All assets and liabilities were transferred to the new owners on this date and were therefore no longer included in the consolidated balance sheet. The result of the Seventh Plane Networks Pvt. Ltd., by contrast, is included in the consolidated annual accounts up to the transaction date with an annual operating turnover of CHF 2.0 million. At the time of the sale, the balance sheet total was CHF 0.3 million and the shareholders' equity CHF -0.5 million. The sale of Seventh Plane Networks Pvt. Ltd. generated an overall profit of CHF 0.1 million. This comprises CHF 0.9 million amortisation of goodwill ("recycled" via the income statement, since it was offset directly against equity at the time of acquisition) and CHF 1.0 million profit from the sale of the shares.

On 1 January 2017, MCH Swiss Exhibition (Basel) Ltd. acquired a 25.1% share in the capital of art.fair International GmbH, Cologne (Germany). art.fair International GmbH stages the ART DÜSSELDORF art fair every year. art.fair International GmbH, Cologne, was sold on 29.05.2019. This resulted in a loss of CHF 0.2 million.

On 30 April 2017, MCH US Corp. acquired 100% of the shares in MC², New York (USA) and, at the same time, took over control of the company. In a further step, 2% of the shares were sold to the local management. MCH Group Ltd. has a repurchasing right permitting it to buy back, indirectly via MCH US Corp. as of 30 April 2020, the shares in Creative Management Services LLC that are held by the management. MCH Group Ltd. can similarly be obliged by any member of the management to buy back their individual share in Creative Management Services LLC indirectly via MCH US Corp. The options are not facts that require posting at present.

With the purchase and assignment agreement of 3 July 2015, MCH Group Ltd. acquired 20% of the share capital of metron Vilshofen GmbH, Vilshofen (Germany) as per 1 January 2015. With regard to the remaining 80% of the capital shares, the parties had agreed in the purchase and assignment agreement that the sale, which similarly took place on 3 July 2015, would be completed with effect on 1 January 2019. The purchase and assignment agreement of 3 July 2015 gave both parties the right of withdrawal by the end of 31 December 2018, with this right to be exercised by 30 September 2018. With the amendment agreement of 8 August 2018, the parties amended the contents of the purchase and assignment agreement of 3 July 2015. MCH Group Ltd. was granted certain purchase rights with regard to the remaining 80% capital share and subjected to certain co-selling obligations with regard to its capital share of 20%. The right of withdrawal was extended until the end of 31 December 2021, to be exercised by 30 September 2021, and the content was modified. The holding in metron Vilshofen GmbH will be sold to the owners in 2020 and is reclassified under current assets as assets held for sale.

MCH Swiss Exhibition (Basel) Ltd. acquired 67.5% of the shares in Masterpiece London Ltd. on 30 November 2017 and, at the same time, took over control of the company. MCH Swiss Exhibition (Basel) Ltd. is entitled to acquire the remaining shares in Masterpiece London Ltd. following the registration of the 2023 audited annual accounts. The options are not facts that require posting.

MCH Group Ltd. has sold subsidiary Winkler Livecom AG in Wohlen to the management of the technical live-communications service provider and a private investor. The sale was completed on 31.12.2018, which is why all the assets and debts were transferred to the new owners at that time and are thus no longer included on the consolidated balance sheet. The annual result for Winkler Livecom AG, by contrast, is included in the consolidated annual accounts for 2018 up until the transaction date with an annual operating turnover of CHF 22.9 million. The sale of Winkler Livecom AG resulted in an overall loss of CHF 17.8 million. This comprises CHF 13.8 million write-downs for goodwill ("recycled" via the income statement, since it was offset directly against equity at the time of acquisition), CHF 1.1 million from the sale of the shares and CHF 2.9 million from a value adjustment on a group loan associated with the sale.

8. Tangible fixed assets

Composition of tangible fixed assets CHF 1000	Land	Buildings and fixed installations	Assets under construction	Other tangible fixed assets	Total
Purchase costs as of 1.1.2018	10 650	917 602	927	162 522	1 091 701
Depreciated values ¹⁾	–	–6 807	–	–2 300	–9 107
+ Additions	–	3 307	–	9 872	13 179
Currency translation differences	–	–73	–	–75	–148
Change in consolidation scope	–	–136	–	–63 594	–63 730
– Disposals	–2 750	–3 845	–	–109	–6 704
Purchase values as of 31.12.2018	7 900	910 048	927	106 316	1 025 191
Accumulated depreciation as of 1.1.2018	–	–539 589	–	–129 660	–669 249
+ Reductions in value adjustments ¹⁾	–	6 807	–	2 300	9 107
– Depreciations charged in 2018	–	–25 084	–	–12 019	–37 103
– Value impairments 2018	–	–132 319	–	–13 359	–145 678
Currency translation differences	–	87	–	105	192
Change in consolidation scope	–	136	–	60 541	60 677
Total accumulated depreciation as of 31.12.2018	–	–689 962	–	–92 092	–782 054
Net book value as of 31.12.2018	7 900	220 086	927	14 224	243 137
Purchase costs as of 1.1.2019	7 900	910 048	927	106 316	1 025 191
Depreciated values ¹⁾	–	–1 588	–	–18 821	–20 409
+ Additions	–	2 106	16	2 068	4 190
Currency translation differences	–	–200	–	–317	–517
Change in consolidation scope	–	–15	–	–113	–128
– Disposals	–1 400	–2 341	–	–124	–3 865
Purchase values as of 31.12.2019	6 500	908 010	943	89 009	1 004 462
Accumulated depreciation as of 1.1.2019	–	–689 962	–	–92 092	–782 054
+ Reductions in value adjustments ¹⁾	–	1 588	–	18 821	20 409
– Depreciations charged in 2019	–	–16 691	–	–5 641	–22 332
– Value impairments 2019	–	–	–	–271	–271
+ Reversal of impairments	–	477	–	–	477
Currency translation differences	–	148	–	270	418
Change in consolidation scope	–	7	–	89	96
Total accumulated depreciation as of 31.12.2019	–	–704 433	–	–78 824	–783 257
Net book value as of 31.12.2019	6 500	203 577	943	10 185	221 205

1) After expiry of the depreciation period, the purchase or production cost value is offset against the accumulated depreciation, as long as the asset is no longer in operation.

The group's outstanding mortgages at the Zurich location amount to CHF 2.3 million (previous year CHF 2.4 million) and, at the Basel location, CHF 32.5 million (previous year CHF 35.0 million). The corresponding book values of the mortgaged buildings in Zurich are CHF 33.7 million (previous year CHF 35.9 million) and, in Basel, CHF 5.6 million (previous year CHF 6.7 million).

In accordance with the decision of the Cantonal Parliament of 12 March 2008 relating to the financing concept for the new Messe Basel complex (formerly the 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 MCH Group performs an impairment review of its exhibition halls every year. In so doing, it compares the current book value of the exhibition halls with the attainable value (value in use). The value in use is calculated on the basis of the estimated future cash flows. The future cash flows, in turn, are based on the estimated future and discounted sales and expenditure. In the previous year, the values in use of the exhibition halls in Basel and Zurich were calculated on the basis of the attainable hall rental income. Due to the lower estimates for expected future income in the national exhibition business, the associated lower capacity utilisation of the exhibition halls and the application of a slightly higher discount rate of 6.4%, a lower value in use resulted for the previous year, necessitating a value adjustment of CHF 132.3 million.

The assets under construction are the accrued project costs for the "Rosentalturm" in Basel.

The reversal of impairment on buildings was performed on account of the sale of Exhibition Hall 3 and the Musical Theater to the municipality of the City of Basel as per 01.01.2020. This transaction with related parties after the balance sheet date led to a re-evaluation of the basis taken for the 2018 impairment on Exhibition Hall 3 and the Musical Theater. The attainable value was higher than the book value, permitting an impairment reversal of CHF 0.5 million to be booked.

9. Intangible assets

Composition of intangible fixed assets CHF 1000	Intangible fixed assets
Purchase costs as of 1.1.2018	20 230
Depreciated values ¹⁾	-302
+ Additions	2 583
Currency translation differences	-86
Change in consolidation scope	-1 056
- Disposals	-4
Purchase values as of 31.12.2018	21 365
Accumulated depreciation as of 1.1.2018	-17 337
+ Reductions in value adjustments ¹⁾	302
- Depreciations charged in 2018	-1 134
- Value impairments 2018	-2 149
Currency translation differences	77
Change in consolidation scope	1 052
Total accumulated depreciation as of 31.12.2018	-19 189
Net book value as of 31.12.2018	2 176
Purchase costs as of 1.1.2019	21 365
Depreciated values ¹⁾	-4 562
+ Additions	1 166
Currency translation differences	-79
Change in consolidation scope	-13
- Disposals	-14
Purchase values as of 31.12.2019	17 863
Accumulated depreciation as of 1.1.2019	-19 189
+ Reductions in value adjustments ¹⁾	4 562
- Depreciations charged in 2019	-526
- Value impairments 2019 ²⁾	-1 829
Currency translation differences	73
Change in consolidation scope	13
Total accumulated depreciation as of 31.12.2019	-16 896
Net book value as of 31.12.2019	967

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

2) Suspension of new ERP implementation.

10. Provisions

CHF 1000	As of 01.01.2018	Recognised	Used	Released	Change in consolidation scope and reclassification	As of 31.12.2018	thereof short- term
Repairs to exhibition parking spaces	800	–	–	–	–	800	–
Renovation fund Theater 11	2 044	201	–162	–	–	2 083	–
Restructuring	19 219	5 400	–3 659	–8 857	–1 030	11 073	7 371
Other provisions	7 941	1 048	–7	–2 969	195	6 208	1 724
Deferred income tax provision	2 693	–	–319	–	–	2 374	–
Total provisions	32 697	6 649	–4 147	–11 826	–835	22 538	9 095

CHF 1000	As of 01.01.2019	Recognised	Used	Released	Change in consolidation scope and reclassification	As of 31.12.2019	thereof short- term
Repairs to exhibition parking spaces	800	–	–	–	–	800	–
Renovation fund Theater 11	2 083	202	–166	–	–	2 119	–
Restructuring	11 073	5 270	–4 063	–1 964	–1 371	8 945	2 576
Other provisions	6 208	2 321	–347	–1 348	1 299	8 133	3 671
Deferred income tax provision	2 374	–	–	–1 008	0	1 366	–
Total provisions	22 538	7 793	–4 576	–4 320	–72	21 363	6 247

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 renovation fund for Theater 11 each year. This fund is used to finance maintenance 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 back to the grantor of the building lease.

In the 2019 financial year, a provision was created for the expected costs of the structural and organisational optimisations in 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. The provisions for restructuring contain CHF 6.1 million for threatened losses from long-term contracts and CHF 2.8 million for structural and organisational optimisations. When assessing the provisions in 2019, CHF 1.3 million were reclassified as other provisions.

The other provisions result from general provisions for potential reimbursement claims of CHF 3.0 million (previous year CHF 2.5 million), potential contractual risks of CHF 3.6 million (previous year CHF 0 million) and miscellaneous provisions totalling CHF 1.5 million (previous year CHF 3.7 million).

11. Employee pension funds

Employer contribution reserve (ECR)	Nominal value	Application waiver	Balance sheet	Constituted	Used	Interest	Change in consolidation scope	Balance sheet	Result for ECR in personnel expense
CHF 1000	31.12.2018	31.12.2018	31.12.2018	2018	2018	2018	2018	31.12.2017	2017
Pension fund	730	-	730	-	50	-	-	730	-
Total	730	-	730	-	50	-	-	730	-
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		31.12.2018	31.12.2018	31.12.2017			2018	2018	2017
Benefit plans with excess coverage		30 960	-	-			-	6 005	6 042
Benefit plans with under coverage		-2 300	-	-			-	366	476
Total		28 660	-	-			-	6 371	6 518

Employer contribution reserve (ECR)	Nominal value	Application waiver	Balance sheet	Constituted	Used	Interest	Change in consolidation scope	Balance sheet	Result for ECR in personnel expense
CHF 1000	31.12.2019	31.12.2019	31.12.2019	2019	2019	2019	2019	31.12.2018	2018
Pension fund	730	-	730	-	-	-	-	730	-
Total	730	-	730	-	-	-	-	730	-
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		31.12.2019	31.12.2019	31.12.2018			2019	2019	2018
Benefit plans with excess coverage		61 996	-	-			-	5 363	6 005
Benefit plans with under coverage		-	-	-			-	-	366
Total		61 996	-	-			-	5 363	6 371

The employee pension fund of the 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, MCH Beaulieu Lausanne SA (as of 30.09.2019) and Winkler Livecom AG (until 31.03.2019). Members are entitled to benefits which include an old-age pension, disability pension and benefits in the event of death. Since 1 January 2012, the pension fund has operated as a defined contribution scheme.

The companies Techno Fot AG, Rufener events Ltd., Oceansalt LLC, MCH Global AG and Reflection Marketing AG were merged with MCH Live Marketing Solutions AG on 01.01.2019. The employees of Reflection Marketing AG, Wallisellen, were thus also integrated in the MCH Group's employee pension fund. The employees of the other merged companies had already joined the pension fund.

The companies affiliated to the fund make an overall contribution amounting to 150% of the contributions paid by the members. Expenditure in the 2019 financial year totalled CHF 5.4 million (previous year CHF 6.0 million). An actuarial balance sheet is drawn up by an expert at least once every three years, which is currently based on the 2015 Occupational Pensions Act (2.0%). The last actuarial balance sheet was drawn up on 1 January 2018. The actuarial reserve is calculated on an annual basis. The funded status in respect of the net assets of the pension fund is 130.2% as per 31 December 2019 (previous year 115.9%). The total employer contribution reserve as per 31 December 2019 is CHF 0.7 million (previous year CHF 0.7 million).

The semi-autonomous pension fund, Caisse de pension en faveur du personnel de Beaulieu Exploitation SA, is a defined contribution scheme and insures all employees with permanent contracts. Members are entitled to benefits which include an old-age pension, disability pension and benefits in the event of death. MCH Beaulieu Lausanne SA, as the sole company affiliated to the fund (up until 30.09.2019), makes an overall contribution amounting to 150% of the contributions paid by the members. All the insured members were integrated in the MCH Group pension fund on 30.09.2019 and the Caisse de pension en faveur du personnel de Beaulieu Exploitation SA pension fund is in liquidation.

Expenditure in the 2018 financial year totalled CHF 0.4 million (statutory contributions of CHF 0.3 million, recapitalisation contribution of CHF 0.1 million). The 2015 Occupational Pensions Act (2.0%) is taken as the technical basis for the annual calculation of the funded status, which is 90.5% as per 31 December 2018. On the basis of a decision taken by the Foundation's Board of Trustees, the employer paid a recapitalisation contribution of CHF 130,000 in the 2018 financial year. Other liabilities in 2018 include a liability to the semi-autonomous pension fund, Caisse de pension en faveur du personnel de Beaulieu Exploitation SA (under other operating expenses in the consolidated income statement) relating to the offsetting of the underfunding and dilution in the event of a transfer to the MCH Group's pension fund, which took place on 30.09.2019.

The employees of Reflection Marketing AG, Wallisellen, were insured with a full-insurance solution until the merger with MCH Live Marketing Solutions AG. The employees of Exhibit & More AG have a full-insurance solution with AXA-Winterthur. These pension solutions have a funded status of 100%.

MC² contributes to collective pension plans which pay out retirement pensions.

The overall amount is less than 5% of the human resources expenditure in the 2019 financial year. Expenditure in the 2019 financial year was equivalent to CHF 0.6 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 following table shows whether the Financial Improvement Plan (FIP) or the Rehabilitation Plan (RP) is pending or has already been implemented. The main pension plans are also visible from this.

US Pension Fund	EIN Pension Number	Pension Zone status	Pension Zone status prior year	FIP/RP status pending or implemented	Contributions 2018 CHF 1000	Effective date of current agreement
UIPAT	52-6073909	yellow	yellow	no	469	31.08.2020
Western Conference of Teamsters	91-6145047	green	green	no	438	31.05.2021
Chicago Carpenters Trust Fund	36-6130207	green	green	no	187	31.05.2020
Other plans					194	
Total					1 288	

US Pension Fund	EIN Pension Number	Pension Zone status	Pension Zone status prior year	FIP/RP status pending or implemented	Contributions 2019 CHF 1000	Effective date of current agreement
UIPAT	52-6073909	yellow	yellow	no	549	31.08.2020
Western Conference of Teamsters	91-6145047	green	green	no	527	31.05.2021
Chicago Carpenters Trust Fund	36-6130207	green	green	no	174	31.05.2020
Other plans					175	
Total					1 425	

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. The group has withdrawn from the Central States Southeast and Southwest Areas Pension Fund. The application for the refund of the sum paid in, of approximately CHF 0.5 million, has been submitted. Until the actuarial advisor has completed the audit, a provision equivalent to CHF 0.2 million has been formed.

As per 31 December 2019, approximately 15% (previous year 15%) of the human resources expenditure is used for employees in a trade union, taking in 9 (previous year 10) collective agreements. These are in force from 2020 to 2021. By this point in time, the agreements will have been renewed or renegotiated.

As per 31 December 2019, liabilities of CHF 0 million (previous year CHF 12.0 million) exist to the pension funds. These obligations have been stated under other operating expenses in the income statement.

12. Income by divisions and geographical markets

Operating income by divisions 2018 CHF 1000	In Switzerland	Abroad, ¹⁾ MCH exhibitions ²⁾ Swiss customers	Abroad, foreign customers	Total
Exhibitions	209 247	56 857 ¹⁾	9 112	275 216
Venues	38 458	–	–	38 458
Live Marketing Solutions	53 232	9 097 ²⁾	146 774	209 103
Total operating income by divisions	300 937	65 954	155 886	522 777

Operating income by divisions 2019 CHF 1000	In Switzerland	Abroad, ¹⁾ MCH exhibitions ²⁾ Swiss customers	Abroad, foreign customers	Total
Exhibitions	153 456	62 446 ¹⁾	10 747	226 649
Venues	32 422	–	–	32 422
Live Marketing Solutions	11 407	6 129 ²⁾	168 557	186 093
Total operating income by divisions	197 285	68 575	179 304	445 164

No relevant Swiss or international direct competitor currently discloses their segment results or is required to disclose the figures and segment results in a comparable manner. For this reason, the MCH Group is dispensing with the presentation of its segment results, since detailed reporting of the company's cost and earnings structure could produce competitive disadvantages compared with competitors.

13. Staff

	2019	2018
Full-time jobs	841	968

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

The full-time employees (full-time equivalents) are calculated on a pro-rata basis – eight months for Indian Art Fairs in the 2019 financial year and 12 months for Winkler Livecom AG in the 2018 financial year.

14. Financial result

Financial income	2019 CHF 1000	2018 CHF 1000
Interest income	26	38
Exchange gains	815	1 494
Total financial income	841	1 532
Financial expense	2019 CHF 1000	2018 CHF 1000
Interest on capital	4 096	5 591
Exchange losses	1 027	2 098
Bank and credit card charges	910	992
Total financial expense	6 033	8 681
Financial result net	-5 192	-7 149

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

15. Taxes

	2019 CHF 1000	2018 CHF 1000
Current income tax	2 596	1 663
Deferred income tax	-602	-319
Total income tax	1 994	1 344
	2019 CHF 1000	2018 CHF 1000
Total tax loss carry forward as of 01.01.	17 431	13 843
Change in consolidation scope	-	-3 145
Loss carry forwards expired	-	-1 540
Change in loss carry forward in the tax balance	189 003	8 273
Total tax loss carry forward as of 31.12.	206 434	17 431
Impact of changes in loss carry forwards on income tax	2019 CHF 1000	2018 CHF 1000
Income tax prior to allowance for loss carry forwards	1 892	1 048
Impact of non-capitalisation of loss carry forwards	653	296
Impact of the use of non-capitalised loss carry forwards	-551	-
Income tax with allowance for loss carry forwards	1 994	1 344

The average tax rate applied to the result before tax is -25.1% (previous year -0.7%).

Due to a tax agreement with the Canton of Basel-Stadt, the income tax payable by MCH Swiss Exhibition (Basel) Ltd. is negligible. To ensure that the loss carried forward from the 2018 financial year for Messe Basel can be claimed in subsequent years, a voluntary submission to taxation as of 2018 was applied for in the 2019 financial year. Exhibition activities in Basel would originally have been partially exempt from taxation until 2021. No special tax arrangements exist for other companies in the group.

In each of the companies (with the exception of MCH Swiss Exhibition (Basel) Ltd.), deferred tax is calculated with the effectively applicable tax rate of 18 – 21%. In the 2019 financial year, the tax loss carry forward increased by CHF 189.0 million to CHF 206.4 million.

As per 31 December 2019, no deferred tax credits were capitalised from loss carry forwards.

16. Goodwill

In accordance with the consolidation principles, the 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 is made up of the acquired companies Creative Management Services, Inc. (MC² subgroup) and Masterpiece London Ltd. In the 2018 financial year, additional shares were purchased in Seventh Plane Networks and earn out payments made for art.fair International. The earn out payments are recognised as goodwill.

On the basis of the strategy review of investments in regional art fairs, an impairment of CHF 722,000 was determined in 2018 for the goodwill that had been offset against equity.

If the goodwill had been capitalised, assuming an amortisation period of 5 years, the following values would have been obtained:

Additional disclosure with goodwill charged against equity		
	2019 CHF 1000	2018 CHF 1000
Loss for the year	-9 941	-190 433
Theoretical amortisation of goodwill	-19 700	-21 070
Result after taxes with capitalisation of the goodwill	-29 641	-211 503
Acquisition value of the goodwill		
	2019 CHF 1000	2018 CHF 1000
As of 01.01.	145 333	158 838 ¹⁾
Additions	–	341
Recycling goodwill ²⁾	-1 460	-13 846
As of 31.12.	143 873	145 333
Accumulated amortisation of the goodwill		
	2019 CHF 1000	2018 CHF 1000
As of 01.01.	81 101	73 877 ¹⁾
Scheduled amortisation	19 700	20 348
Recycling goodwill ²⁾	-1 460	-13 846
Value impairment	–	722
As of 31.12.	99 341	81 101
Shareholders' equity as of 31.12.	48 042	56 881
Theoretical net book value of goodwill	44 532	64 232
Shareholders' equity with inclusion of the goodwill as of 31.12.	92 574	121 113

1) Addition of the fully depreciated values 2018 (CHF 50.831 million). These were stated in a separate table in the 2018 financial year.

2) 2019 recycling of Seventh Plane Networks Pvt. Ltd. and art.fair International, Düsseldorf. 2018 Winkler Livecom AG.

17. 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	11 040	26 332	5 135	42 507
Rental and maintenance contracts for ICT	132	133	–	265
Lease commitments for vehicles	206	343	–	549
Rental contracts for exhibition space	930	2 880	5 772	9 582
Ground rent	1 919	7 324	53 619	62 862
As of 31.12.2018	14 227	37 012	64 526	115 765
Rental contracts for business premises	10 605	21 885	4 441	36 931
Rental and maintenance contracts for ICT	149	234	–	383
Lease commitments for vehicles	221	292	2	515
Rental contracts for exhibition space	1 120	3 012	5 116	9 248
Ground rent	1 693	6 420	47 386	55 499
As of 31.12.2019	13 788	31 843	56 945	102 576

18. Derivative financial instruments

CHF 1000	Contract value 2019	Contract value 2018	Replacement value 2019	Replacement value 2018	Purpose
Forward transactions foreign exchange	2 381	3 376	10	18	Hedging
Total derivative financial instruments	2 381	3 376	10	18	

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.

19. Loans taken up

As of 31.12.2018	Balance sheet	Interest on capital	Interest rate	thereof secured by mortgages	Due date
	CHF 1000	CHF 1000		CHF 1000	
Short-term and fixed-rate loans from third parties and banks	638	144	1.25%	–	
Short-term and fixed-rate loans from shareholders (Canton of Zurich)	67	1	2.00%	67	30.06.2019
Non-repayable loan (à fonds perdu) secured with a mortgage	2 500	–	–	2 500	08.07.2019
Total short-term loans (less than 1 year)	3 205	145	–	2 567	
Long-term and fixed-rate loans from third parties and banks	45 213	1 056	1.25%-2.32%	–	01.09.2022 resp. 05.01.2037 annual amortisation obligation CHF 0.2 mn
Bond	100 000	1 172	1.875%	–	
Long-term loans from shareholders (Canton of Basel-Stadt)	0	1 519	2.34%	–	
Long-term loans from shareholders (Canton of Basel-Landschaft)	35 000	1 050	3.00%	–	15.03.2021
Long-term loans from shareholders (Canton of Zurich)	800	319	2%	800	6/30/2031
Long-term loans from shareholders (City of Zurich)	1 500	330	2%	1 500	6/30/2031
Interest-free loans from shareholders (Cantons Basel-Stadt, Basel-Landschaft) ¹⁾	60 000	–	–	–	as of 09.06.2020 resp. 08.09.2020 annual amortisation of CHF 3 mn ³⁾
Non-repayable loan (à fonds perdu) secured with a mortgage ²⁾	32 500	–	–	32 500	last amortisation instalment 06.07.2032
Total long-term loans (more than 1 year)	275 013	5 446	–	34 800	

Total loans taken up as of 31.12.2018	278 218	5 591	–	37 367	
As of 31.12.2019	Balance sheet	Interest on capital	Interest rate	thereof secured by mortgages	Due date
	CHF 1000	CHF 1000		CHF 1000	
Short-term and fixed-rate loans from third parties and banks	222	111	1.25%	–	30.6. or 31.12.2020
Short-term and fixed-rate loans from shareholders (Canton of Zurich)	67	1	2.00%	67	30.06.2020
Non-repayable loan (à fonds perdu) secured with a mortgage	2 500	–	–	2 500	08.07.2020
Total short-term loans (less than 1 year)	2 789	112	–	2 567	
Long-term and fixed-rate loans from third parties and banks	44 390	1 004	1.25%-2.32%	–	01.09.2022 resp. 05.01.2037 annual amortisation obligation CHF 0.2 mn
Bond	100 000	1 885	1.875%	–	
Long-term loans from shareholders (Canton of Basel-Landschaft)	35 000	1 050	3%	–	15.03.2021
Long-term loans from shareholders (Canton of Zurich)	733	16	2%	733	6/30/2031
Long-term loans from shareholders (City of Zurich)	1 500	30	2%	1 500	6/30/2031
Interest-free loans from shareholders (Cantons Basel-Stadt, Basel-Landschaft) ¹⁾	60 000	–	–	–	as of 09.06.2020 resp. 08.09.2020 annual amortisation of CHF 3 mn ³⁾
Non-repayable loan (à fonds perdu) secured with a mortgage ²⁾	30 000	–	–	30 000	last amortisation instalment 06.07.2032
Total long-term loans (more than 1 year)	271 623	3 985	–	32 233	
Total loans taken up as of 31.12.2019	274 412	4 097	–	34 800	

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 2.5 mn, 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 financing the 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%.

The net debt (short and long-term loans taken up minus cash and cash equivalents) fell to CHF 136.1 million (previous year CHF 148.7 million).

20. Further details

20.1. Transactions with related parties

As an organiser of exhibitions and various other events, the MCH Group maintains a range of business relationships with its most important shareholders, the Cantons of Basel-Stadt, Basel-Landschaft, Zurich and the City of Zurich, in the context of its ordinary business activity.

The Canton of Basel-Stadt has made most of the land required by MCH Swiss Exhibition (Basel) Ltd. available with a building lease.

The Canton and City of Zurich have granted MCH Swiss Exhibition (Zurich) Ltd. loans of CHF 0.9 million and CHF 1.5 million respectively, both subject to 2% interest. In addition, the City of Zurich has made the land required by MCH Swiss Exhibition (Zurich) Ltd. available with a building lease.

In the context of the financing concept for the “Messe Basel New Buildings” for CHF 350 million (including some CHF 40 million from the increase in share capital in 2011), the following transactions were made or have been prepared between MCH Swiss Exhibition (Basel) Ltd. and the public-sector entities. 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. The financing concept additionally provides for a maximum dividend payment of 5% over the full financing term.

The Cantons of Basel-Stadt and Basel-Landschaft granted subordinated interest-free loans of CHF 60 million (CHF 30 million each) (see also 19. Loans taken up). This reduced the interest to be paid by MCH Swiss Exhibition (Basel) Ltd. in the 2019 financial year by CHF 1.1 million (previous year CHF 0.7 million), taking a reference interest rate of 1.75% (previous year 1.15%). As of 2020, these loans are to be amortised at a total of CHF 6 million each year (CHF 3 million per loan and canton). Repayment will be deferred if the equity ratio of MCH Group Ltd. falls below 30% or if no dividend is paid on account of the result.

In the 2012 business year, MCH Messe Schweiz (Basel) AG 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 is to run for 20 years and incurs the obligation to continue operating the Congress Center Basel (CCB) for 20 years. This loan is reduced by a sum of CHF 2.5 million every year. The reduction in the corresponding interest to be paid is CHF 0.7 million (previous year CHF 0.5 million).

In 2019, MC² had cash outflows to related parties for rental contracts equivalent to CHF 0.8 million. The future cash outflows for rental contracts amount to the equivalent of CHF 0.8 million each year, for a total of CHF 4.2 million (previous year CHF 1.7 million).

Masterpiece London had stand construction costs of CHF 2.6 million in 2019 that were paid to related parties. The contract was awarded on the basis of an ordinary tendering process.

The sale of Exhibition Hall 3 and the Musical Theater to the municipality of the City of Basel took place on 01.01.2020 for a sum in the low single-digit million range. This event after the balance sheet date led to the reversal of an impairment (see 8. Tangible fixed assets). Exhibition Hall 3 is being rented by MCH Messe Basel and will still be used for exhibition purposes up until the end of 2025. The rent is in the region of the previous ground rent.

20.2. Contingent liabilities

On 31.12.2019, MCH Swiss Exhibition (Zurich) Ltd. has contingent liabilities of CHF 0.7 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. provided guarantees totalling CHF 1.0 million as of 31.12.2019 (previous year CHF 3.0 million). Bank guarantees of CHF 1.1 million also still exist (previous year: none). By way of security for a rent guarantee for MC2, a guarantee of USD 2.5 million (previous year USD 2.5 million) was issued.

20.3. Exchange rates

Exchange rates CHF	Average annual rates		Year ending rates	
	2019	2018	2019	2018
USD	0.99	0.98	0.97	0.99
EUR	1.11	1.15	1.09	1.13
HKD (100)	12.68	12.48	12.43	12.59
INR (100)	1.41	1.43	1.36	1.41
GBP	1.27	1.31	1.28	1.26
CNY (100)	14.39	14.80	13.90	14.36

20.4. Risk management

The 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 28 November 2019. 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.

20.5. Events subsequent to the balance sheet date

Over the past three months, the MCH Group's business has been greatly affected by the coronavirus outbreak (COVID-19), forcing the company to cancel the Art Basel Hong Kong art show at the beginning of February already. In the meantime, the company has been forced to cancel or postpone further exhibitions on account of the latest developments.

On 11 March 2020, the WHO classified the rapid spread of the virus in more than 150 countries as a pandemic. The increasingly radical measures taken by the authorities in a large number of countries in a bid to slow the spread of the virus are having a massive impact on companies' economic capacity to act, and particularly in our sector.

The accompanying uncertainty concerning the progression of the crisis and its economic consequences calls for continuous monitoring and reassessment of the situation on the part of the Board of Directors and the management of the MCH Group, together with the appropriate alignment of the resulting measures.

To permit an assessment of the negative economic consequences and the measures that the company needs to take, a detailed contingency plan has thus been compiled to cover all the company areas. The cost-cutting measures and measures to protect the health of employees derived from this have been initiated without delay.

Following a careful analysis of different scenarios, the management and the Board of Directors have come to the conclusion that sufficient reserves are available in respect of the liquidity and also the equity base of the holding company to guarantee continuity of the group beyond 2020. For contingency-planning purposes, we are assuming a relatively conservative scenario, in which the COVID-19 situation will extend until August 2020, meaning we can resume our exhibition activity in September.

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

The MCH Group has been forced to cancel or postpone events and projects in 2020 due to the spread of the coronavirus following orders issued by the authorities and customer demands. Since all these decisions had to be taken during the first quarter, they have no impact on the recognition and measurement of assets and liabilities as per 31.12.2019 and may therefore simply be reported and not booked in the 2019 accounts.

From a group perspective and based on a conservative estimate, the potential effects of the crisis will impact the result and the cash flow for 2020 by a sum in the medium double-digit million range after contingency measures.

This essentially results from the cancellation of Art Basel Hong Kong, Giardina and Habitat Jardin, the postponement of Baselworld until January 2021, the expected loss of a number of projects in the LMS segment and a lower expected income from the exhibitions staged in the autumn.

For the Art Shows, and hence for Art Basel Hong Kong too, the group has insurance cover to protect its revenue in the event of an event being cancelled. As per the date of this report, MCH was in ongoing discussions with the insurance companies to find a solution.

The sale of Exhibition Hall 3 and the Musical Theater to the municipality of the City of Basel was completed retroactively as per 01.01.2020 for a sum in the low, single-digit million range. This transaction with related parties led to the reversal of an impairment (see under Point 8. Tangible fixed assets).

The Extraordinary General Meeting of 29.01.2020 rejected a motion submitted by a shareholder for the instigation of a special audit of the strategy. The shareholder is entitled, within a period of three months, to ask the judge to deploy a special auditor, which would entail a corresponding financial outlay.

20.6. Approval of the annual accounts

The Board of Directors of MCH Group Ltd. approved the consolidated annual accounts on 23 March 2020.



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 2019 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 2019, 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



Goodwill impairment



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.



Goodwill impairment

Key Audit Matter

The Group offsets the acquired goodwill directly with equity at the acquisition date.

The consequences of a theoretical capitalization (acquisition value, residual value, useful life, depreciation) as well as of any impairment are disclosed in the notes (16. Goodwill) to the consolidated financial statements. Management examines on a yearly basis if there are indicators of goodwill impairment. If such indicators exist, the carrying amount of the corresponding net assets plus the goodwill 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 acquired goodwill presented in the notes (theoretical capitalization), 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 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 related assets;
- comparing the sum of discounted forecast cash flows to the carrying amount of the corresponding net assets plus the goodwill and examining the recording of any value adjustments.

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

For further information on goodwill impairment refer to the following:

- 1.5. Valuation and accounting principles, paragraph Goodwill
- 16. Goodwill



Valuation of property, plant and equipment (exhibition halls)

Key Audit Matter

As at 31 December 2019, MCH Group Ltd. has land, buildings and fixed installations in the amount of CHF 210.1 mio., of which CHF 120.4 mio. correspond to exhibition halls situated in Basel and CHF 33.9 mio. correspond to exhibition halls situated in Zurich.

Management examines on a yearly basis if there are indicators of impairments of the exhibition halls and if 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 (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 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 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 related assets;
- comparing the sum of discounted forecast cash flows 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
- 8. Tangible and intangible 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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, 23 March 2020

KPMG AG, Viaduktstrasse 42, PO Box 3456, CH-4002 Basel

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MCH Group Ltd.

Balance sheet

Statutory accounts of the holding company

Assets	Details	31.12.2019		31.12.2018	
		CHF 1000	%	CHF 1000	%
Cash and cash equivalents		7 323	–	18 102	–
Trade accounts receivable from third parties		2	–	–	–
Trade accounts receivable from holdings		2 704	–	2 054	–
Other receivables from third parties		131	–	199	–
Other receivables from holdings	2.1	–	–	31 260	–
Prepayments and accrued income from third parties		625	–	630	–
Prepayments and accrued income from holdings		–	–	420	–
Total current assets		10 785	3.1	52 665	14.8
Long-term loans to group companies		176 593	–	144 007	–
Investments	2.1	159 615	–	160 144	–
Total non-current assets		336 208	96.9	304 151	85.2
Total assets		346 993	100.0	356 816	100.0

		31.12.2019		31.12.2018	
Liabilities and shareholders' equity	Details	CHF 1000	%	CHF 1000	%
Trade accounts payable towards third parties		353	–	479	–
Other payables towards third parties		30	–	13	–
Other payables towards holdings		498	–	526	–
Accrued expenses and deferred income towards third parties		3 351	–	2 663	–
Accrued expenses and deferred income towards holdings		–	–	182	–
Short-term provisions		1 169		1 300	
Total current liabilities		5 401	1.6	5 163	1.4
Long-term interest-bearing liabilities towards holdings		102 357	–	104 198	–
Bond		100 000	–	100 000	–
Total non-current liabilities		202 357	58.3	204 198	57.2
Total liabilities		207 758	59.9	209 361	58.7
Share capital	2.2	60 066	–	60 066	–
Statutory capital reserves					
- Reserves from capital contributions		27 990	–	27 990	–
Statutory retained earnings					
- General statutory retained earnings		5 600	–	5 600	–
Voluntary retained earnings					
- Statutory retained earnings		47 600	–		–
- Special reserves		–	–	47 600	–
Retained earnings					
- Profit carried forward		6 199	–	18 472	–
- Net loss		–8 220	–	–12 273	–
Total shareholders' equity		139 235	40.1	147 455	41.3
Total liabilities and shareholders' equity		346 993	100.0	356 816	100.0

MCH Group Ltd.

Income statement

Statutory accounts of the holding company

		2019	2018
	Details	CHF 1000	CHF 1000
Dividends from subsidiaries	2.1	1 686	5 686
Other financial income from subsidiaries		6 483	6 052
Other financial income		162	54
Management fee from subsidiaries		9 436	11 990
Other operating income			
- Services with third parties		21	161
- Other operating income		3	3
Revenue reductions		-2	-1
Total operating income		17 789	23 945
	Details	CHF 1000	CHF 1000
Financial expense from bond		-1 885	-1 296
Financial expense from subsidiaries		-7 821	-7 950
Other financial expenses		-179	-206
Personnel expenses		-8 003	-8 642
Other operating expenses			
- Administration		-6 776	-8 804
- Insurance		-314	-498
- Furnishing expenses		-31	-
- Advertising, press, public relations		-471	-654
- Other operating expenses		-	-414
- Other operating expense from subsidiaries		-	-79
Value allowance on investments		-529	-775
Value allowance on loans	2.3	-	-6 900
Total operating expenses		-26 009	-36 218
Total result before taxes		-8 220	-12 273
Income tax		-	-
Net loss		-8 220	-12 273

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. 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. The resulting exchange rate differences are included on the income statement. Any unrealised exchange gains are deferred and reported under the item "Accrued expenses and deferred income".

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

MCH Group Ltd. draws up group accounts on the basis of a recognised 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 a cash flow statement in the notes to the present annual accounts.

2. Disclosures on balance sheet and income statement positions

2.1 Investments

The direct and principal indirect holdings are listed in the notes to the group accounts.
The capital share corresponds to the voting share.

Direct investments in subsidiaries

Investments in subsidiaries	City	Activity		Share capital as of 31.12.2019 in 1000	Holding as of 31.12.2019 in %	Share capital as of 31.12.2018 in 1000	Holding as of 31.12.2018 in %
MCH Swiss Exhibition (Basel) Ltd.	Basel	Exhibitions and congresses	A	CHF 40 000	100.0	CHF 40 000	100.0
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	Exhibitions and congresses	A	CHF 13 720	100.0	CHF 13 720	100.0
MCH Beaulieu Lausanne SA	Lausanne	Exhibitions	A	CHF 100	100.0	CHF 100	100.0
Winkler Livecom AG ²⁾	Wohlen	Event technology	A	CHF 0	0.0	CHF 0	0.0
MCH Live Marketing Solutions AG ¹⁾	Effretikon	Stand construction	A	CHF 300	100.0	CHF 300	100.0
Rufener events Ltd. ¹⁾	Zurich	Event management	A	CHF 0	0.0	CHF 100	100.0
MCH Global AG ¹⁾	Basel	Live Marketing Solutions	A	CHF 0	0.0	CHF 100	100.0
MCH US Corp.	Delaware	Live Marketing Solutions	A	USD 30 000	100.0	USD 30 000	100.0
Investments in associated companies	City	Activity		Share capital as of 31.12.2019 in 1000	Holding as of 31.12.2019 in %	Share capital as of 31.12.2018 in 1000	Holding as of 31.12.2018 in %
metron Vilshofen GmbH ³⁾	Vilshofen	Stand construction	A	EUR 140	20.0	EUR 140	20.0

1) These companies will be merged into MCH Live Marketing Solutions AG on 01.01.2019.

2) The company Winkler Livecom AG was sold to the local management and a private investor on 31.12.2018.

3) The investment in Metron Vilshofen GmbH was impaired to the net market value of CHF 1 in 2019.

A Company directly owned by MCH Group Ltd.

2.2 Share capital

As at 31.12.2019, the share capital is divided into 6,006,575 registered shares with a nominal value of CHF 10.00 per share (unchanged compared with the previous year).

2.3 Value adjustment on loans

In conjunction with the sale of Winkler Livecom AG, the loans granted to it, for a sum of CHF 6.9 million, were fully written off in the 2018 financial year (including CHF 2.9 million subsequent to the sale).

2.4 Bond

In the framework of financing MCH Group Ltd., 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%. The fees incurred for the issue of the bond will be charged to the income statement on an accrual basis over the five-year term.

3. Further details

3.1 Full-time employees

The number of full-time employees averaged over the year was between 10 and 50 in 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 1.0 million on 31.12.2019 (previous year CHF 3.0 million). By way of security for a rent guarantee for MC2, a guarantee of USD 2.5 million was issued.

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 70.0 million), which was taken up for a sum of CHF 40.0 million (previous year CHF 40 million) by MCH Swiss Exhibition (Basel) Ltd. on the balance sheet date.

3.4 Sale of Winkler

MCH Group Ltd. sold subsidiary Winkler Livecom AG in Wohlen to the management of the technical live-communications service provider and a private investor. The sale was completed on 31.12.2018, which is why all the assets and debts were transferred to the new owners on that date. The book value of the investment in Winkler Livecom AG was fully written down in the 2017 financial year already. In conjunction with the sale, the loan granted to Winkler Livecom AG for a sum of CHF 6.9 million was similarly written down in full (including CHF 2.9 million subsequent to the sale).

3.5 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.

3.6 Key shareholders

At the end of 2019, 2,360 (previous year 2,629) registered shareholders were entered in the share register.

Shareholding 31.12. 2019 (31.12.2018):

Canton Basel-Stadt: 33.5% (33.5%)

Canton Basel-Landschaft: 7.8% (7.8%)

LLB Swiss Investment AG: 9.8% (9.9%) ¹⁾

Canton of Zurich: 4.0% (4.0%)

Indexatlas AG 3.85% (0%)

City of Zurich: 3.7% (3.7%)

¹⁾ Entered in the "Shareholders with voting rights" share register with 300,328 shares (5%)

3.7 Disclosure of participation rights

Shares held by members of the Board of Directors

	Number of shares CHF 10 and percentage of voting rights 31.12.2019		Number of shares CHF 10 and percentage of voting rights 31.12.2018	
Dr. Ulrich Vischer, Chairman	313	0.0%	313	0.0%
Christoph Brutschin, Vice-Chairman	0	0.0%	0	0.0%
Markus Breitenmoser ^{1) 2)}	1 150	0.0%		
Marco Gadola ³⁾			0	0.0%
Werner Helfenstein ³⁾			312	0.0%
Dr. Eva Herzog	0	0.0%	0	0.0%
Hans-Kristian Hoejsgaard ¹⁾	1 000	0.0%		
Dr. Balz Hösly	0	0.0%	0	0.0%
Dr. Dagmar Maria Kamber Borens ¹⁾	0	0.0%		
Dr. Karin Lenzlinger Diedenhofen	50	0.0%	50	0.0%
Dr. André Odermatt	0	0.0%	0	0.0%
Jean-Philippe Rochat ³⁾			0	0.0%
Thomas Weber	0	0.0%	0	0.0%
Andreas Widmer	0	0.0%	0	0.0%
Total	2 513	0.0%	675	0.0%

1) BD member as of 02.05.2019

2) MCBM Beteiligungen AG

3) BD member up to 02.05.2019

The members of the Board of Directors hold shares to the value of TCHF 66 (previous year TCHF 13). The taxable value per share is CHF 26.10 (previous year 19.95).

Shares held by members of the Executive Board

	Number of shares CHF 10 and percentage of voting rights 31.12.2019		Number of shares CHF 10 and percentage of voting rights 31.12.2018	
Jean-Marc Devaud ¹⁾			337	0.0%
Andreas Eggimann ²⁾	0	0.0%		
Florian Faber ³⁾	0	0.0%		
Hans-Kristian Hoejsgaard ⁴⁾			0	0.0%
Peter Holenstein	62	0.0%	62	0.0%
René Kamm ⁵⁾			0	0.0%
Stephan Peyer ⁶⁾			0	0.0%
Bernd Stadlwieser ⁷⁾	1 500	0.0%		
Beat Zwahlen	0	0.0%	0	0.0%
Total	1 562	0.0%	399	0.0%
Shares held by related parties				
of Peter Holenstein	256	0.0%	256	0.0%
of Bernd Stadlwieser	1 500	0.0%		

1) EB member up to 31.07.2019

2) EB member as of 01.11.2019

3) EB member as of 14.01.2019

4) CEO a.i. from 04.09.2018 to 31.07.2019

5) EB member up to 28.02.2019

6) EB member up to 31.03.2019

7) EB member as of 12.06.2019

The members of the Executive Board hold shares to the value of TCHF 41 (previous year TCHF 8). The taxable value per share is CHF 26.10 (previous year 19.95).

3.8 Events subsequent to the balance sheet date

Over the past three months, the MCH Group's business has been greatly affected by the coronavirus (COVID-19), forcing the company to cancel the Art Basel Hong Kong art show at the beginning of February already. In the meantime, the company has been forced to cancel or postpone further exhibitions on account of the latest developments.

On 11 March 2020, the WHO classified the rapid spread of the virus in more than 150 countries as a pandemic. The increasingly radical measures taken by the authorities in a large number of countries in a bid to slow the spread of the virus are having a massive impact on companies' economic capacity to act, and particularly in our sector.

The accompanying uncertainty concerning the progression of the crisis and its economic consequences calls for continuous monitoring and reassessment of the situation on the part of the Board of Directors and the management of the MCH Group, together with the appropriate alignment of the resulting measures.

To permit an assessment of the negative economic consequences and the measures that the company needs to take, a detailed contingency plan has thus been compiled to cover all the company areas. The cost-cutting measures and measures to protect the health of employees derived from this have been initiated without delay.

Following a careful analysis of different scenarios, the management and the Board of Directors have come to the conclusion that sufficient reserves are available in respect of the liquidity and also the equity base of the holding company to guarantee continuity of the group beyond 2020. For contingency-planning purposes, we are assuming a relatively conservative scenario, in which the COVID-19 situation will extend until August 2020, meaning we can resume our exhibition activity in September.

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

The MCH Group has been forced to cancel or postpone events and projects in 2020 due to the spread of the coronavirus following orders issued by the authorities and customer demands. Since all these decisions had to be taken during the first quarter, they have no impact on the recognition and measurement of assets and liabilities as per 31.12.2019 and may therefore simply be reported and not booked in the 2019 accounts.

From a group perspective and based on a conservative estimate, the potential effects of the crisis will impact the result and the cash flow for 2020 by a sum in the medium double-digit million range after contingency measures.

This essentially results from the cancellation of Art Basel Hong Kong, Giardina and Habitat Jardin, the postponement of Baselworld until January 2021, the expected loss of a number of projects in the LMS segment and a lower expected income from the exhibitions staged in the autumn.

For the Art Shows, and hence for Art Basel Hong Kong too, the group has insurance cover to protect its revenue in the event of an event being cancelled. As per the date of this report, MCH was in ongoing discussions with the insurance companies to find a solution.

The Extraordinary General Meeting of 29.01.2020 rejected a motion submitted by a shareholder for the instigation of a special audit of the strategy. The shareholder is entitled, within a period of three months, to ask the judge to deploy a special auditor, which would entail a corresponding financial outlay.

Proposal for profit distribution

	2019
	CHF 1000
Profit carried forward	6 199
Net loss	-8 220
Retained earnings available	-2 021
Statutory resolved retained earnings	47 600
Total at the disposal of the General Meeting	45 579

The Board of Directors propose to the Annual General Meeting the following appropriation:

Dividend ¹⁾	—
Allocation to statutory reserve	—
Balance carried forward	
- Retained earnings	-2 021
- Statutory resolved retained earnings	47 600
Total proposal for profit distribution	45 579

1) The Board of Directors proposes to carry forward the total available retained earnings to the new accounts (previous year carry forward to the new accounts).



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 2019, 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 subchapter Account MCH Group Ltd. including Balance Sheet, Income Statement and Notes) for the year ended 31 December 2019 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 2019, MCH Group Ltd. holds investments in the amount of CHF 159.6 mio.

The value adjustments recorded on investments during the year 2019 amount to CHF 0.5 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG



Claudio Boller
Licensed Audit Expert
Auditor in Charge



Marc Stadelmann
Licensed Audit Expert

Basel, 23 March 2020

KPMG AG, Viaduktstrasse 42, PO Box 3456, CH-4002 Basel

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MCH Group
Global Live Marketing

Reports 2019

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The Reports 2018 of MCH Group are
available in German and English. The
German version is legally binding.
26 march 2020