



Extraordinary General Meeting of MCH Group AG on 3 August 2020

8 a.m., Congress Center Basel

The Board of Directors of MCH Group AG is presenting shareholders at the Extraordinary General Meeting of 3 August 2020 with a comprehensive package of measures aimed at the financial stabilization and further transformation of the company. The board's explanations of these proposals are enclosed.

The COVID-19-situation is still very uncertain and requires the application of comprehensive protection measures. Health protection considerations and the need to treat all shareholders equally has prompted the Board of Directors – based on Article 27 of Federal Council Ordinance 3 on measures to combat the coronavirus (COVID-19) of 19 June 2020 – to rule that shareholders' voting rights at the Extraordinary General Meeting of Shareholders (EGM) on 3 August 2020 can only be exercised by issuing an instruction to the independent voting proxy. Personal attendance at the EGM is not possible.

Shareholders entered in the shareholders' register on 23 July 2020 are entitled to deliver their vote/issue their instruction to the independent proxy.

The share register is closed for new entries from 24 July 2020 to 3 August 2020 inclusive. Shareholders who sell their shares after 23 July are no longer entitled to vote or issue instructions based on these shares.

Basel, 10 July 2020

MCH Group AG

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Extraordinary General Meeting of MCH Group AG

on 3 August 2020



Dear Shareholders

As part of the Extraordinary General Meeting of 29 January 2020, the Board of Directors of MCH Group gave a detailed explanation of the future strategic orientation of the MCH Group as decided and communicated in September 2019. It said that various strategic options had been examined for financing the necessary investments and developments, and that its favored option was the involvement of new investors at the group level, combined with a capital increase and corresponding changes to the make-up of the shareholder body (stakes currently held by public-sector entities), as well as to the statutorily specified shareholder rights (removing the restriction on transferability) and to the composition of the Board of Directors.

Since February 2020 our business activity has been heavily affected by the COVID-19 pandemic and the resulting steps taken to protect public health. A variety of measures are urgently needed, therefore, to secure the company's future. The Board of Directors and Executive Board have produced a comprehensive package of measures designed to strengthen the capital structure and liquidity situation, and accelerate the strategic reorientation. This includes a capital increase and the arrival of a new anchor investor, as well as a restructuring of the debt capital.

The Board of Directors and Executive Board believe that the package of measures is in the best interests of the company and all shareholders. A comprehensive package is required to cope with the great challenges the company faces. The proposed solutions are only possible thanks to the approval and support of the public-sector shareholders and the involvement of Lupa Systems LLC as an additional anchor shareholder and strategic partner that will help to progress the company's essential transformation.

Financial background

The company improved its operational results substantially in financial 2019. EBITDA was increased significantly despite a structural decline in sales. The MCH Group's good start to financial 2020 included a successful Swissbau and above-budget orders at the LMS Division.

However, the COVID-19 pandemic brought an abrupt end to the positive performance and will have a substantial impact on 2020 business results and the liquidity situation. The exhibition industry is one of the sectors hit hardest by the COVID-19 crisis. Numerous trade fairs and events have had to be cancelled since February 2020, including Baselworld, Art Basel in Hong Kong and Basel, and the Giardina in Zurich. The Live Marketing Solutions business has seen many orders cancelled or postponed around the world. Even if trade fairs and events can start up again as anti-COVID-19 measures are eased in the second half of 2020, the Corona crisis is going to result in a loss for the MCH Group for 2020 running into the mid tens of millions. Operating conditions are expected to improve in 2021, but the aftershocks of the crisis will continue and the company will not yet be able to return to the path it originally planned. The MCH Group is working intensively to cope with the changes that have been accelerated by COVID-19, especially with regard to the continuing evolution of trade fairs into year-round platforms with intensive community engagement and the ever more important field of experience marketing, which goes well beyond exhibitions.

Various financial commitments fall due for repayment or refinancing in the years to come which, because of the cash drain caused by COVID, will place a heavy burden on the MCH Group. A capital increase and further measures to structure debt capital are essential in order to ease the financial situation and invest in the future, particularly in the areas of innovation, digitalization and internationalization.

Lupa System LLC as additional anchor investor and strategic partner

The package of measures presented to shareholders has been developed by the Board of Directors and Executive Board with the support of external financial and legal experts in a professionally managed process. As part of this process,

there has been contact with numerous potential investors from Switzerland and other European countries, as well as from Asia and America. These were either contacted by MCH Group or they approached the Group on their own initiative. After carefully evaluating potential investors, the Board of Directors and Executive Board decided that Lupa Systems was the most suitable partner for a capital increase.

Lupa Systems is a private holding company with offices in New York and Mumbai. It was founded in 2019 by James Murdoch, the former CEO of 21st Century Fox, Sky plc and STAR TV. The company's team has great experience in developing and scaling up business activities all over the world and in various sectors. Lupa Systems concentrates its activities primarily on the technology and media industries, on companies that focus on environmental sustainability, and on emerging markets, especially in the Indo-Pacific region. Since it was founded, Lupa Systems has invested in companies including Tribeca Enterprises, AWA Studios, Morning Consult, Notpla and Dailyhunt.

Lupa Systems' commitment to MCH Group is focused on the long term. Lupa Systems completely supports MCH Group's strategy and it is in a position to contribute valuable specialist expertise and strategic competence.

A "relationship agreement" between MCH Group and Lupa Systems includes a lock-up commitment stating that it cannot sell MCH shares within the first five years, and after that only if certain conditions are met. Lupa Systems is also committed to supporting the MCH Group's statutory purpose and act in accordance with it, which means that the continuation of the trade fair and event business in Basel and Zurich is guaranteed. The agreement also states that in return for their right (as set out in the amended Statutes) to appoint three members of the Board of Directors, the public-sector entities will ensure that the people proposed by Lupa Systems are elected to the three board seats it has been allocated in the "Relationship Agreement".

Package of measures and transaction structure

The package of measures that has been put together is set out in the "Purchase and Subscription Agreement" of 9 July 2020 between MCH Group AG and Lupa Systems LLC. Its main elements are as follows:

1. Capital increases

Capital increases worth up to CHF 104.5 million in two tranches are proposed. These are to be approved at the same General Meeting, but sequentially:

- Tranche 1: Under the exclusion of subscription rights, it is envisaged that Canton Basel-Stadt converts the company's CHF 30 million of loan debts into new MCH shares. This will temporarily increase the stake held by Canton Basel-Stadt from the current 33.5% to 55.0%.
- Tranche 2: After Tranche 1 is complete, the second step is a cash capital increase that will provide MCH Group with equity capital and liquidity of CHF 74.5 million. All shareholders are entitled to proportionate subscription rights. Lupa Systems is prepared, subject to usual market conditions, to subscribe to the new shares in full and to hold all shares that are not acquired by shareholders.

The public-sector entities are prepared not to exercise their subscription rights in the second tranche. All shareholders' unexercised subscription rights are allocated to Lupa Systems. This means that the size of Lupa Systems' stake once the transaction is complete depends on the extent to which public shareholders exercise their subscription rights, which is not currently knowable.

The shareholder structure following completion of the two tranches of the capital increase will be as follows: The public-sector entities will together hold 36.4%. If no public shareholders exercise their subscription rights, these shareholders will hold 19.2 % and Lupa Systems 44.4 %. If all public shareholders exercise their subscription rights, they will hold 34.5% and Lupa Systems 29.1%. To ensure that Lupa Systems does not have to make a public takeover offer in the event that its stake exceeds 33.3 %, a formally-selective opt-up clause to this effect needs to be added to the Statutes.

The issue price of CHF 10.50 (par value of CHF 10.00) is not based on a derivation of the market price, but on a risk-adjusted evaluation that results in a discount on the market price which is actually much smaller than in comparable restructuring cases. Discounts of 80% or more on the market price are not uncommon in such cases. The average price of MCH shares in the period from 3 March 2020 to 3 June 2020 (when the advice from the States Council of Canton Basel-Stadt was published) was CHF 15.65. So a price of CHF 10.50 implies a discount of 33%. Their subscription rights in the cash capital increase (Tranche 2) give all shareholders an opportunity to participate in the cash portion of the transaction. This will avoid a dilution and substantially reduce the average purchase price of their stake. The issue price is therefore in the best interests of shareholders who continue to invest in MCH Group.

2. Structuring of debt capital

In addition to the capital increases and subject to the implementation of these capital increases, the following measures are being taken to repay or refinance financial liabilities falling due:

- Extension of the CHF 35 million loan from Canton Basel-Landschaft by five years: In the 2010 loan contract between MCH Group and Canton Basel-Stadt's financial department, the MCH Group was granted a CHF 35 million loan due for repayment in March 2021. The States Council of Canton Basel-Landschaft has approved a five-year extension of the repayment deadline with an additional mortgage insurance.
- Extension of the CHF 40 million loan from Basler Kantonalbank (BKB) by five years: The BKB loan was due in September 2022. The BKB has approved a five-year extension with an additional mortgage insurance.
- "Bond Exchange Offer" for the MCH Group's CHF 100 million 1.875% 2018-2023 bond, which falls due in May 2023: A public offer is envisaged to exchange the bond for a new bond ("Bond Exchange Offer") provided by the company, which will be issued by the company on market terms after the MCH capital increases have been carried out, and which should be listed on the SIX Swiss Exchange.

3. Reduction and composition of the Board of Directors

In future, the Board of Directors should consist of three representatives from the public-sector entities and three from Lupa Systems, plus two or three other members. The process of reducing the Board of Directors to eight or nine members, with some existing members being replaced by new ones, will be completed no later than at the 2021 Annual General Meeting.

Canton Basel-Landschaft already decided at its 2020 AGM that it would not have a representative on the Board. Canton Basel-Stadt will reduce the number of board seats it occupies from three to two when the capital increase is complete. Dr. Tanja Soland, member of the cantonal States Council is therefore to resign from the Board at this point. At the same time, the canton and city of Zurich will waive the individual seats allocated to each of them, though they will then be entitled to one board seat between them. The canton and the city of Zurich have not yet decided how to fill their joint seat.

Karin Lenzlinger Diedenhofen will step down from the Board on the date the capital increase is completed. She has been a member of the Board of Directors and a member of the audit committee (AC) since 2004.

At the request of the Board of Directors and Lupa Systems, Dr. Ulrich Vischer will chair the Board until the 2021 AGM in order to ensure continuity during the renewal phase. He will resign from the Board at the 2021 AGM.

The Board of Directors proposes that the following people be elected to the Board as new members once the capital increase is complete:

- James R. Murdoch (founder and CEO of Lupa Systems LLC)

James Murdoch is an investor and philanthropist resident in the United States. After more than two decades of global management experience in the media and technology sectors, James Murdoch founded Lupa Systems as a private holding company. Most recently, from 2015 to 2019, James Murdoch was CEO of 21st Century Fox after having previously been the company's co-COO as well as chairman and CEO for Europe and Asia. Prior to his time at 21st Century Fox, James Murdoch was CEO and Chairman of Sky and CEO of STAR TV. James Murdoch is also a member of the Board of Directors of Tesla, News Corp and the Dia Art Foundation, and he was formerly on the Board of Directors of Sotheby's and GlaxoSmithKline. James and his wife Kathryn Murdoch are the founders of Quadrivium, a foundation that invests in democrat reforms, technology and society, scientific understanding, climate change and ocean health.

- Jeff Palker (Managing Partner and General Counsel of Lupa Systems LLC)

Jeff Palker left 21st Century Fox, where he served as Executive Vice President, Deputy General Counsel and Deputy Chief Compliance Officer, to join Lupa Systems in 2019. Owing to his extensive international experience, Jeff Palker was previously also General Counsel for Europe and Asia at 21st Century Fox. During his time at the company (including News Corporation) Jeff Palker took a leading role in many important corporate transactions, including the offer for Sky plc, the foundation of Endemol Shine and the sale of a large part of the

company's assets to Disney. Jeff Palker has extensive experience as member of boards of directors; he was previously on the board of Endemol Shine and is currently a member of the Board of Directors of Tribeca Enterprises, AWA studios and Harappa.

- Eleni Lionaki (partner in Lupa Systems LLC)

Before joining Lupa Systems in 2019, Eleni Lionaki headed 21st Century Fox's Europe operation and was in charge of M&A activities in the region. Prior to her time at 21st Century Fox Eleni Lionaki held senior positions in investment banking at Goldman Sachs and Deutsche Bank. Eleni Lionaki is an experienced board member having previously sat on numerous boards, including at Endemol Shine and Moby Group. She is currently a member of the Board of Directors of Tribeca Enterprises.

4. Removing transferability restrictions

Current share transferability restrictions mean that only the public-sector entities can hold and exercise more than 5% of voting rights. Lupa's plan to take a share of 29% is contingent on the removal of these conditions. This will also allow other investors to exercise their voting rights proportionately and without restriction.

Agenda and board proposals

1. Introduction of opt-up (conditional decision)

(§ 5a of the Statutes)

The Board of Directors proposes the introduction of a formally selective opt-up and the corresponding insertion of a new § 5a into the Statutes:

Proposed Statutes text

§ 5a

If Lupa Systems LLC, New York, USA (“Lupa”) and/or its beneficial owners – alone or together with people who control Lupa, are under the same control as Lupa or who are acting in concert with Lupa – exceed the threshold of 33 1/3%, but not the threshold of 49% of voting rights in the company either (i) through subscription or acquisition of registered shares of the company in connection with the 2020 capital increase, and/or (ii) through acquisition transactions or by acting in concert after the 2020 capital increase, Lupa – and the persons that control Lupa, are under the same control as Lupa, or who act in concert with Lupa – are exempted from the obligation to submit a takeover bid pursuant to Art. 135 of the Federal Law of 19 June 2015 on Financial Market Infrastructures and Market Behavior in Securities and Derivatives Trading (FinfraG).

The decision to insert § 5a into the Statutes is subject to the suspensive condition that the ordinary capital increase with removal of subscription rights pursuant to agenda item 2 is entered in the Commercial Register of Canton Basel-Stadt and is only effective as of that date.

2. Ordinary capital increase with removal of subscription rights

The Board of Directors proposes carrying out an ordinary capital increase in accordance with the following provisions:

1. The company’s equity capital is to be increased by CHF 28,571,420 from CHF 60,065,750 to CHF 88,637,170 through the issue of 2,857,142 registered shares to be fully paid up with a nominal value of CHF 10.00 each at an issue price of CHF 10.50 each. The capital increase is to be carried out by the Board of Directors.
2. The newly issued registered shares will rank for voting and dividends as soon as they are entered in the Commercial Register.
3. No preferential rights attach to the newly issued registered shares.
4. Payment for the newly issued registered shares is set against the CHF 30,000,000 loan from Canton Basel-Stadt in accordance with the loan contract of 7 June 2010.
5. The newly issued registered shares are subject to the registration restrictions | transfer restrictions pursuant to § 5 of the Statutes, provided these restrictions have not been lifted.
6. The subscription rights of existing shareholders are repealed and allocated to Canton Basel-Stadt.

This capital increase is to be carried out immediately after the shareholders’ pass the resolution and entered in the Commercial Register of Canton Basel-Stadt, and in any event before the implementation of the capital increase with granting of subscription rights pursuant to agenda item 3.

3. Ordinary capital increase with granting of subscription rights (conditional resolution)

The Board of Directors proposes carrying out an ordinary capital increase in accordance with the following provisions:

1. The company’s share capital shall be increased by up to CHF 70,909,730 through the issue of up to 7,090,973 fully paid-up registered shares with a par value of CHF 10.00 each at the issue amount of CHF 10.50 each. The capital increase is to be carried out by the Board of Directors to the extent of the subscriptions received.

2. The newly issued registered shares will rank for voting and dividends as soon as they are entered in the Commercial Register.
3. No preferential rights attach to the newly issued registered shares.
4. Payments for the newly issued registered shares are to be made in cash.
5. The newly issued registered shares are subject to the registration restrictions | transfer restrictions pursuant to § 5 of the Statutes, provided these restrictions have not been lifted.
6. Subscription rights for existing shareholders will be granted directly or indirectly (subject to the statutory restrictions of foreign jurisdictions). Five (5) subscription rights entitle the holder to purchase four (4) new registered shares at a subscription price of CHF 10.50 per registered share. The subscription rights are tradeable. The Board of Directors shall determine further modalities for the exercise of the subscription rights. Subscription rights not exercised, or registered shares for which subscription rights have been granted but not exercised, shall be allocated to Lupa Systems LLC, New York, USA.
7. Conditions for the exercise of contractually acquired subscription rights: Registration restrictions | transfer restrictions pursuant to § 5 of the Statutes apply provided these restrictions have not been lifted.

The resolution on agenda item 3 is subject to the suspensive condition that the ordinary capital increase with removal of subscription rights pursuant to agenda item 2 and § 5a of the Statutes is entered in the Commercial Register of Canton Basel-Stadt pursuant to agenda item 1.

4. Change in the composition of the Board of Directors (conditional decision)

(Amendment to § 22 and § 8 b of the Statutes)

The Board of Directors proposes that the composition of the Board of Directors and the corresponding provisions of the Statutes be amended as follows:

Current Statutes text

§ 22

The Board of Directors shall consist of no more than 11 members.

- 3 members are appointed by the States Council of Canton Basel-Stadt.
- 1 member is appointed by the States Council of Canton Basel-Landschaft.
- 1 member is appointed by the States Council of Canton Zurich.
- 1 member is appointed by Zurich City Council.
- The other members are elected individually by the General Meeting.

[Paragraphs 2 and 3 unchanged]

The right of the States Council of Canton Basel-Stadt to appoint 3 members of the company's Board of Directors is a vested right and may only be changed or removed with its express approval through the General Meeting. The rights of the Cantons Basel-Landschaft and Zurich as well as the city of Zurich to appoint one member of the Board of Directors each may only be removed with their express approval through the General Meeting.

Proposed Statutes text

§ 22

The Board of Directors consists of a minimum of 8 and a maximum of 11 members, but from the 2021 Annual General Meeting a maximum of 9 members.

- *2 members are appointed by the States Council of Canton Basel-Stadt.*
- *1 member is appointed by the States Council of Canton Zurich and Zurich City Council.*
- *The other members are elected individually by the General Meeting*

[Paragraphs 2 and 3 unchanged]

The right of the States Council of Canton Basel-Stadt to appoint 2 members of the company's Board of Directors is a vested right and may only be changed or removed with its express approval through the General Meeting. The rights of Cantons Zurich and the City of Zurich to appoint one member of the Board of Directors may only be removed with their express approval through the General Meeting.

§ 8

The company's highest decision-making body is the General Meeting of Shareholders. It has the following powers which may not be delegated:

- a) adopting and amending the Statutes;
- b) the election and dismissal of members of the Board of Directors, in so far as they are not appointed by the States Councils of the Cantons of Basel-Stadt, Basel-Landschaft or Zurich, or by Zurich City Council pursuant to § 22 below;

[Letters c - l unchanged]

§ 8

The company's highest decision-making body is the General Meeting of Shareholders. It has the following powers which may not be delegated:

- a) adopting and amending the Statutes;*
- b) the election and dismissal of members of the Board of Directors, in so far as they are not appointed by the States Councils of the Cantons of Basel-Stadt or Zurich, or by Zurich City Council pursuant to § 22 below;*

[Letters c - l unchanged]

The resolution on agenda item 4 is subject to the suspensive condition that the ordinary capital increase with granting of subscription rights pursuant to agenda item 3 is entered in the Commercial Register of Canton Basel-Stadt.

5. Elections to the Board of Directors (conditional elections)

As part of the ordinary capital increase with granting of subscription rights pursuant to agenda item 3, the Board of Directors proposes that the following persons are elected to the Board for a term running until end of the next Annual General Meeting (individual voting).

1. Election of James Murdoch as a member
2. Election of Jeffrey Palker as a member
3. Election of Eleni Lionaki as a member

The election of the proposed new members of the Board of Directors is subject to the suspensive condition that the ordinary capital increase with granting of subscription rights pursuant to agenda item 3 is entered in the Commercial Register of Canton Basel-Stadt.

6. Restrictions on transferability and change to registration restrictions (conditional passing of resolution)

(Amendment to § 3 and § 5 of the Statutes)

Current Statutes text

II. Share capital, shares, share register, transferability of shares and subscription rights
A) Share capital, equity and share register
§ 3

[Paragraphs 1 to 5 of the current text after registration of the capital increases pursuant to agenda items 2 and 3]

The Board of Directors maintains a share register in which the names and addresses of owners or beneficiaries are listed. Any change of address must be notified to the company.

The share register has two headings: "Shareholders without voting rights" and "Shareholders with voting rights". Only a person properly entered under one of these two headings qualifies as a company shareholder

Proposed Statutes text

II. Share capital, shares, share register, transferability of shares and subscription rights
A) Share capital, shares and share register
§ 3

[Paragraphs 1 to 5 unchanged]

[Paragraph 6 of § 3 deleted and inserted in amended form in paragraph 1 of § 5]

[Paragraph 7 of § 3 deleted]

or beneficiary. Only such a person can exercise the rights conferred by their shares in relation to the company, subject to the statutory restriction pursuant to § 5. A shareholder without voting rights may not exercise a voting right nor the other rights relating thereto. A shareholder with voting rights can exercise all rights conferred by the shares. The exercise of any right conferred by a share implies adherence to the Statutes of the company. After they have purchased shares, and based on an application for recognition as a shareholder, an acquirer is regarded as a shareholder without voting rights until the company recognizes them as a shareholder with voting rights. If the company does not reject the application for recognition of the acquirer within 20 days, the acquirer is recognized as a shareholder with voting rights.

The Board of Directors may, after consultation with the person concerned, delete entries in the share register under the “shareholders with voting rights” heading if the entry was made based on false information given by the acquirer. This person must be informed of the deletion immediately.

B) B) Share transferability

§ 5

Transfers of registered shares to a new owner require the approval of the Board of Directors.

No natural or legal person or partnership may hold more than 5% of share capital directly or indirectly.

Applications for entry in the share register under the heading “shareholders with voting rights” that would result in this limit being exceeded will be rejected. This provision shall not apply if the acquirer of the shares is Canton Basel-Stadt, Canton Basel-Landschaft, Canton Zurich or the City of Zurich.

The following are regarded as a person:

- a) a) legal entities or partnerships that are linked to one another through capital and voting rights or have a common management or are otherwise linked;
- b) b) all natural persons or legal entities or partnerships that join forces to circumvent the limit.

The board can also refuse registration in the share register if the acquirer does not expressly declare that they have acquired the shares in their own name and on their own account.

If listed registered shares have been acquired through inheritance, division of an estate or marital property law, the acquirer cannot be rejected.

The above-mentioned limit of 5% also applies to shares that have been subscribed or acquired by exercise of subscription, option or conversion rights attached to the shares or other securities issued by the company or third parties.

In special cases the Board of Directors can approve relaxations of these rules.

[Paragraph 8 of § 3 deleted and inserted in amended form in paragraph 4 of § 5]

B) Aktienbuch, Eintragungsbeschränkungen und Nominees

§5

With respect to registered shares, the company or a third party that it mandates shall maintain a share register indicating the name and first name (in the case of legal entities the name), address and nationality (in the case of legal entities the registered office) of the holders and beneficiaries of registered shares. A person registered in the share register has to notify the registrar of any change of address. Unless such notification has been made, all written communication from the company to the persons entered in the share register are validly made to the address indicated in the share register.

Acquirers of registered shares are registered on request in the share register as shareholders with voting rights provided they expressly declare that they have acquired the shares in their own name and for their own account.

The Board of Directors may register individual persons who do not expressly declare that they hold the registered shares for their own account (“nominees”) in the share register with voting rights if the nominee has entered into an agreement with the company with respect to its position and if the nominee is subject to recognized bank or financial market supervision.

After consultation with the registered shareholder or nominee, the Board of Directors can delete its entry in the share register with retrospective effect as of the date of registration, if the entry was made on the basis of false or misleading information. The person concerned must be immediately informed of the cancellation of the registration.

The voting rights associated with the shares and other rights relating to the voting rights may only be exercised by those entered in the share register under the heading "Shareholders with voting rights".

The Board of Directors shall specify the particulars and give the necessary directions to ensure compliance with the preceding paragraphs. In special cases the Board can grant exceptions to the nominee rules. The Board of Directors can delegate its responsibilities.

The resolution on agenda item 6 is subject to the suspensive condition that the ordinary capital increase with granting of subscription rights pursuant to agenda item 3 is entered in the Commercial Register of the Canton Basel-Stadt.

Basel, 10. July 2020

A handwritten signature in black ink, appearing to read "U. Vischer", written in a cursive style.

Dr. Ulrich Vischer, Chairman

Additional explanations of agenda items 1 and 3

Agenda item 1:

Opt-up (conditional resolution)

The Board of Directors and Executive Board of MCH Group have assessed the planned transaction and the MCH capital increases as being in the long-term interests of the company and its shareholders. The formally selective opt-up is a mandatory part of the planned transaction and especially of the MCH capital increases.

In order to facilitate the transaction and the MCH capital increases while maintaining MCH Group's status as a publicly listed company, the MCH capital increases are subject to the condition that no legal obligation will be triggered that compels Lupa Systems to make an offer for all MCH shares. This should free Lupa Systems from the obligation to make an offer pursuant to Article 135 FinfraG if Lupa Systems exceeds the threshold of 33 1/3%, but not the threshold of 49% of company voting rights. The Extraordinary General Meeting of MCH Group will therefore vote on the limitation of the legal obligation to make an offer (formally selective opt-up).

The Board of Directors proposes therefore that the threshold for the obligation to make a takeover offer pursuant to Art. 135 FinfraG should be increased for Lupa Systems and persons that control Lupa Systems, are under the same control as Lupa Systems or are acting in concert with Lupa Systems from 33 1/3% to 49% percent of voting rights in case and if Lupa Systems and/or its beneficial owners – alone or together with persons that control Lupa Systems, are under the same control as Lupa Systems or are acting in concert with Lupa Systems – exceed the threshold of 33% 1/3% but not the threshold of 49% of company voting rights (i) through subscription or acquisition of MCH shares as part of the MCH capital increases and/or (ii) through acquisition transactions or acting in concert after the MCH capital increases.

According to the resolution proposal, the opt-up should come into effect if and as soon as the capital increase pursuant to agenda item 2 is entered in the Commercial Register: the decision to add § 5a to the Statutes is subject to the suspensive condition that the ordinary capital increase with removal of subscription rights pursuant to item 2 is entered in the Commercial Register of Canton Basel-Stadt.

The opt-up means that Lupa Systems and/or its beneficial owner(s) will not have to make a compulsory offer for the company's shares if it exceeds the threshold of 33 1/3% (but not 49%) of the company's voting rights (i) in connection with the planned transaction, either acting alone or in concert with one or more third parties or (ii) in future either alone or in concert with one or more third parties. Since the opt-up is a formally selective opt-up in favor of Lupa Systems and/or their beneficial owner(s), this does not apply to other shareholders. This means that persons acting alone or in concert with third parties and who exceed the threshold of 33 1/3% of company voting rights are obliged to submit a mandatory offer to all shareholders. The formally selective opt-up thus also means that a third party that buys MCH shares from Lupa Systems and in so doing ends up (alone or in concert with other persons) with more than 33 1/3% of company voting rights is subject to the obligation to make an offer. This formally selective opt-up only applies in the case of a person acting in concert with another person if the creation of such an agreement does not result in a change of control over the stake (in the company) that was exempted from the obligation to make an offer.

§ 5a can be deleted or changed by a qualified majority of two thirds of represented votes and an absolute majority of the represented shares by par value.

Takeover Board practice means that approval of this proposal is subject not only to the above statutory requirements for a two-thirds majority to amend the Statutes, but also to special "majority of the minority" approval and hence the absolute majority of the votes cast.

Agenda item 3:

Ordinary capital increase with granting of subscription rights

If approved by the EGM, the ordinary capital increase pursuant to item 3 will be carried out in the form of a rights offering to existing shareholders and is expected to result in the issue of up to 7,090,973 MCH shares in mid-August 2020.

The right of existing shareholders to subscribe to the new MCH shares is guaranteed by the fact that all shareholders will be allocated one subscription right for each MCH share held after close of trading on the SIX Swiss Exchange on the published cut-off date (probably 5 August 2020). It is envisaged that the subscription rights can be traded on the SIX

Swiss Exchange AG. Entitled holders of subscription rights can acquire MCH shares at a ratio of four (4) MCH shares for every five (5) subscription rights at the issue price of CHF 10.50 per MCH on the terms detailed in the issue and listing prospectus. Subscription rights not exercised, or registered shares for which subscription rights are granted, but not exercised, are allocated to Lupa.

On 24 June 2020, the Parliament of Canton Basel-Stadt approved the decision not to exercise Canton Basel-Stadt's subscription right. Canton Basel-Stadt and the other public-sector shareholders will not exercise their subscription rights (or sell them) and have made a declaration to MCH Group that they will not exercise or sell their subscription rights. The public-sector entities' unexercised subscription rights will then be allocated to Lupa Systems.

On 9 July 2020 the company also completed the Purchase and Subscription Agreement with Lupa, which includes an obligation on Lupa Systems (subject to the normal conditions) to buy the MCH shares that are not taken up by existing shareholders of the company.

Wichtiger Hinweis | Important Note

Dieses Dokument dient der Information der Aktionärinnen und Aktionäre der MCH Group AG im Hinblick auf die Kapitalerhöhungen, die der ausserordentlichen Generalversammlung der MCH Group AG vom 3. August 2020 zur Abstimmung vorgelegt werden. Dieses Dokument stellt weder ein Angebot noch eine Aufforderung zum Kauf oder zur Investition in Effekten der MCH Group AG oder einer ihrer Konzerngesellschaften dar. Dieses Dokument ist weder ein Prospekt im Sinne des Bundesgesetzes über Finanzdienstleistungen («FIDLEG») noch ein Emissionsprospekt gemäss Art. 652a des Schweizerischen Obligationenrechts, ein Kotierungsprospekt im Sinne des Kotierungsreglements der SIX Swiss Exchange AG oder ein Prospekt gemäss irgendeiner anderen Gesetzgebung oder Regelung. Exemplare dieses Dokuments dürfen weder in Länder versandt noch in Ländern verteilt bzw. aus solchen versandt werden, in welchen dies gesetzlich unzulässig oder untersagt ist. Eine Entscheidung über eine Teilnahme an der Kapitalerhöhung mit Bezugsrechten der MCH Group AG, die der ausserordentlichen Generalversammlung der MCH Group AG vom [3.] August 2020 zur Abstimmung vorgelegt wird, ist ausschliesslich auf der Grundlage des entsprechenden Emissions- und Kotierungsprospekts, der zu diesem Zweck von der MCH Group AG veröffentlicht wird, und nicht anhand dieses Dokuments zu treffen. Exemplare dieses Emissions- und Kotierungsprospekts werden voraussichtlich ab [5.] August 2020 gratis verfügbar sein.

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The offer referred to herein, when made in member states of the European Economic Area («EEA») and the United Kingdom, is only addressed to and directed to “qualified investors” within the meaning of Article 2(e) the Prospectus Regulation («Qualified Investors»). For these purposes, the expression «Prospectus Regulation» means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, and includes any relevant delegated regulations. If located in a relevant state, each person who initially acquires any securities, and to the extent applicable any funds on behalf of which such person acquires such securities that are located in a relevant state, or to whom any offer of securities may be made will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor as defined above. The offer of the Shares will be made pursuant to exemptions under the Prospectus Regulation from the requirement to produce a prospectus in connection with offers of securities.

MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Shares has led to the conclusion that: (i) the target market for the Shares is eligible counterparties and professional clients, each as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (as amended, «MiFID II») and (ii) all channels for distribution of the Shares to eligible counterparties and professional clients are appropriate, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending the Shares (a «distributor») should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Shares (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

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