

# Transformation and innovation

Business Report 2020

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**Business Report 2020**  
Financial Report

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## Annual Report

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## Financial Report

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# Group Balance Sheet

| Assets                           | Details | 31.12.2020     |              | 31.12.2019     |              |
|----------------------------------|---------|----------------|--------------|----------------|--------------|
|                                  |         | CHF 1000       | %            | CHF 1000       | %            |
| Cash and cash equivalents        | 2       | 130 082        | –            | 138 286        | –            |
| Trade accounts receivable        | 3       | 11 240         | –            | 61 261         | –            |
| Other short-term receivables     |         | 9 017          | –            | 4 828          | –            |
| Inventories and work in progress | 4       | 25 326         | –            | 24 512         | –            |
| Prepayments and accrued income   | 5       | 18 665         | –            | 27 011         | –            |
| Assets held for sale             | 6       | –              | –            | –              | –            |
| <b>Total current assets</b>      |         | <b>194 330</b> | <b>48.6</b>  | <b>255 898</b> | <b>53.3</b>  |
| Tangible fixed assets            | 8       | 200 133        | –            | 221 205        | –            |
| Financial assets                 | 6       | 1 658          | –            | 1 713          | –            |
| Employer contribution reserve    | 11      | 730            | –            | 730            | –            |
| Intangible fixed assets          | 9       | 2 612          | –            | 967            | –            |
| <b>Total non-current assets</b>  |         | <b>205 133</b> | <b>51.4</b>  | <b>224 615</b> | <b>46.7</b>  |
| <b>Total assets</b>              |         | <b>399 463</b> | <b>100.0</b> | <b>480 513</b> | <b>100.0</b> |

| Liabilities and shareholders' equity                          | Details | 31.12.2020     |              | 31.12.2019     |              |
|---------------------------------------------------------------|---------|----------------|--------------|----------------|--------------|
|                                                               |         | CHF 1000       | %            | CHF 1000       | %            |
| Short-term loans taken up from third parties                  | 19      | 4 400          | –            | 222            | –            |
| Short-term loans taken up from related parties (shareholders) | 19      | 8 323          | –            | 2 567          | –            |
| Trade accounts payable                                        |         | 3 857          | –            | 18 785         | –            |
| Payables from work in progress                                |         | 26 292         | –            | 15 586         | –            |
| Other payables                                                |         | 7 293          | –            | 7 238          | –            |
| Short-term provisions                                         | 10      | 7 319          | –            | 6 247          | –            |
| Accrued expenses and deferred income                          | 5       | 23 908         | –            | 95 235         | –            |
| <b>Total current liabilities</b>                              |         | <b>81 392</b>  | <b>20.4</b>  | <b>145 880</b> | <b>30.3</b>  |
| Long-term loans taken up from third parties                   | 19      | 112 355        | –            | 44 389         | –            |
| Long-term loans taken up from related parties (shareholders)  | 19      | 29 667         | –            | 127 234        | –            |
| Bond                                                          | 19      | 100 000        | –            | 100 000        | –            |
| Long-term provisions                                          | 10      | 8 743          | –            | 15 116         | –            |
| <b>Total non-current liabilities</b>                          |         | <b>250 765</b> | <b>62.8</b>  | <b>286 739</b> | <b>59.7</b>  |
| <b>Total liabilities</b>                                      |         | <b>332 157</b> | <b>83.2</b>  | <b>432 619</b> | <b>90.0</b>  |
| Share capital                                                 |         | 148 694        | –            | 60 066         | –            |
| Capital reserves                                              |         | 78 955         | –            | 74 310         | –            |
| Retained earnings                                             |         | –160 772       | –            | –87 766        | –            |
| Non-controlling interests                                     |         | 429            | –            | 1 284          | –            |
| <b>Total shareholders' equity</b>                             |         | <b>67 306</b>  | <b>16.8</b>  | <b>47 894</b>  | <b>10.0</b>  |
| <b>Total liabilities and shareholders' equity</b>             |         | <b>399 463</b> | <b>100.0</b> | <b>480 513</b> | <b>100.0</b> |

# Group Income Statement

|                                                                  |           | 2020           | 2019           |
|------------------------------------------------------------------|-----------|----------------|----------------|
|                                                                  | Details   | CHF 1000       | CHF 1000       |
| Services, stand construction                                     |           | 129 285        | 239 602        |
| Surface areas                                                    |           | 16 857         | 124 184        |
| Admissions                                                       |           | 1 845          | 10 567         |
| Media, sponsoring                                                |           | 6 467          | 33 255         |
| Utility connections                                              |           | 1 081          | 3 958          |
| Furniture, other fittings                                        |           | 1 439          | 14 433         |
| Conferences                                                      |           | 4 007          | 10 283         |
| Parking                                                          |           | 1 826          | 3 871          |
| Revenue reductions                                               |           | 340            | -2 600         |
| Net sales from deliveries and services                           |           | 163 147        | 437 553        |
| Other operating income                                           |           | 29 341         | 8 544          |
| Changes in work in progress                                      |           | -4 521         | -933           |
| <b>Total operating income</b>                                    | <b>12</b> | <b>187 967</b> | <b>445 164</b> |
|                                                                  | Details   | CHF 1000       | CHF 1000       |
| Personnel expenses                                               | 13        | -81 992        | -127 769       |
| Administration                                                   |           | -15 626        | -26 006        |
| Maintenance, repairs                                             |           | -8 188         | -11 773        |
| Insurance, ground rent, rents                                    |           | -18 267        | -21 047        |
| Energy                                                           |           | -3 913         | -7 041         |
| Furnishing expenses, stand construction                          |           | -66 585        | -149 533       |
| Exhibition and conference operations                             |           | -32 706        | -48 965        |
| Advertising, press, public relations                             |           | -10 285        | -24 331        |
| Other operating expenses                                         | 10        | 4 541          | -6 513         |
| Loss on sale of investments                                      | 7         | -              | -113           |
| <b>Result before interests, taxes and depreciations (EBITDA)</b> |           | <b>-45 054</b> | <b>22 073</b>  |

|                                                                 |         | 2020           | 2019          |
|-----------------------------------------------------------------|---------|----------------|---------------|
|                                                                 | Details | CHF 1000       | CHF 1000      |
| Depreciation and impairment on tangible fixed assets            | 8       | -20 622        | -21 984       |
| Depreciation and impairment on intangible fixed assets          | 9       | -402           | -2 497        |
| Impairment on financial assets                                  | 6       | -              | -317          |
| <b>Result (EBIT)</b>                                            |         | <b>-66 078</b> | <b>-2 725</b> |
| Result of associated organisations                              |         | -30            | -30           |
| Financial result net                                            | 14      | -6 265         | -5 192        |
| <b>Loss before income taxes</b>                                 |         | <b>-72 373</b> | <b>-7 947</b> |
| Income tax                                                      | 15      | 163            | -1 994        |
| <b>Loss for the year</b>                                        |         | <b>-72 210</b> | <b>-9 941</b> |
| of which attributable to non-controlling interests              |         | -489           | -244          |
| of which attributable to the shareholders of the parent company |         | -71 721        | -9 697        |
| Result per share in CHF (diluted / undiluted)                   |         | -4.82          | -1.61         |
|                                                                 |         | per share      | per share     |

# Group Cash Flow Statement

## Fund of cash and cash equivalents

|                                                          |         | 2020     | 2019     |
|----------------------------------------------------------|---------|----------|----------|
|                                                          | Details | CHF 1000 | CHF 1000 |
| Cash flow from operating activities                      |         |          |          |
| Loss of the year                                         |         | -72 210  | -9 941   |
| Book profit from the sale of fixed assets                |         | -1 733   | -2 189   |
| Reduction of non-repayable loan not affecting the fund   | 19      | -2 500   | -2 500   |
| Depreciation and impairment                              |         | 21 024   | 24 798   |
| Loss on sale of investments                              | 7       | -        | 113      |
| Attributable loss of associated organisations            |         | 30       | 30       |
| Decrease trade accounts receivable                       |         | 50 022   | 5 267    |
| Increase / decrease other receivables                    |         | -4 189   | 143      |
| Increase inventories and work in progress                |         | -814     | -13 328  |
| Decrease prepayments and accrued income                  |         | 8 349    | 10 599   |
| Decrease trade accounts payable                          |         | -14 871  | -4 140   |
| Decrease other payables                                  |         | -928     | -11 820  |
| Increase liabilities from work in progress               |         | 10 706   | 6 315    |
| Decrease / Increase accrued expenses and deferred income |         | -72 436  | 6 476    |
| Decrease provisions                                      |         | -5 302   | -1 175   |
| Net cash flow from operating activities                  |         | -84 852  | 8 648    |



|                                                                                   |         | 2020          | 2019         |
|-----------------------------------------------------------------------------------|---------|---------------|--------------|
|                                                                                   | Details | CHF 1000      | CHF 1000     |
| Cash flow from investment activities                                              |         |               |              |
| Investments in land, buildings and fixed installations, assets under construction |         | -395          | -2 404       |
| Investments in other tangible fixed assets                                        |         | -334          | -2 141       |
| Investments in intangible fixed assets                                            |         | -2 074        | -1 317       |
| Divestment of tangible fixed assets                                               |         | 2 512         | 5 949        |
| Repayment of loans granted to others                                              |         | 25            | 126          |
| Loans granted to others                                                           |         | -             | -23          |
| Disposal of consolidated companies (less disposed cash and cash equivalents)      |         | -             | 621          |
| Disposal of consolidated companies (less disposed cash and cash equivalents)      |         | -             | 344          |
| <b>Net cash flow from investment activities</b>                                   |         | <b>-266</b>   | <b>1 155</b> |
| Cash flow from financing operations                                               |         |               |              |
| Capital increase                                                                  | 20.1    | 71 122        | -            |
| Buyout of non-controlling interests                                               |         | -1 127        | -            |
| Short-term loans taken up                                                         |         | 5 948         | 375          |
| Long-term loans taken up                                                          |         | 3 424         | -            |
| Repayment of short-term loans                                                     |         | -1 779        | -267         |
| Repayment of long-term loans                                                      |         | -180          | -621         |
| <b>Net cash flow from financing operations</b>                                    |         | <b>77 408</b> | <b>-513</b>  |
| Currency translation differences                                                  |         | -493          | -500         |
| <b>Net cash flow</b>                                                              |         | <b>-8 203</b> | <b>8 790</b> |
| Cash and cash equivalents at the beginning of the financial year                  | 2       | 138 286       | 129 496      |
| Cash and cash equivalents at the end of the financial year                        | 2       | 130 082       | 138 286      |

# 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 01.01.2019                                       | 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  |
| Currency translation differences                       | -             | -                | -508                                         | -               | -                | -508                    | -28                       | -536    |
| Changes from cash flow hedges                          | -             | -                | -                                            | -               | -                | -                       | -                         | 0       |
| Capital increase <sup>1)</sup>                         | 88 628        | 4 645            | -                                            | -               | -                | -                       | -                         | 93 273  |
| Acquisition of Non-controlling interests <sup>2)</sup> | -             | -                | -                                            | -               | -777             | -777                    | -                         | -777    |
| Change in consolidation scope                          | -             | -                | -                                            | -               | -                | -                       | -338                      | -338    |
| Loss for the year 2020                                 | -             | -                | -                                            | -               | -71 721          | -71 721                 | -489                      | -72 210 |
| As of 31.12.2020                                       | 148 694       | 78 955           | -975                                         | 9               | -159 806         | -160 772                | 429                       | 67 306  |

1) The details of the capital increase are explained in the notes to the consolidated financial statements under item 20.1.

2) The acquisition of non-controlling interests is explained in note 7 to the consolidated financial statements.

The revenue reserve includes CHF 56.9 million (previous year CHF 39.2 million) general statutory reserves (including the capital contribution reserves) held by MCH Group Ltd. and its subsidiaries, which may not be distributed at present. The share of non-distributable retained earnings has risen due to the capital increase. 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 25.8 million (previous year CHF 44.5 million).

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

The upper limit per shareholder on entry into the share register (previous year 5 %) was lifted at the Extraordinary General Meeting of 27.11.2020. This registration limit did 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 31.12.2020 is CHF 12.00 (previous year CHF 26.10).

# Notes to the Group Account

## 1. Consolidation and valuation principles

### Introduction

The present group accounts are based on the individual financial statements for the group companies, drawn up according to uniform guidelines as per 31.12.2020 and stated in Swiss francs (CHF). The consolidated annual accounts are based on the following principles:

### 1.1. Accounting and valuation principles

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

### 1.2. Consolidation principles

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

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

Initial consolidation is performed at the time at which the MCH Group acquires control over the company. The assets and liabilities of the company acquired are valued at their current value at the time of acquisition. Any difference remaining between the purchase price and the equity of the acquired company following this revaluation is directly charged against or credited to the retained earnings as goodwill. Upon

disposal of an investment, the goodwill previously 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 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 resulting 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 daily 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 currency are converted at the official average rate of the Swiss Federal Tax Administration for the month in question.

## 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.

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

In the case of cancelled exhibitions, profit is recognised as follows:

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

### **Cash and cash equivalents**

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

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

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

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

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

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

- Inventories  
Inventories are valued at the lower of acquisition or production cost and their net 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 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 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. For currency hedging purposes, use is made of cash flow hedges, in particular, in order to reduce foreign currency risks for highly probable future cash flows from sales in foreign currencies. All open positions from cash flow hedges on the balance sheet date are disclosed in the notes and are recognised in equity via the hedging reserve.

## Pension benefit obligations

The pension obligations of the Group companies for old age, death and disability are based on the local regulations and practices in the countries concerned. With the exception of MC<sup>2</sup>, 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 revaluated 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 future income tax consequences, a distinction is made between the determination of current and deferred income tax. Current income tax is calculated in accordance with the tax regulations for determining taxable income and is stated as expenditure. Current income tax is included under accrued expenses. Deferred taxes result from valuation differences between the group's values and the decisive values for tax purposes and are included as deferred items accordingly. The recognition of deferred income tax is based on a balance-sheet approach and fundamentally takes into account all future income-tax consequences. The deferred tax liability is calculated on the basis of the actual future tax rates to be expected and shown under the long-term provisions. Deferred tax assets from losses carried forward are not 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 and recognised as other operating income.

## 2. Cash and cash equivalents

|                                        | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|----------------------------------------|------------------------|------------------------|
| Cash, Post Office                      | 11 878                 | 21 005                 |
| Bank                                   | 108 203                | 84 340                 |
| Fixed deposits                         | 10 001                 | 32 941                 |
| <b>Total cash and cash equivalents</b> | <b>130 082</b>         | <b>138 286</b>         |

### 3. Accounts receivable for deliveries and services

|                                        | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|----------------------------------------|------------------------|------------------------|
| Trade accounts receivable              | 16 215                 | 69 095                 |
| Bad debt provision                     | -4 975                 | -7 834                 |
| <b>Total trade accounts receivable</b> | <b>11 240</b>          | <b>61 261</b>          |
| Aging                                  |                        |                        |
|                                        | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
| Not due                                | 3 272                  | 22 427                 |
| Due within 60 days                     | 4 899                  | 34 365                 |
| Due after 60 days                      | 8 044                  | 12 303                 |
| <b>Total trade accounts receivable</b> | <b>16 215</b>          | <b>69 095</b>          |

## 4. Inventories and work in progress

| Composition of inventories                              | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|---------------------------------------------------------|------------------------|------------------------|
| Raw materials                                           | 1 040                  | 1 739                  |
| Consumables and supplies                                | 878                    | 1 248                  |
| Merchandise                                             | 50                     | 56                     |
| Prepayments for inventories                             | 120                    | 123                    |
| Value allowance on inventories                          | -1 025                 | -1 102                 |
| <b>Total inventories</b>                                | <b>1 063</b>           | <b>2 064</b>           |
| <br>                                                    |                        |                        |
| Composition of work in progress                         | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
| Long-term customer contracts                            | 29 281                 | 22 525                 |
| Value allowance on long-term customer contracts         | -4 660                 | -77                    |
| Down payments received for long-term customer contracts | -358                   | -                      |
| <b>Total work in progress</b>                           | <b>24 263</b>          | <b>22 448</b>          |
| <br>                                                    |                        |                        |
| <b>Total inventories and work in progress</b>           | <b>25 326</b>          | <b>24 512</b>          |

## 5. Prepayments, accruals and deferrals

| Composition of prepayments and accrued income  | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|------------------------------------------------|------------------------|------------------------|
| Exhibitions and events                         | 5 686                  | 18 725                 |
| Stand construction sales not yet invoiced      | 4 292                  | 3 654                  |
| Prepaid rents                                  | 2 443                  | 300                    |
| Other                                          | 6 244                  | 4 332                  |
| <b>Total of prepayments and accrued income</b> | <b>18 665</b>          | <b>27 011</b>          |

  

| Composition of accrued expenses and deferred income     | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|---------------------------------------------------------|------------------------|------------------------|
| Services invoiced in advance for exhibitions and events | 8 869                  | 68 659                 |
| Staff                                                   | 4 846                  | 11 162                 |
| Accrual for current tax                                 | 324                    | 2 583                  |
| Other                                                   | 9 869                  | 12 831                 |
| <b>Total of accrued expenses and deferred income</b>    | <b>23 908</b>          | <b>95 235</b>          |

The level of prepayments, accruals and deferrals is influenced primarily by the frequency of the individual exhibitions. On account of the Covid-19 pandemic, hardly any services for exhibitions in 2021 were invoiced in advance. Under prepayments and accrued income, own work for exhibitions and events totalling CHF 3.2 million (previous year CHF 9.8 million) is included in the item for exhibitions and events.

## 6. Financial assets

|                    | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|--------------------|------------------------|------------------------|
| Other loans        | 6                      | 31                     |
| <b>Total loans</b> | <b>6</b>               | <b>31</b>              |

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

| Composition of equity investments                    | 31.12.2020<br>CHF 1000 | 31.12.2019<br>CHF 1000 |
|------------------------------------------------------|------------------------|------------------------|
| Parkhaus Messe Zürich AG                             | 1 652                  | 1 682                  |
| metron Vilshofen GmbH <sup>1)</sup>                  | –                      | –                      |
| <b>Total equity investments</b>                      | <b>1 652</b>           | <b>1 682</b>           |
| <b>Total financial assets</b>                        | <b>1 658</b>           | <b>1 713</b>           |
| Value allowance on equity investments <sup>1)</sup>  | –                      | 317                    |
| Assets held for sale in current assets <sup>1)</sup> | –                      | –                      |

1) In 2019, the investment in metron Vilshofen GmbH was reclassified to current assets (assets held for sale) and valued at a net market value of TCHF 1. It was sold on the 26.03.2020.

## 7. Investments in subsidiaries

| Investments in subsidiaries                       | City       | Activity                   |   | Share capital as of 31.12.2020 in 1000 | Holding as of 31.12.2020 in % | Share capital as of 31.12.2019 in 1000 | Holding as of 31.12.2019 in % |
|---------------------------------------------------|------------|----------------------------|---|----------------------------------------|-------------------------------|----------------------------------------|-------------------------------|
| MCH Swiss Exhibition (Basel) Ltd.                 | Basel      | Exhibitions and congresses | A | CHF 40 000                             | 100.0                         | CHF 40 000                             | 100.0                         |
| MCH Swiss Exhibition (Zurich) Ltd.                | Zurich     | Exhibitions and congresses | A | CHF 13 720                             | 100.0                         | CHF 13 720                             | 100.0                         |
| MCH Beaulieu Lausanne SA                          | Lausanne   | Exhibitions                | A | CHF 100                                | 100.0                         | CHF 100                                | 100.0                         |
| MCH Live Marketing Solutions AG                   | Effretikon | Stand construction         | A | CHF 300                                | 100.0                         | CHF 300                                | 100.0                         |
| 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          | E | CHF 100                                | 100.0                         | CHF 100                                | 100.0                         |
| Exhibit & More AG <sup>10)</sup>                  | Zürich     | Exhibitions                | B | CHF 0                                  | 0.0                           | CHF 50                                 | 100.0                         |
| Design Miami Basel AG <sup>1)</sup>               | 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. <sup>5)</sup>                 | Hong Kong  | Exhibitions                | B | HKD 1                                  | 100.0                         | HKD 1                                  | 100.0                         |
| Seventh Plane Networks Pvt. Ltd. <sup>5)</sup>    | New Delhi  | Exhibitions                | B | INR 0                                  | 0.0                           | INR 0                                  | 0.0                           |
| 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. <sup>8)</sup>  | Missouri   | Live Marketing Solutions   | F | USD 0                                  | 100.0                         | USD 0                                  | 98.0                          |
| Creative Management Services, LLC                 | Delaware   | Live Marketing Solutions   | G | USD 45                                 | 100.0                         | USD 45                                 | 98.0                          |
| Creative Management Services II, LLC              | Missouri   | Live Marketing Solutions   | H | USD 0                                  | 100.0                         | USD 0                                  | 98.0                          |
| Creative Management Holding GmbH                  | Hilden     | Live Marketing Solutions   | H | EUR 25                                 | 100.0                         | EUR 25                                 | 98.0                          |

|                                                              |             |                          |   |     |                                               |                                      |     |                                               |                                      |
|--------------------------------------------------------------|-------------|--------------------------|---|-----|-----------------------------------------------|--------------------------------------|-----|-----------------------------------------------|--------------------------------------|
| MC2 Europe GmbH <sup>2)</sup>                                | Hilden      | Live Marketing Solutions | I | EUR | 200                                           | 50.0                                 | 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 <sup>7)</sup> | Dubai       | Live Marketing Solutions | D | UAE | 300                                           | 49.0                                 | UAE | 300                                           | 49.0                                 |
| Masterpiece Asia Ltd. <sup>6)</sup>                          | Hong Kong   | Exhibitions              | J | HKD | 0                                             | 67.5                                 | HKD | 0                                             | 67.5                                 |
| <b>Investments in associated companies</b>                   | <b>City</b> | <b>Activity</b>          |   |     | <b>Share capital as of 31.12.2020 in 1000</b> | <b>Holding as of 31.12.2020 in %</b> |     | <b>Share capital as of 31.12.2019 in 1000</b> | <b>Holding as of 31.12.2019 in %</b> |
| Parkhaus Messe Zürich AG                                     | Zurich      | Car parking services     | C | CHF | 5 000                                         | 20.0                                 | CHF | 5 000                                         | 20.0                                 |
| metron Vilshofen GmbH <sup>4)</sup>                          | Vilshofen   | Stand construction       | A | EUR | 0                                             | 0.0                                  | EUR | 140                                           | 20.0                                 |
| art.fair International GmbH <sup>3)</sup>                    | Cologne     | Exhibitions              | B | EUR | 0                                             | 0.0                                  | EUR | 0                                             | 0.0                                  |
| <b>Minority investments</b>                                  | <b>City</b> | <b>Activity</b>          |   |     | <b>Share capital as of 31.12.2020 in 1000</b> | <b>Holding as of 31.12.2020 in %</b> |     | <b>Share capital as of 31.12.2019 in 1000</b> | <b>Holding as of 31.12.2019 in %</b> |
| Design Miami II LLC <sup>9)</sup>                            | Miami       | Exhibitions              | B | USD | 0                                             | 0.0                                  | USD | 430                                           | 10.0                                 |
| Design Commerce Technologies, Inc. <sup>9)</sup>             | Delaware    | Exhibitions              | B | USD | 3                                             | 4.4                                  | USD | 0                                             | 0.0                                  |

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

2) The company MC<sup>2</sup> Europe GmbH is controlled by Creative Management Holding GmbH on the basis of a contractual agreement.

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

4) 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. It was sold on the 26.03.2020.

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

6) The holding was founded on 02.04.2019.

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

8) On the 26.06.2020 the 2% held by the local management were repurchased.

9) The shares of Design Miami II LLC were transferred into the Design Commerce Technologies, Inc. on 21.12.2020 for shares of Design Commerce Technologies, Inc.

10) This company was merged in to MCH Swiss Exhibition (Basel) Ltd. on 01.01.2020.

A Company directly held by MCH Group Ltd.

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

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

D Company held by MCH Live Marketing Solutions AG.

E Company held by MCH Beaulieu Lausanne SA.

F Company held by MCH US Corp.

G Company held by Creative Management Services, Inc.

H Company held by Creative Management Services, LLC.

I Company held by Creative Management Holding GmbH. The companies under letters F to I belong to the MC<sup>2</sup> subgroup.

J Company held by Masterpiece London Ltd.



## Change in consolidation scope

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 for 2019. The result of Seventh Plane Networks Pvt. Ltd., by contrast, was included in the consolidated annual accounts for 2019 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.

art.fair International GmbH, Cologne, was sold on 29.05.2019. This resulted in a loss of CHF 0.2 million.

On 30.04.2017, MCH US Corp. acquired 100 % of the shares in MC<sup>2</sup>, 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. had a repurchasing right permitting it to buy back, indirectly via MCH US Corp., as of 30.04.2020, the shares in Creative Management Services LLC held by the management. MCH Group Ltd. could 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 management made use of this right and sold the 2 % to MCH US Corp. on 26.06.2020 for CHF 1.1 million. CHF 0.8 million was offset directly against retained earnings.

With the purchase and assignment agreement of 03.07.2015, MCH Group Ltd. acquired 20 % of the share capital of metron Vilshofen GmbH, Vilshofen (Germany) as per 01.01.2015. 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 03.07.2015, would be completed with effect on 01.01.2019. The purchase and assignment agreement of 03.07.2015 gave both parties the right of withdrawal by the end of 31.12.2018, with this right to be exercised by 30.09.2018. With the amendment agreement of 08.08.2018, the parties amended the contents of the purchase and assignment agreement of 03.07.2015. 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 31.12.2021, to be exercised by 30.09.2021, and the content was modified. The holding in metron Vilshofen GmbH was sold to the owners on 26.03.2020 without profit or loss.

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

## 8. Tangible fixed assets

| Composition of tangible fixed assets<br>CHF 1000   | Land         | Buildings and<br>fixed<br>installations | Assets under<br>construction | Other tangible<br>fixed assets | Total            |
|----------------------------------------------------|--------------|-----------------------------------------|------------------------------|--------------------------------|------------------|
| Purchase costs as of 1.1.2019                      | 7 900        | 910 048                                 | 927                          | 106 316                        | 1 025 191        |
| Depreciated values <sup>1)</sup>                   | –            | –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           |
| <b>Purchase values as of 31.12.2019</b>            | <b>6 500</b> | <b>908 010</b>                          | <b>943</b>                   | <b>89 009</b>                  | <b>1 004 462</b> |
| Accumulated depreciation as of 1.1.2019            | –            | –689 962                                | –                            | –92 092                        | –782 054         |
| + Reductions in value adjustments <sup>1)</sup>    | –            | 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<br>31.12.2019 | –            | –704 433                                | –                            | –78 824                        | –783 257         |
| <b>Net book value as of 31.12.2019</b>             | <b>6 500</b> | <b>203 577</b>                          | <b>943</b>                   | <b>10 185</b>                  | <b>221 205</b>   |
| Purchase costs as of 1.1.2020                      | 6 500        | 908 010                                 | 943                          | 89 009                         | 1 004 462        |
| Depreciated values <sup>1)</sup>                   | –            | –949                                    | –                            | –14 011                        | –14 960          |
| + Additions                                        | –            | 378                                     | –                            | 293                            | 671              |
| Currency translation differences                   | –            | –915                                    | –                            | –1 378                         | –2 293           |
| – Disposals                                        | –            | –776                                    | –                            | –2                             | –778             |
| <b>Purchase values as of 31.12.2020</b>            | <b>6 500</b> | <b>905 748</b>                          | <b>943</b>                   | <b>73 911</b>                  | <b>987 102</b>   |
| Accumulated depreciation as of 1.1.2020            | –            | –704 433                                | –                            | –78 824                        | –783 257         |
| + Reductions in value adjustments <sup>1)</sup>    | –            | 949                                     | –                            | 14 011                         | 14 960           |
| – Depreciations charged in 2020                    | –            | –16 419                                 | –                            | –4 203                         | –20 622          |
| Currency translation differences                   | –            | 729                                     | –                            | 1 221                          | 1 950            |
| Total accumulated depreciation as of<br>31.12.2020 | –            | –719 174                                | –                            | –67 795                        | –786 969         |
| <b>Net book value as of 31.12.2020</b>             | <b>6 500</b> | <b>186 574</b>                          | <b>943</b>                   | <b>6 116</b>                   | <b>200 133</b>   |

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

2) Due to a fire in a warehouse, fully depreciated assets in the amount of CHF 13.8 million had to be derecognised.

The group's outstanding mortgages at the Zurich location amount to CHF 2.2 million (previous year CHF 2.3 million) and, at the Basel location, CHF 105.0 million (previous year CHF 32.5 million). The corresponding book values of the mortgaged buildings in Zurich are CHF 31.4 million (previous year CHF 33.7 million) and, in Basel, CHF 4.2 million (previous year CHF 5.6 million).

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

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

In 2019, a reversal of impairment on the buildings was performed due to 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 led to a revaluation 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 in 2019.

## 9. Intangible assets

| Composition of intangible assets<br>CHF 1000    | Acquired intangible assets |
|-------------------------------------------------|----------------------------|
| Purchase costs as of 1.1.2019                   | 21 365                     |
| Depreciated values <sup>1)</sup>                | -4 562                     |
| + Additions                                     | 1 166                      |
| Currency translation differences                | -79                        |
| Change in consolidation scope                   | -13                        |
| - Disposals                                     | -14                        |
| <b>Purchase values as of 31.12.2019</b>         | <b>17 863</b>              |
| Accumulated depreciation as of 1.1.2019         | -19 189                    |
| + Reductions in value adjustments <sup>1)</sup> | 4 562                      |
| - Depreciations charged in 2019                 | -526                       |
| - Value impairments 2019 <sup>2)</sup>          | -1 829                     |
| Currency translation differences                | 73                         |
| Change in consolidation scope                   | 13                         |
| Total accumulated depreciation as of 31.12.2019 | -16 896                    |
| <b>Net book value as of 31.12.2019</b>          | <b>967</b>                 |
| Purchase costs as of 1.1.2020                   | 17 863                     |
| + Additions                                     | 2 074                      |
| Currency translation differences                | -379                       |
| <b>Purchase values as of 31.12.2020</b>         | <b>19 558</b>              |
| Accumulated depreciation as of 1.1.2020         | -16 896                    |
| - Depreciations charged in 2020                 | -402                       |
| Currency translation differences                | 352                        |
| Total accumulated depreciation as of 31.12.2020 | -16 946                    |
| <b>Net book value as of 31.12.2020</b>          | <b>2 612</b>               |

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

2) Suspension of the introduction of a new ERP system.

## 10. Provisions

| CHF 1000                                | As of<br>01.01.2019 | Recognised   | Used          | Released      | Reclassification<br>and currency<br>translation<br>differences | As of<br>31.12.2019 | thereof<br>short-<br>term |
|-----------------------------------------|---------------------|--------------|---------------|---------------|----------------------------------------------------------------|---------------------|---------------------------|
| Repairs to exhibition<br>parking spaces | 800                 | –            | –             | –             | –                                                              | 800                 | –                         |
| Renovation fund Theater<br>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<br>provision        | 2 374               | –            | –             | –1 008        | 0                                                              | 1 366               | –                         |
| <b>Total provisions</b>                 | <b>22 538</b>       | <b>7 793</b> | <b>–4 576</b> | <b>–4 320</b> | <b>–72</b>                                                     | <b>21 363</b>       | <b>6 247</b>              |

| CHF 1000                                | As of<br>01.01.2020 | Recognised   | Used          | Released      | Reclassification<br>and currency<br>translation<br>differences | As of<br>31.12.2020 | thereof<br>short-<br>term |
|-----------------------------------------|---------------------|--------------|---------------|---------------|----------------------------------------------------------------|---------------------|---------------------------|
| Repairs to exhibition<br>parking spaces | 800                 | –            | –             | –             | –                                                              | 800                 | –                         |
| Renovation fund Theater<br>11           | 2 119               | 202          | –             | –             | –                                                              | 2 321               | –                         |
| Restructuring                           | 8 945               | –            | –5 102        | –1 516        | –                                                              | 2 327               | 2 327                     |
| Other provisions                        | 8 133               | 4 888        | –143          | –3 152        | –183                                                           | 9 543               | 4 992                     |
| Deferred income tax<br>provision        | 1 366               | –            | –             | –295          | –                                                              | 1 071               | –                         |
| <b>Total provisions</b>                 | <b>21 363</b>       | <b>5 090</b> | <b>–5 245</b> | <b>–4 963</b> | <b>–183</b>                                                    | <b>16 062</b>       | <b>7 319</b>              |

CHF 0.8 million (previous year CHF 0.8 million) are provided for contractual obligations entered into in conjunction with the repairs to the parking spaces for exhibition use at the Zurich location. A sum of CHF 0.2 million plus indexed inflation is paid into the provision for the Theater 11 renovation fund each year. This fund is used to finance 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 to said grantor.

In the previous year, a provision was created for the expected costs of structural and organisational optimisation of the national exhibition and event business. In some cases, the provision that had already been created the previous year was reversed accordingly, insofar as it had not already been used. The provisions for restructuring contain CHF 2.0 million (previous year CHF 6.1 million) for threatened losses from long-term contracts and CHF 0.3 million (previous year CHF 2.8 million) for structural and organisational optimisations. In the previous year, CHF 1.3 million were reclassified as other provisions.

The other provisions result from general provisions for potential reimbursement claims of CHF 5.5 million (previous year CHF 3.0 million), potential contractual risks of CHF 2.3 million (previous year CHF 3.6 million) and miscellaneous provisions totalling CHF 1.7 million (previous year CHF 1.5 million).

The reversal of the provisions no longer required for a sum of CHF 5.0 million was recognised in the income statement under "Other operating expenses" and resulted in a positive balance there.

# 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 |
|-----------------------------------------------|---------------|-----------------------|------------------------------------|-------------|----------|------------------------------------|-------------------------------|-------------------------------------------|-------------------------------------|
|                                               | 31.12.2019    | 31.12.2019            | 31.12.2019                         | 2019        | 2019     | 2019                               | 2019                          | 31.12.2018                                | 2019                                |
| CHF 1000                                      |               |                       |                                    |             |          |                                    |                               |                                           |                                     |
| Pension fund                                  | 730           | -                     | 730                                | -           | -        | -                                  | -                             | 730                                       | -                                   |
| <b>Total</b>                                  | <b>730</b>    | <b>-</b>              | <b>730</b>                         | <b>-</b>    | <b>-</b> | <b>-</b>                           | <b>-</b>                      | <b>730</b>                                | <b>-</b>                            |
| Economic benefit and pension fund expenditure |               | Excess/under coverage | Economic benefit for the MCH Group |             |          | Change compared with previous year |                               | Contributions limited to reporting period | Expenditure in personnel expense    |
| CHF 1000                                      |               | 31.12.2019            | 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                                 |
| <b>Total</b>                                  |               | <b>61 996</b>         | <b>-</b>                           | <b>-</b>    |          | <b>-</b>                           |                               | <b>5 363</b>                              | <b>6 371</b>                        |

| 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 |
|-----------------------------------------------|---------------|-----------------------|------------------------------------|-------------|----------|------------------------------------|-------------------------------|-------------------------------------------|-------------------------------------|
|                                               | 31.12.2020    | 31.12.2020            | 31.12.2020                         | 2020        | 2020     | 2020                               | 2020                          | 31.12.2019                                | 2020                                |
| CHF 1000                                      |               |                       |                                    |             |          |                                    |                               |                                           |                                     |
| Pension fund                                  | 730           | -                     | 730                                | -           | -        | -                                  | -                             | 730                                       | -                                   |
| <b>Total</b>                                  | <b>730</b>    | <b>-</b>              | <b>730</b>                         | <b>-</b>    | <b>-</b> | <b>-</b>                           | <b>-</b>                      | <b>730</b>                                | <b>-</b>                            |
| Economic benefit and pension fund expenditure |               | Excess/under coverage | Economic benefit for the MCH Group |             |          | Change compared with previous year |                               | Contributions limited to reporting period | Expenditure in personnel expense    |
| CHF 1000                                      |               | 31.12.2020            | 31.12.2020                         | 31.12.2019  |          | 2020                               |                               | 2020                                      | 2019                                |
| Benefit plans with excess coverage            |               | 57 280                | -                                  | -           |          | -                                  |                               | 4 498                                     | 5 363                               |
| Benefit plans with under coverage             |               | -                     | -                                  | -           |          | -                                  |                               | -                                         | -                                   |
| <b>Total</b>                                  |               | <b>57 280</b>         | <b>-</b>                           | <b>-</b>    |          | <b>-</b>                           |                               | <b>4 498</b>                              | <b>5 363</b>                        |

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 01.01.2012, 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 2020 financial year totalled CHF 4.5 million (previous year CHF 5.4 million). An actuarial balance sheet is drawn up by an expert at least once every three years and has currently been compiled applying the technical bases of the 2015 Occupational Pensions Act (2.0 %). The last actuarial balance sheet was drawn up on 01.01.2018. The actuarial reserve is calculated on an annual basis. The estimated funded status in respect of the pension fund's net assets is 128.0 % as per 31.12.2020 (previous year 130.2 %). As of 2019, the technical bases of the 2015 Occupational Pensions Act (1.50 %) have been applied. The total employer contribution reserve as per 31.12.2020 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 en liquidation" was a defined contribution scheme and insured all employees with permanent contracts. Members were entitled to benefits which included an old-age pension, disability pension, benefits in the event of death and other benefits. MCH Beaulieu Lausanne SA, as the sole company affiliated to the fund (up until 30.09.2019), made 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 en liquidation" is in liquidation.

The employees of Exhibit & More AG had a full-insurance solution with AXA-Winterthur. The funded status of these pension solutions was 100 %. In the course of the merger of Exhibit & More AG into MCH Swiss Exhibition (Basel) Ltd. on 01.01.2020, all employees were also affiliated to the pension fund of the MCH Group.

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

The overall amount is less than 5 % of the human resources expenditure in the 2020 financial year. Expenditure in the 2020 financial year was equivalent to CHF 0.5 million (previous year CHF 0.6 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 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                         |                                     |
| <b>Total</b>                    |                    |                     |                                |                                      | <b>1 425</b>                |                                     |

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

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

As per 31.12.2020, approximately 8 % (previous year 15 %) of the human resources expenditure is used for employees in a trade union, taking in 9 (previous year 9) collective agreements. These are in force from 2021 to 2024. By this point in time, the agreements will have been renewed or renegotiated.

No debts exist to the pension funds as per 31.12.2020 (previous year CHF 0 million).



## 12. Income by divisions and geographical markets

| Operating income by divisions<br>2019<br>CHF 1000 | In Switzerland | Abroad,<br><sup>1)</sup> MCH exhibitions<br><sup>2)</sup> Swiss customers | Abroad,<br>foreign customers | Total          |
|---------------------------------------------------|----------------|---------------------------------------------------------------------------|------------------------------|----------------|
| Exhibitions                                       | 153 456        | 62 446 <sup>1)</sup>                                                      | 10 747                       | 226 649        |
| Venues                                            | 32 422         | –                                                                         | –                            | 32 422         |
| Live Marketing Solutions                          | 11 407         | 6 129 <sup>2)</sup>                                                       | 168 557                      | 186 093        |
| <b>Total operating income by divisions</b>        | <b>197 285</b> | <b>68 575</b>                                                             | <b>179 304</b>               | <b>445 164</b> |
| Operating income by divisions<br>2020<br>CHF 1000 | In Switzerland | Abroad,<br><sup>1)</sup> MCH exhibitions<br><sup>2)</sup> Swiss customers | Abroad,<br>foreign customers | Total          |
| Exhibitions                                       | 49 342         | 14 179 <sup>1)</sup>                                                      | 3 958                        | 67 479         |
| Venues                                            | 16 962         | –                                                                         | –                            | 16 962         |
| Live Marketing Solutions                          | 27 731         | 979 <sup>2)</sup>                                                         | 74 816                       | 103 526        |
| <b>Total operating income by divisions</b>        | <b>94 035</b>  | <b>15 158</b>                                                             | <b>78 774</b>                | <b>187 967</b> |

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 segment results, since detailed reporting of the company's cost and earnings structure could produce competitive disadvantages compared with competitors.

## 13. Staff and staff expenditure

| Employees      | 2020 | 2019 |
|----------------|------|------|
| Full-time jobs | 565  | 841  |

  

| Personnel expenses          | 2020<br>CHF 1000 | 2019<br>CHF 1000 |
|-----------------------------|------------------|------------------|
| Ordinary personnel expenses | -90 935          | -127 769         |
| Short time compensation     | 8 943            | -                |
| Personnel expenses          | -81 992          | -127 769         |

As of December 31, 2020, there are an additional 125 FTEs in the USA on furlough. These are still employed without remuneration and only the social security contributions are still paid.

Expenditure on personnel includes compensation for short-time working of CHF 8.9 million, of which CHF 1.3 million have not yet been collected. Expenditure on personnel prior to compensation for short-time working was CHF 90.9 million.

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) for 2019 were calculated on a pro-rata basis of 8 months for Indian Art Fairs.

## 14. Financial result

| Financial income               | 2020<br>CHF 1000 | 2019<br>CHF 1000 |
|--------------------------------|------------------|------------------|
| Interest income                | 20               | 26               |
| Exchange gains                 | 1 569            | 815              |
| <b>Total financial income</b>  | <b>1 589</b>     | <b>841</b>       |
| <br>                           |                  |                  |
| Financial expense              | 2020<br>CHF 1000 | 2019<br>CHF 1000 |
| Interest on capital            | -4 434           | -4 096           |
| Exchange losses                | -2 700           | -1 027           |
| Bank and credit card charges   | -720             | -910             |
| <b>Total financial expense</b> | <b>-7 854</b>    | <b>-6 033</b>    |
| <br>                           |                  |                  |
| <b>Financial result net</b>    | <b>-6 265</b>    | <b>-5 192</b>    |

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

## 15. Taxes

|                         | 2020<br>CHF 1000 | 2019<br>CHF 1000 |
|-------------------------|------------------|------------------|
| Current income tax      | -133             | -2 596           |
| Deferred income tax     | 296              | 602              |
| <b>Total income tax</b> | <b>163</b>       | <b>-1 994</b>    |

|                                                  | 2020<br>CHF 1000 | 2019<br>CHF 1000 |
|--------------------------------------------------|------------------|------------------|
| Total tax loss carry forward as of 01.01.        | 206 434          | 17 431           |
| Change in consolidation scope                    | -                | -                |
| Loss carry forwards expired                      | -                | -                |
| Change in loss carry forward in the tax balance  | 84 246           | 189 003          |
| <b>Total tax loss carry forward as of 31.12.</b> | <b>290 680</b>   | <b>206 434</b>   |

|                                                          | 2020<br>CHF 1000 | 2019<br>CHF 1000 |
|----------------------------------------------------------|------------------|------------------|
| Impact of changes in loss carry forwards on income tax   |                  |                  |
| Income tax prior to allowance for loss carry forwards    | -618             | -1 892           |
| Impact of non-capitalisation of loss carry forwards      | 274              | -653             |
| Impact of the use of non-capitalised loss carry forwards | 507              | 551              |
| <b>Income tax with allowance for loss carry forwards</b> | <b>163</b>       | <b>-1 994</b>    |

The average tax rate applied to the result before tax is 0.2 % (previous year -25.1 %).

To ensure that the loss carried forward from the 2018 financial year for MCH Swiss Exhibition (Basel) Ltd. can be claimed in subsequent years, a voluntary submission to taxation as of 2018 was applied for in the 2019 financial year. This has been approved by the tax authorities. 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, deferred tax is calculated with the effectively applicable tax rate. In the 2020 financial year, the tax loss carried forward increased by CHF 84.2 million to CHF 290.7 million.

Deferred tax assets from losses carried forward were not capitalised as per 31.12.2020.

## 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 covers the acquired companies Creative Management Services, Inc. (MC<sup>2</sup> subgroup) and Masterpiece London Ltd.

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              |                |                |
|-------------------------------------------------------------------------|----------------|----------------|
|                                                                         | 2020           | 2019           |
|                                                                         | CHF 1000       | CHF 1000       |
| Loss for the year                                                       | -72 210        | -9 941         |
| Theoretical amortisation of goodwill                                    | -18 772        | -19 700        |
| <b>Result after taxes with capitalisation of the goodwill</b>           | <b>-90 982</b> | <b>-29 641</b> |
|                                                                         |                |                |
| Acquisition value of the goodwill                                       |                |                |
|                                                                         | 2020           | 2019           |
|                                                                         | CHF 1000       | CHF 1000       |
| As of 01.01.                                                            | 143 873        | 145 333        |
| Additions                                                               | -              | -              |
| Recycling Goodwill <sup>1)</sup>                                        | -              | -1 460         |
| <b>As of 31.12.</b>                                                     | <b>143 873</b> | <b>143 873</b> |
|                                                                         |                |                |
| Accumulated amortisation of the goodwill                                |                |                |
|                                                                         | 2020           | 2019           |
|                                                                         | CHF 1000       | CHF 1000       |
| As of 01.01.                                                            | 99 341         | 81 101         |
| Scheduled amortisation                                                  | 18 772         | 19 700         |
| Recycling Goodwill <sup>1)</sup>                                        | -              | -1 460         |
| Value impairment                                                        | -              | -              |
| <b>As of 31.12.</b>                                                     | <b>118 113</b> | <b>99 341</b>  |
|                                                                         |                |                |
| Shareholders' equity as of 31.12.                                       | 67 306         | 48 042         |
| Theoretical net book value of goodwill                                  | 25 760         | 44 532         |
| <b>Shareholders' equity with inclusion of the goodwill as of 31.12.</b> | <b>93 066</b>  | <b>92 574</b>  |

1) 2019 Recycling Seventh Plane Networks Pvt. Ltd. and art.fair International, Düsseldorf.

## 17. Off-balance-sheet transactions

| CHF 1000                                 | Due in 1 year<br>or less | Due in<br>2–5 years | Due in 5<br>years<br>or more | Total          |
|------------------------------------------|--------------------------|---------------------|------------------------------|----------------|
| 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         |
| <b>As of 31.12.2019</b>                  | <b>13 788</b>            | <b>31 843</b>       | <b>56 945</b>                | <b>102 576</b> |
| Rental contracts for business premises   | 6 796                    | 8 841               | 3 465                        | 19 102         |
| Rental and maintenance contracts for ICT | 100                      | 154                 | –                            | 254            |
| Lease commitments for vehicles           | 178                      | 155                 | 4                            | 337            |
| Rental contracts for exhibition space    | 1 098                    | 2 908               | 4 065                        | 8 071          |
| Ground rent                              | 1 693                    | 6 303               | 45 810                       | 53 806         |
| <b>As of 31.12.2020</b>                  | <b>9 865</b>             | <b>18 361</b>       | <b>53 344</b>                | <b>81 570</b>  |

## 18. Derivative financial instruments

| CHF 1000                                      | Contract value<br>2020 | Contract<br>value<br>2019 | Replacement<br>value<br>2020 | Replacement<br>value<br>2019 | Purpose |
|-----------------------------------------------|------------------------|---------------------------|------------------------------|------------------------------|---------|
| Forward transactions foreign exchange         | 9 117                  | 2 381                     | 10                           | 10                           | Hedging |
| <b>Total derivative financial instruments</b> | <b>9 117</b>           | <b>2 381</b>              | <b>10</b>                    | <b>10</b>                    |         |

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

## 19. Loans taken up

| 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%         | –                            | 30.06. resp. 31.12.2020                                                         |
| <b>Total short-term loans taken up from third parties</b>                  | <b>222</b>     | <b>111</b>          | <b>–</b>      | <b>–</b>                     |                                                                                 |
| 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                                                                      |
| <b>Total short-term loans taken up from related parties (shareholders)</b> | <b>2 567</b>   | <b>1</b>            | <b>–</b>      | <b>2 567</b>                 |                                                                                 |
| <b>Total short-term loans (less than 1 year)</b>                           | <b>2 789</b>   | <b>112</b>          | <b>–</b>      | <b>2 567</b>                 |                                                                                 |
| 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           |
| <b>Total long-term loans taken up from third parties</b>                   | <b>44 390</b>  | <b>1 004</b>        | <b>–</b>      | <b>–</b>                     |                                                                                 |
| 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                          | 30.06.2031                                                                      |
| Long-term loans from shareholders (City of Zurich)                         | 1 500          | 30                  | 2%            | 1 500                        | 30.06.2031                                                                      |
| Interest-free loans from shareholders (Cantons BS, BL) <sup>1)</sup>       | 60 000         | –                   | –             | –                            | as of 09.06.2020 resp. 08.09.2020 annual amortisation of CHF 3 mn <sup>3)</sup> |
| Non-repayable loan (à fonds perdu) secured with a mortgage <sup>2)</sup>   | 30 000         | –                   | –             | 30 000                       | last amortisation instalment 06.07.2032                                         |
| <b>Total long-term loans taken up from related parties (shareholders)</b>  | <b>127 233</b> | <b>1 096</b>        | <b>–</b>      | <b>32 233</b>                |                                                                                 |
| Bond                                                                       | 100 000        | 1 885               | 1.875%        | –                            |                                                                                 |
| <b>Total Bond</b>                                                          | <b>100 000</b> | <b>1 885</b>        | <b>–</b>      | <b>–</b>                     |                                                                                 |
| <b>Total long-term loans (more than 1 year)</b>                            | <b>271 623</b> | <b>3 985</b>        | <b>–</b>      | <b>32 233</b>                |                                                                                 |
| <b>Total loans taken up as of 31.12.2019</b>                               | <b>274 412</b> | <b>4 097</b>        | <b>–</b>      | <b>34 800</b>                |                                                                                 |



| As of 31.12.2020                                                           | 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               | 4 400          | 38                  | 1.25%         | –                            | 30.06. resp.<br>31.12.2021                                                                 |
| <b>Total short-term loans taken up from third parties</b>                  | <b>4 400</b>   | <b>38</b>           | <b>–</b>      | <b>–</b>                     |                                                                                            |
| Short-term and fixed-rate loans from shareholders (Canton of Zurich)       | 67             | 1                   | 2.00%         | 67                           | 30.06.2021                                                                                 |
| Interest-free loans from shareholders (Canton BS) <sup>1), 4)</sup>        | 5 756          | –                   | –             | –                            | as of<br>08.09.2020<br>annual<br>amortisation of<br>CHF 3 mn <sup>3)</sup>                 |
| Non-repayable loan (à fonds perdu) secured with a mortgage                 | 2 500          | –                   | –             | 2 500                        | 08.07.2021                                                                                 |
| <b>Total short-term loans taken up from related parties (shareholders)</b> | <b>8 323</b>   | <b>1</b>            | <b>–</b>      | <b>2 567</b>                 |                                                                                            |
| <b>Total short-term loans (less than 1 year)</b>                           | <b>12 723</b>  | <b>39</b>           | <b>–</b>      | <b>2 567</b>                 |                                                                                            |
| Long-term and fixed-rate loans from third parties and banks                | 47 355         | 1 371               | 1.25%-4.12%   | 40 000                       | 01.09.2027<br>resp.<br>05.01.2037<br>annual<br>amortisation<br>obligation<br>CHF<br>0.2 mn |
| Long-term loans from third parties (Canton of Basel-Landschaft)            | 35 000         | 1 094               | 3%-3.25%      | 35 000                       | 15.03.2026                                                                                 |
| Interest-free loans from third parties (Canton BL) <sup>1)</sup>           | 30 000         | –                   | –             | –                            | as of<br>09.06.2020<br>annual<br>amortisation of<br>CHF 3 mn <sup>3)</sup>                 |
| <b>Total long-term loans taken up from third parties</b>                   | <b>112 355</b> | <b>2 465</b>        | <b>–</b>      | <b>75 000</b>                |                                                                                            |
| Long-term loans from shareholders (Canton of Zurich)                       | 667            | 15                  | 2%            | 667                          | 30.06.2031                                                                                 |
| Long-term loans from shareholders (City of Zurich)                         | 1 500          | 30                  | 2%            | 1 500                        | 30.06.2031                                                                                 |
| Non-repayable loan (à fonds perdu) secured with a mortgage <sup>2)</sup>   | 27 500         | –                   | –             | 27 500                       | last<br>amortisation<br>instalment<br>06.07.2032                                           |
| <b>Total long-term loans taken up from related parties (shareholders)</b>  | <b>29 667</b>  | <b>45</b>           | <b>–</b>      | <b>29 667</b>                |                                                                                            |
| Bond                                                                       | 100 000        | 1 885               | 1.875%        | –                            | 16.05.2023                                                                                 |
| <b>Total Bond</b>                                                          | <b>100 000</b> | <b>1 885</b>        | <b>–</b>      | <b>–</b>                     |                                                                                            |
| <b>Total long-term loans (more than 1 year)</b>                            | <b>242 022</b> | <b>4 395</b>        | <b>–</b>      | <b>104 667</b>               |                                                                                            |
| <b>Total loans taken up as of 31.12.2020</b>                               | <b>254 745</b> | <b>4 434</b>        | <b>–</b>      | <b>107 234</b>               |                                                                                            |

- 1) Interest as a subsidy; the interest-free loans of the cantons of Basel-Stadt and Basel-Landschaft are subordinated.
  - 2) Financing sum, annual amortisation of CHF 2.5m, as a subsidy from 2013 onwards.
  - 3) Repayment will be deferred if the equity ratio of MCH Group Ltd. falls below 30% or if no dividends are paid on account of the result.
  - 4) In the course of the capital increase, CHF 24.2m of the loan was converted into share capital.
- 

In the framework of the financing for 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 %.

On account of the Covid-19 pandemic, various non-Swiss companies have been awarded country-specific Covid-19 loans for a total of CHF 7.6 million. Swiss companies applied for short-term Covid-19 loans totalling CHF 1.5 million but these had been repaid as at 31.12.2020. The cash flow from financing activities shows the borrowing and repayment of the loans.

The net debt (short and long-term loans taken up minus cash and cash equivalents) fell to CHF 124.7 million (previous year CHF 136.1 million).

## 20. Further details

### 20.1. Capital increase

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

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

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

1) Accounted in equity and reported under capital reserves.

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

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

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

1) Accounted in equity and reported under capital reserves.

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

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

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

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

1) Accounted in equity and reported under capital reserves.

## 20.2. Transactions with related parties

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

In the course of the capital increase, the Canton of Basel-Landschaft sold its stake to the Canton of Basel-Stadt and no longer counts as a related party as of this time.

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 0.7 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” project for CHF 350 million (including approximately CHF 40 million from the increase in share capital in 2011), the following transactions were made or prepared between MCH Swiss Exhibition (Basel) Ltd. and the public-sector entities. As the parent company, MCH Group Ltd. guarantees 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 30 million each) totalling CHF 60 million (see also 19. Loans taken up) This reduced the interest to be paid by MCH Swiss Exhibition (Basel) Ltd. in the 2020 financial year by CHF 0.8 million (previous year CHF 1.1 million), taking a reference interest rate of 1.60 % (previous year 1.75 %). 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 course of the capital increase, CHF 24.2 million of the loan from the Canton of Basel-Stadt was converted into share capital. The remaining CHF 5.8 million are still in the form of a loan at unchanged conditions.

In the 2012 business year, MCH Messe Basel 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 0.5 million (previous year CHF 0.7 million).

In 2020, MC<sup>2</sup> 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 2.9 million (previous year CHF 4.2 million).

In 2020, Masterpiece London Ltd. placed a stand construction order for Masterpiece London, for a value of CHF 0.2 million (previous year CHF 2.6 million), with a related company. 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 led to an impairment reversal in 2019 (see under 8. Tangible fixed assets). Exhibition Hall 3 is being rented back 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.

## 20.3. Contingent liabilities and receivables

On 31.12.2020, MCH Swiss Exhibition (Zurich) Ltd. has contingent liabilities of CHF 0.6 million (previous year CHF 0.7 million) in conjunction with 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 5.1 million as of 31.12.2020 (previous year CHF 1.0 million). Bank guarantees of CHF 0.6 million (previous year CHF 1.1 million) also still exist. By way of security for a rent guarantee for MC<sup>2</sup>, a guarantee of CHF 2.2 million (USD 2.5 million) was issued (previous year CHF 2.4 million, USD 2.5 million).

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

Depending on the final assessment of the events with overall cancellation insurance programme by the insurance company, further insurance benefits could be collected in the following year (see also item 20.7).

## 20.4. Exchange rates

| Exchange rates CHF | Average annual rates |       | Year ending rates |       |
|--------------------|----------------------|-------|-------------------|-------|
|                    | 2020                 | 2019  | 2020              | 2019  |
| USD                | 0.94                 | 0.99  | 0.88              | 0.97  |
| EUR                | 1.07                 | 1.11  | 1.08              | 1.09  |
| HKD (100)          | 12.09                | 12.68 | 11.40             | 12.43 |
| INR (100)          | 1.27                 | 1.41  | 1.21              | 1.36  |
| GBP                | 1.20                 | 1.27  | 1.21              | 1.28  |
| CNY (100)          | 13.60                | 14.39 | 13.52             | 13.90 |

## 20.5. 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 18.12.2020. 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.

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

### Review of 2020

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

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

In the “Live Marketing Solutions” division, numerous orders were postponed or cancelled. In the 2020 financial year, the division took on 1,124 projects in this business field, which, in terms of numbers, was around 30 % fewer than in the previous year. This resulted in a drop in sales of CHF 82.6 million, corresponding to a decline of 44 % compared with the previous year.

## Outlook for 2021 and following years

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

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

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

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

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

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

## 20.7. Canceled exhibitions with event cancellation insurance

The MCH Group has taken out an overall cancellation insurance programme for several events in the art sector, which covers certain risks in connection with possible loss of sales. The events cancelled in the 2020 business year (Art Basel in Hong Kong, Masterpiece in London, Art Basel in Basel and Art Basel in Miami Beach) were reported to the insurance company. The processing by the expert commissioned by the insurance company is still continuing. The MCH Group assumes that it will be possible to conclude the examination of the claims in 2021. The insurer has already made fairly large interim payments, but had not yet conclusively assessed any claims by the end of 2020.

In the 2020 financial year, insurance benefits of CHF 22.0 million were recognised as other operating income, of which CHF 19.3 million were already received in the reporting year. After the balance sheet date, another interim payment of CHF 9.6 million was received.

Based on the current status of the partial audits and the interim payments made by the insurer, we can assume that the insurance company will compensate us for loss of sales at least to the extent of the costs incurred. In this context, capitalised costs in the amount of CHF 22.0 million were realised and recognised in operating expenses in the following positions:



|                                         | 2020           |
|-----------------------------------------|----------------|
|                                         | CHF 1000       |
| Personnel expenses                      | -2 683         |
| Administration                          | -281           |
| Maintenance, repairs                    | -26            |
| Insurance, ground rent, rents           | -811           |
| Energy                                  | -3             |
| Furnishing expenses, stand construction | -3 404         |
| Exhibition and conference operations    | -13 477        |
| Advertising, press, public relations    | -1 305         |
| <b>Total realised costs</b>             | <b>-21 990</b> |

## 20.8. Approval of the annual accounts

The Board of Directors of MCH Group Ltd. approved the consolidated annual accounts on 22.03.2021.



## 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 2020 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 2020, 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 2020, MCH Group Ltd. has land, buildings and fixed installations in the amount of CHF 193.1 mio., of which CHF 117.7 mio. correspond to exhibition halls situated in Basel and CHF 31.4 mio. correspond to exhibition halls situated in Zurich.

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

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

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

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

### Our response

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

We performed amongst others the following audit procedures:

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

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

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

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



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

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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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 Bolliger  
Licensed Audit Expert  
Auditor in Charge

Marc Stadelmann  
Licensed Audit Expert

Basel, 23. March 2021

KPMG AG, Niederstrasse 42, Postfach 5456, CH-4002 Basel

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# MCH Group Ltd.

## Balance sheet

### Statutory accounts of the holding company

| Assets                                            | Details | 31.12.2020     |              | 31.12.2019     |              |
|---------------------------------------------------|---------|----------------|--------------|----------------|--------------|
|                                                   |         | CHF 1000       | %            | CHF 1000       | %            |
| Cash and cash equivalents                         |         | 55 212         | –            | 7 323          | –            |
| Trade accounts receivable from third parties      |         |                | –            | 2              | –            |
| Trade accounts receivable from holdings           |         | 5 619          | –            | 2 704          | –            |
| Other receivables from third parties              | 2.2     | 3 009          | –            | 131            | –            |
| Other receivables from holdings                   |         | 349            | –            | –              | –            |
| Prepayments and accrued income from third parties |         | 656            | –            | 625            | –            |
| <b>Total current assets</b>                       |         | <b>64 845</b>  | <b>16.2</b>  | <b>10 785</b>  | <b>3.1</b>   |
| Long-term loans to holdings                       |         | 125 178        | –            | 156 587        | –            |
| Long-term non-interest-bearing loans to holdings  | 2.5     | 49 943         | –            | 20 006         | –            |
| Investments                                       | 2.1     | 159 615        | –            | 159 615        | –            |
| <b>Total non-current assets</b>                   |         | <b>334 736</b> | <b>83.8</b>  | <b>336 208</b> | <b>96.9</b>  |
| <b>Total assets</b>                               |         | <b>399 581</b> | <b>100.0</b> | <b>346 993</b> | <b>100.0</b> |



| Liabilities and shareholders' equity                               | Details | 31.12.2020     |              | 31.12.2019     |              |
|--------------------------------------------------------------------|---------|----------------|--------------|----------------|--------------|
|                                                                    |         | CHF 1000       | %            | CHF 1000       | %            |
| Trade accounts payable towards third parties                       |         | 81             | –            | 353            | –            |
| Other payables towards third parties                               | 2.2     | 1 082          | –            | 30             | –            |
| Other payables towards holdings                                    | 2.2     | 12 927         | –            | 498            | –            |
| Accrued expenses and deferred income towards third parties         |         | 6 493          | –            | 3 351          | –            |
| Accrued expenses and deferred income towards holdings              |         | 91             | –            | –              | –            |
| Short-term provisions                                              |         | –              | –            | 1 169          | –            |
| <b>Total current liabilities</b>                                   |         | <b>20 674</b>  | <b>5.2</b>   | <b>5 401</b>   | <b>1.6</b>   |
| Long-term interest-bearing liabilities towards holdings            |         | 93 433         | –            | 102 357        | –            |
| Long-term non-interest-bearing liabilities towards holdings        |         | 119            | –            | –              | –            |
| Long-term non-interest-bearing liabilities towards related parties | 2.3     | 5 756          | –            | –              | –            |
| Bond                                                               | 2.6     | 100 000        | –            | 100 000        | –            |
| <b>Total non-current liabilities</b>                               |         | <b>199 308</b> | <b>49.9</b>  | <b>202 357</b> | <b>58.3</b>  |
| <b>Total liabilities</b>                                           |         | <b>219 982</b> | <b>55.1</b>  | <b>207 758</b> | <b>59.9</b>  |
| Share capital                                                      | 2.4     | 148 694        | –            | 60 066         | –            |
| Statutory capital reserves                                         |         |                |              |                |              |
| - Reserves from capital contributions                              | 2.4     | 32 635         | –            | 27 990         | –            |
| Statutory retained earnings                                        |         |                |              |                |              |
| - General statutory retained earnings                              |         | 5 600          | –            | 5 600          | –            |
| Voluntary retained earnings                                        |         |                |              |                |              |
| - Statutory resolved retained earnings                             |         | 47 600         | –            | 47 600         | –            |
| Retained earnings                                                  |         |                |              |                |              |
| - Profit carried forward                                           |         | –2 021         | –            | 6 199          | –            |
| - Net loss                                                         |         | –52 909        | –            | –8 220         | –            |
| <b>Total shareholders' equity</b>                                  |         | <b>179 599</b> | <b>44.9</b>  | <b>139 235</b> | <b>40.1</b>  |
| <b>Total liabilities and shareholders' equity</b>                  |         | <b>399 581</b> | <b>100.0</b> | <b>346 993</b> | <b>100.0</b> |



# MCH Group Ltd.

## Income statement

### Statutory accounts of the holding company

|                                        |            | 2020           | 2019           |
|----------------------------------------|------------|----------------|----------------|
|                                        | Details    | CHF 1000       | CHF 1000       |
| Dividends from holdings                |            | 4 000          | 1 686          |
| Other financial income from holdings   |            | 5 983          | 6 483          |
| Other financial income                 |            | 40             | 162            |
| Management fee from holdings           |            | 7 936          | 9 436          |
| Other operating income                 |            |                |                |
| - Services with third parties          |            | 17             | 21             |
| - Other operating income               |            | 3              | 3              |
| Revenue reductions                     |            | -1             | -2             |
| <b>Total operating income</b>          |            | <b>17 978</b>  | <b>17 789</b>  |
|                                        | Details    | CHF 1000       | CHF 1000       |
| Financial expense from bond            |            | -1 885         | -1 885         |
| Financial expense from holdings        |            | -7 270         | -7 821         |
| Contribution to holdings               |            | -4 000         | -              |
| Other financial expenses               |            | -228           | -179           |
| Personnel expenses                     | 2.7        | -7 077         | -8 003         |
| Other operating expenses               |            |                |                |
| - Administration                       |            | -4 064         | -6 776         |
| - Insurance                            |            | -796           | -314           |
| - Furnishing expenses                  |            | -67            | -31            |
| - Advertising, press, public relations |            | -650           | -471           |
| - Other operating expenses             |            | 150            | -              |
| Value allowance on investments         |            | -              | -529           |
| Debt waiver on loans                   | 2.5        | -45 000        | -              |
| <b>Total operating expenses</b>        |            | <b>-70 887</b> | <b>-26 009</b> |
| <b>Total result before taxes</b>       |            | <b>-52 909</b> | <b>-8 220</b>  |
| Income tax                             |            | -              | -              |
| <b>Net loss</b>                        | <b>3.7</b> | <b>-52 909</b> | <b>-8 220</b>  |

# Notes to the Annual Accounts

## 1. Principles

### 1.1 General Information

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

### 1.2 Valuation principles

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

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

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

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

### 2.1 Investments

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

Notes to the Group Account | Financial assets

The capital share corresponds to the voting share.

Direct and associated investments in subsidiaries

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

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

A Company directly owned by MCH Group Ltd.

### 2.2 Other receivables and payables

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

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

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

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

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

## 2.4 Shareholders' equity

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

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

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

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

1) Accounted in equity and reported under capital reserves.

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

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

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

1) Accounted in equity and reported under capital reserves.

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

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

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

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

1) Accounted in equity and reported under capital reserves.

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

## 2.5 Repayment waiver on loan

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

## 2.6 Bond

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

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

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

## 3. Further details

### 3.1 Full-time employees

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

### 3.2 Sureties provided for liabilities of third parties

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

### 3.3 Contingent liabilities

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

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

### 3.4 Maximum dividend payment

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

### 3.5 Key shareholders

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

Shareholding 31.12. 2020 (31.12.2019):

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

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

## 3.6 Disclosure of participation rights

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

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

1) BD member up to 24.04.2020

2) BD member up to 21.12.2020

3) BD member as of 21.12.2020

4) BD member from 24.04.2020 to 21.12.2020

5) MCBM Beteiligungen AG

6) Lupa Systems LLC

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



## Shares held by members of the Executive Board

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

1) BD member up to 31.12.2019

2) EB member as of 01.01.2020

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

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

### Review of 2020

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

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

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

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

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

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

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

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

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

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



## 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 2020, 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 2020 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 2020, MCH Group Ltd. holds investments in the amount of CHF 159.6 mio.

The value adjustments recorded on investments during the year 2020 amount to CHF 0 mio.

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

### Our response

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

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

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



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

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

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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



### Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Claudio Boller  
Licensed Audit Expert  
Auditor in Charge

Marc Stadelmann  
Licensed Audit Expert

Basel, 23. March 2021

KPMG AG, Niederstrasse 42, Postfach 5456, CH-4002 Basel

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The Reports 2020  
of MCH Group are  
available in German and  
English. The German  
version is legally binding  
25.03.2021.