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## Annual General Meeting of MCH Group Ltd. on 23 May 2022

3:00 pm (CET), Congress Center Basel

Please note that on-site attendance in person is not possible. The Swiss Federal Council lifted the nationwide measures against the pandemic as of 1 April 2022. Since then, the main responsibility for protecting the people has been with the cantons. According to the Federal Council, a transitional phase with increased vigilance and response capability is indicated until spring 2023. General meetings can continue to be held in writing form until the revision of company law comes into force on 1 January 2023. Due to the still uncertain situation at the time of the preparation of the General Meeting, the Board of Directors has decided that the rights of the shareholders can be exercised exclusively by appointing the independent proxy.

The results of the voting shall be recorded in the minutes, which shall be published on the MCH Group website after the meeting.

Shareholders who are entered in the share register on 13 May 2022 are entitled to exercise their voting rights or to issue their instructions to the independent proxy. From 14 May to and including 23 May 2022, the share register will be closed for registrations. Shareholders who sell their shares after 14 May 2022 are no longer entitled to vote or issue instructions for these shares at the upcoming Annual General Meeting.

As announced in the Annual Report 2021, the Board of Directors is preparing financial measures to implement the growth initiatives and to refinance the CHF 100 million bond in May 2023. The focus is on strengthening the capital base and downstream renewal of debt financing. In a first step, a further capital increase is planned with the support of the Canton of Basel-Stadt and Lupa Systems and with subscription rights for all shareholders. You find more information on the planned capital increase after the explanation on agenda items.

Basel, 29 April 2022

MCH Group Ltd.

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# Agenda and motions of the Board of Directors

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## **1. Approval of the Annual Report and the Financial Report 2021 and acknowledgement of the Auditor's report.**

The Board of Directors proposes to approve the Annual Report and the Financial Report 2021.

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## **2. Waiver of the payment of a dividend**

The Board of Directors proposes to waive the payment of a dividend.

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## **3. Discharge of the members of the Board of Directors and the Executive Board**

The Board of Directors proposes that discharge be granted to the members of the Board of Directors and the Executive Board for their activities in the 2021 financial year.

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## **4. Elections**

### 4.1 Board of Directors

The Board of Directors proposes to individually elect

- 4.1.1 Markus Breitenmoser
- 4.1.2 Marco Gadola
- 4.1.3 Eleni Lionaki
- 4.1.4 James R. Murdoch
- 4.1.5 Jeffrey Palker
- 4.1.6 Andrea Zappia

for a term of office of one year until the end of the Annual General Meeting 2023.

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### 4.2 Chairman of the Board of Directors

The Board of Directors proposes the election of Andrea Zappia as Chairman of the Board of Directors for a term of office of one year until the end of the Annual General Meeting 2023.

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### 4.3 Governance, Nomination and Compensation Committee (remuneration committee)

The Board of Directors proposes to individually elect

- 4.3.1 Christoph Brutschin
- 4.3.2 Marco Gadola
- 4.3.3 Jeffrey Palker
- 4.3.4 Andrea Zappia

for a term of office of one year until the end of the Annual General Meeting 2023.

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### 4.4 Auditors

The Board of Directors proposes to elect KPMG AG, Basel as auditors for a term of office of one year until the end of the Annual General Meeting 2023.

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### 4.5 Independent proxy

The Board of Directors proposes to elect NEOVIUS AG, Advokaten und Notare, Basel as independent proxy for the term of one year until the end of the Annual General Meeting 2023.

## 5. Modifications to the Articles of Association of MCH Group Ltd. concerning remunerations

The Board of Directors proposes that, as a prerequisite for the implementation of the new remuneration models for the members of the Board of Directors and the Executive Board, the modifications to Paragraphs 18, 19, 24, 36, 40, 41 and 42 of the Articles of Association of MCH Group Ltd. be approved:

### Current wording

#### 1. The General Meeting of Shareholders

##### D. Vote on remunerations

###### § 18

[Paragraphs 1 and 2 ]

The General Meeting of Shareholders shall vote separately on the approval of the total amounts resolved by the Board of Directors for:

- a) the non-performance-related remuneration of the Board of Directors for the financial year beginning after the Annual General Meeting of Shareholders;
- b) the non-performance-related remuneration of the Executive Management for the financial year beginning after the Annual General Meeting of Shareholders;
- c) the performance-related remuneration of the Executive Management for the completed financial year.

The resolutions pursuant to litera a) and b) shall be taken for the first time for the non-performance-related remuneration for the financial year from January 1, 2015 to December 31, 2015; those pursuant to litera c) for the first time for the performance-related remuneration for the financial year from January 1, 2014 to December 31, 2014. The Board of Directors shall remain responsible for earlier remunerations.

###### § 19

If the General Meeting of Shareholders refuses to approve a total amount, the Board of Directors may submit a new proposal at the same meeting. If it does not make a new proposal or if this proposal is also rejected, the Board of Directors shall notice a new General Meeting of Shareholders as soon as possible.

### Proposed wording

#### 1. The General Meeting of Shareholders

##### D. Vote on remunerations

###### § 18

*[Paragraphs 1 and 2 unchanged]*

*The General Meeting of Shareholders shall vote separately on the approval of the maximum total amounts resolved by the Board of Directors for:*

- a) the remuneration of the Board of Directors for the financial year beginning after the Annual General Meeting of Shareholders;*
- b) the fixed remuneration and the grant of the long-term variable remuneration of the Executive Management for the financial year beginning after the Annual General Meeting of Shareholders;*
- c) the short-term variable remuneration of the Executive Management for the completed financial year.*

*[omitted]*

###### § 19

*If the General Meeting of Shareholders rejects the proposal of the Board of Directors for the total amounts of remuneration of the Board of Directors and/or the Executive Management, the decision on how to proceed shall reside with the Board of Directors. The options for the Board of Directors shall be to either convene an Extraordinary General Meeting to submit a new remuneration proposal, and/or to determine the remuneration for the corresponding period on an interim basis, subject to approval at the next General Meeting of Shareholders.*

*The Company or entities controlled by it may pay out remuneration prior to approval by the General Meeting of Shareholders subject to subsequent approval by a General Meeting of Shareholders.*

## **2. The Board of Directors**

### **C) Remunerations in the Group**

#### **§ 24**

Remunerations to members of the Board of Directors for activities in companies which are directly or indirectly controlled by the Company is permissible in accordance with article 21 paragraphs 1 and 3 of the Swiss Ordinance against Excessive Remunerations in Listed Companies.

## **3. The Executive Management**

### **B) Permitted Activities**

#### **§ 36**

The number of permissible activities of the members of the Executive Management in the supreme management or administrative bodies of legal entities which are obliged to be registered in the Commercial Register or in a corresponding foreign register and which are not controlled by the Company or do not control the Company shall be cumulative per member:

- a) in the case of legal entities registered in the Commercial Register or in a corresponding foreign register, insofar as not included in litera b): 8;
- b) in the case of charitable legal entities registered in the Commercial Register or in a corresponding foreign register, which pursue public or charitable purposes: 8.

## **2. The Board of Directors**

### **C) Principles of Remunerations to the members of the Board of Directors**

#### **§ 24**

*The members of the Board of Directors shall receive fixed remuneration, which may consist of a basic fee and, if applicable, fees for membership in committees as well as for particular roles within the Board of Directors. The remuneration shall be paid in cash, or in the form of restricted shares or deferred share awards (however, without any financial performance conditions for such awards to vest), or any combination thereof.*

*In particular the following items are not deemed remuneration and shall not be added to the amounts subject to approval according to § 18:*

- (a) Reimbursement of expenses and tax-deductible lump-sum expenses;*
- (b) premiums for insurance which are in the view of the Compensation Committee entered into in the interest of the Company; and*
- (c) insignificant benefits in kind, general employee benefits and other similar fringe benefits.*

*[unchanged]*

## **3. The Executive Management**

### **B) Permitted Activities**

#### **§ 36**

*[unchanged]*

- a) in the case of stock-exchange listed legal entities registered in the Commercial Register or in a corresponding foreign register: 1;*
- b) in the case of unlisted legal entities registered in the Commercial Register or in a corresponding foreign register, insofar as not included in litera c): 5;*

**E) Principles of Performance-related Remunerations to Members of the Executive Management, Additional Amount**

**§ 40**

The performance-related remuneration of the members of the Executive Management, together with the other remunerations, is intended to enable the members of the Executive Management to be compensated in line with market and industry standards. The performance-related remuneration is based on the success of the business and the individual performance.

- c) *in the case of charitable legal entities registered in the Commercial Register or in a corresponding foreign register, which pursue public or charitable purposes: 5.*

**E) Principles of Remunerations to Members of the Executive Management, Additional Amount**

**§ 40**

*The members of the Executive Management shall receive fixed remuneration consisting of a base salary and certain other employment payments and benefits. The base salary shall be paid in cash. In addition, the members of the Executive Management may receive variable remuneration. Furthermore, employer contributions to social security and pensions shall be paid, in line with applicable rules and regulations.*

*The variable remuneration of the members of the Executive Management, together with the other remuneration, is intended to enable the members of the Executive Management to be compensated in line with market and industry standards.*

*The variable remuneration is based on the success of the business of the Company, the Group or any of its business units, and/or the individual performance. It may comprise short-term and long-term remuneration elements.*

*The variable remuneration may be paid or granted in cash, (free or restricted) shares or in the form of conditional share awards, performance shares, employee stock options and similar remuneration instruments.*

*The Board of Directors or, to the extent delegated to it, the Compensation Committee, determines the performance metrics, target levels and achievement, as well as the grant, vesting, blocking, exercise and forfeiture conditions of the variable remuneration.*

*In particular, the following items are not deemed remuneration and shall not be added to the amounts subject to approval of the General Meeting of Shareholders according to § 18:*

- (a) Reimbursement of expenses and tax-deductible lump-sum expenses;*
- (b) premiums for insurance which are in the view of the Compensation Committee entered into in the interest of the Company; and*
- (c) insignificant benefits in kind, general employee benefits and other similar fringe benefits.*

**§ 41**

The additional amount for the remuneration of members of the Executive Management appointed after the vote of the General Meeting of Shareholders on the compensation of the Executive Management shall not exceed a total of CHF 1,000,000.

**F) Loans and Credits****§ 42**

The amount of loans and credits to members of the Executive Management shall not exceed a total of CHF 300,000 per member.

**§ 41**

*The additional amount for the remunerations of members of the Executive Management appointed after the vote of the General Meeting of Shareholders on the remuneration of the Executive Management shall not exceed per newly appointed member a maximum of 25 %, or for a new CEO a maximum of 40 % of the total remuneration amount last approved prospectively by the General Meeting of Shareholders for the Executive Management, and for each relevant remuneration period for which approval has already been obtained.*

*[omitted]*

*[omitted]*

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**6. Remunerations of the Board of Directors and the Executive Board**


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**6.1 Approval of the remuneration to the Board of Directors 2023**

The Board of Directors proposes to approve the total amount of the remuneration of the Board of Directors of a maximum of CHF 660,000 (incl. social insurance contributions) for the financial year 2023.

**6.2 Approval of the fixed remuneration to the Executive Board 2023**

The Board of Directors proposes to approve the total amount of the fixed remuneration of the Executive Board of a maximum of CHF 3,400,000 (incl. social insurance contributions) for the financial year 2023.

**6.3 Approval of the grant amount 2022 of the long-term variable remuneration to the Executive Board**

The Board of Directors proposes to approve the grant amount of CHF 700,000 (incl. social insurance contributions) of the long-term variable remuneration to the Executive Board for the period 2022-2024.

**6.4 Approval of the grant amount 2023 of the long-term variable remuneration to the Executive Board**

The Board of Directors proposes to approve the grant amount of CHF 1,100,000 (incl. social insurance contributions) of the long-term variable remuneration to the Executive Board for the period 2023-2025.

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**7. Capital reduction by reduction of nominal value**

The Board of Directors proposes

- to reduce the Company's share capital from CHF 148,693,510.00 by CHF 133,824,159.00 to CHF 14,869,351.00 through the reduction of the nominal value of the registered shares from CHF 10.00 to CHF 1.00 per share;
- to allocate the aggregate reduction amount to the reserves from capital contribution;
- to determine the result of the audit report pursuant to art. 732 para. 2 of the Swiss Code of Obligations (CO) by KPMG AG, Basel, which has been made available to the shareholders and is available at the General Meeting, according to which the claims of the creditors are fully covered despite the reduction of the share capital;
- that the modification to Paragraph 3 of the Articles of Association of MCH Group Ltd. be approved:

**Current wording**

**II. Share Capital, Shares, Share Register, Transferability of Shares and Subscription Rights**

**A) Share Capital, Shares and Share Register**

**§ 3**

The share capital amounts to CHF 148,693,510 and is fully paid in. It is divided into 14,869,351 registered shares with a par value of CHF 10 each.

[Paragraphs 2 to 5 unchanged]

**Proposed wording**

**II. Share Capital, Shares, Share Register, Transferability of Shares and Subscription Rights**

**A) Share Capital, Shares and Share Register**

**§ 3**

*The share capital amounts to CHF 14,869,351 and is fully paid in. It is divided into 14,869,351 registered shares with a par value of CHF 1 each.*

*[Paragraphs 2 to 5 unchanged]*

- to instruct the Board of Directors to implement the capital reduction, including the creditor calls and the application for registration in the commercial register.

Basel, 29 April 2022



Andrea Zappia, Präsident

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## Explanation of agenda items

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### Agenda item 1:

#### Approval of the Annual Report and the Financial Report 2021

MCH Group is able to present a significantly better result than in the previous year, despite the fact that the pandemic also had a decisive impact on the course of business last year. In parallel to the pandemic, the reporting year 2021 was characterized by the further development of the company. Numerous initiatives were developed to anticipate the major changes in the markets and to embrace the future-oriented marketing trends. The implementation of these initiatives will put the company back on track for growth. Following the reverberating constraints in the first quarter of 2022, the outlook for the current year is very positive.

The 2021 financial year shows an increase in revenue of around 30% compared to 2020, a positive EBITDA and a significantly lower loss of the year. The half-year result in the second half of 2021 was positive. Special effects such as government support (short-time work, hardship compensation), benefits from event cancellation insurance and the sale of a property in Basel also contributed to the positive EBITDA and the significantly lower loss of the year than in the previous year. Key consolidated figures at a glance:

in CHF million	2021	2020
Operating Income	243.3	188.0
EBITDA	8.5	-45.1
Loss of the year	-17.3	-72.2
Equity	47.8 (11.8 %)	67.3 (16.8 %)
Cash and cash equivalents	113.7	130.1
Net debt	132.7	124.7

You find the Annual Report and the Financial Report at

<https://www.mch-group.com/en/investors/reports/>

or directly at

<https://reports.mch-group.com/21/ar/en>

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### Agenda item 5

#### Modifications to the Articles of Association

The proposed modifications to the Articles of Association are the conditions for the establishment of the long-term variable remuneration (Long-term Incentive) for the members of the Executive Board and for the implementation of a new compensation model for the members of the Board of Directors with a partial compensation in the form of shares (see explanations on agenda item 6). Approval of the modifications to the Articles of Association requires a two-thirds majority of the votes cast.

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### Agenda item 6:

#### Remunerations of the Board of Directors and the Executive Board

The current remuneration model for the members of the Executive Board has been in force since 3 February 2014. The remuneration consists of a non-profit-related (fixed) salary and a profit-related (variable) bonus, which depends on the annual individual assessment and the Group or divisional results. The members of the Executive Board have waived variable remuneration in 2020 and 2021. Three members of the Executive Board are being paid a retention bonus if they meet certain conditions at the end of 2022. On 28.04.2021, the Annual General Meeting approved the amount of CHF 520,000.

You find the Remuneration Report at

<https://www.mch-group.com/en/investors/reports/>

or directly at

<https://reports.mch-group.com/21/ar/en>



The Board of Directors has decided to reorganize the variable remuneration. The future model is intended to increasingly promote and reward performance orientation and to strengthen the loyalty of key personnel to the company. In the financial year 2022, the annual bonus system – the «Short-term Incentive (STI)» – will be fundamentally revised. In addition, long-term variable remuneration – the «Long-term Incentive (LTI)» – shall be introduced for the members of the Executive Board and other key manager already in financial year 2022.

The LTI-program is a Performance Share Units (PSU) plan. The individual grant amount is determined as CHF amount and converted into a certain number of PSU on the basis of the current share price. A PSU is not yet a share, but a conditional right to receive a certain number of shares of the company in the future. The PSUs are subject to a three-year vesting period, after which they are converted into shares and paid out under the condition that the predefined performance conditions have been met and subject to continuous employment of the participant. The two performance conditions are revenue growth and EBITDA growth. The vesting level can range from 0 %, if the performance conditions are not met, to 150 % (cap) if both performance conditions are exceeded. This means that each PSU can provide for 0 to 1.5 shares.

A special rule applies for the PSUs granted in 2022 (LTI 2022-2024) and in 2023 (LTI 2023-2025). For the 2022 grant, one-third of the PSUs is subject to a one-year vesting period, another third to a two-year vesting period and the last third to a three-year vesting period. For the 2023 grant, two-third of the PSUs is subject to a two-year vesting period and one-third to a three-year vesting period. From the grant in 2024 (LTI 2024-2026) onward, the regular three-year vesting period will apply for all PSUs.

The amount submitted to vote corresponds to the maximum value of the LTI at grant (based on the grant value of the PSUs), including social insurance contributions. It does not factor in the performance leverage (0-150%) nor the share price evolution between the grant and the payout.

The LTI amounts will be submitted to the Annual General Meeting prospectively for the following financial year (analogous to fixed remuneration). As the LTI plan will be introduced in 2022, the grant amounts 2022 (LTI 2022-2024) and 2023 (LTI 2023-2025) are proposed to the General Meeting for approval.

To date, the MCH Group has not known any share-related remuneration for members of the Board of Directors. In the course of the 2022 financial year, the Board of Directors intends to examine the possibility of paying out part of the remuneration in the form of restricted shares or restricted share units (without performance conditions) in future.

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Agenda item 7:

#### Capital reduction by reduction of nominal value

The share capital of MCH Group Ltd. amounts to over CHF 148 million. The shares of MCH Group Ltd. are currently trading below the nominal value of CHF 10 per share. Therefore the Board of Directors recommends reducing the nominal value in order to have more flexibility in light of the planned capital increase.

The Board of Directors proposes to the shareholders to reduce the nominal value per share to CHF 1.00 and to decrease the share capital to CHF 14,869,351. The amount of CHF 133,824,159 by which the share capital is reduced is to be transferred to capital contribution reserves. These capital contribution reserves can be used at a later date for the tax-free distribution of dividends to the shareholders, whereby other reserves, if any, would have to be distributed in the same amount.

The proposed reduction of the nominal value is a purely technical measure. The total equity base remains unchanged, as does the number of shares currently issued.

According to art. 732 para 2 of the Swiss Code of Obligations, an audit report is required for the proposed capital reduction by reduction of nominal value. The corresponding report by KPMG Ltd., Basel can be found on the MCH Group website:

**<https://www.mch-group.com/en/investors/general-meeting/>**

Approval of the modifications to the Articles of Association requires a two-thirds majority of the votes cast.

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## Information on the planned capital increase

MCH Group has ambitious growth targets, which it intends to achieve in the coming years with a convincing strategic framework and a concrete implementation plan. This will require investments in strategic initiatives. In addition, the refinancing of the CHF 100 million bond is due in May 2023. Following the pandemic-related losses in 2020 and 2021, financial measures are therefore required in order to enable the targeted growth and secure the refinancing of the bond. The focus is on strengthening the capital base and a downstream renewal of debt financing. As a first step, the Board of Directors plans to carry out a capital increase with the participation of the two anchor shareholders Lupa Systems and the Canton of Basel-Stadt and with subscription rights for all shareholders.

In 2020, Lupa Systems and the Canton of Basel-Stadt (subject to the approval of the competent bodies) had agreed to support the refinancing of the bond in equal parts if the company is unable to refinance it itself. This so-called «backstop» is now to be implemented in the form of a participation in the planned capital increase.

The government of the Canton of Basel-Stadt is therefore proposing to the parliament that the canton participate in the planned capital increase through the acquisition of new capital shares in the amount of up to CHF 34 million. This means that the public entities participating in MCH Group will continue to hold at least 33.34 % of the shares and voting rights. The parliament of the Canton of Basel-Stadt is expected to decide on this before the summer break.

In the case that the Canton of Basel-Stadt participates in the capital increase in the form proposed by the government, Lupa Systems has announced to invest in the company to the same extent as the Canton of Basel-Stadt – i.e. also up to CHF 34 million. After the investments of CHF 48 million in 2020, Lupa Systems is prepared to go beyond the originally planned maximum investment amount of CHF 75 million, if necessary.

The Board of Directors will submit the planned capital increase to the shareholders at an Extraordinary General Meeting after a legally binding decision of the Canton of Basel-Stadt will be in place. The concrete modalities – in particular the issue price and the requirements under takeover law – will be worked out in the coming months.