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Extraordinary General Meeting of MCH Group Ltd. on 28 September 2022

3:00pm CET, Messeturm Basel

Although the nationwide measures against the COVID pandemic have been lifted as of 1 April 2022, the authorities continue to recommend increased vigilance and response capability. General meetings can therefore be held in written form until the revision of company law comes into force on 1 January 2023. The Board of Directors has decided that shareholders can exercise their rights at the Extraordinary General Meeting on 28 September 2022 exclusively by appointing the independent proxy. On-site attendance in person is not possible.

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

Shareholders who are entered in the share register on 20 September 2022 are entitled to exercise their voting rights or to issue their instructions to the independent proxy. From 21 September 2022 to and including 28 September 2022, the share register will be closed for registrations. Shareholders who sell their shares as of 21 September 2022 are no longer entitled to vote or issue instructions for these shares at the upcoming Extraordinary General Meeting.

Basel, 6 September 2022

MCH Group Ltd.

Contacts

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in the share register:

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Extraordinary General Meeting of MCH Group Ltd. on 28 September 2022



The Board of Directors of MCH Group has elaborated on the company's financial situation at the Annual General Meeting of 23 May 2022 in connection with the approval of the Annual Report and the Financial Report 2021.

The exhibition industry is one of the sectors hardest hit by the COVID pandemic. From February 2020 to spring 2022, with a few exceptions (namely the three Art Basel shows in 2021), no major events could be held. Over more than two years, most events had to be cancelled, and many orders were also canceled or postponed worldwide in the «Experience Marketing» segment. At the same time, investments had to be made in preparation for the future after the pandemic and the implementation of the corporate strategy.

MCH Group did succeed in surviving the pandemic period, but only thanks to the financial means created in 2020, which had to be used up for this purpose. Without further financial measures, MCH Group will not have sufficient financial resources to refinance the CHF 100 million bond due in May 2023. This cannot be altered by the pleasing fact that business activity picked up noticeably again in the second quarter of 2022 and the company can look to the future with confidence.

Over the past few years, MCH Group has laid the foundations for its path to a successful future, despite extremely difficult underlying conditions. With the capital increases in 2020, the entry of Lupa Systems and the renewal of the Board of Directors, the capital structure, shareholder base and corporate governance have been strengthened. Subsequently, the management and the Board of Directors have reviewed, confirmed and further developed the strategy.

The medium- and long-term targets remain ambitious. A key prerequisite for achieving them is the successful implementation of the proposed capital increase. This is essentially supported by the secured participation of the two anchor shareholders, the Canton of Basel-Stadt and Lupa Systems, of up to CHF 34 million each. These express an extremely strong commitment of the Canton of Basel-Stadt and Lupa Systems to MCH Group and underpin an equally strong conviction of its successful future.

Capital increase and backstop investment of anchor shareholders

The Board of Directors and the Executive Board have examined various measures to strengthen the capital structure and the liquidity situation of MCH Group and to accelerate the strategy implementation. Based on this, the Board of Directors has decided to convene an Extraordinary General Meeting and to propose an ordinary capital increase in order to strengthen the company's equity base and to raise the liquidity required to secure the repayment of MCH Group's CHF 100 million bond and the growth of the company. Further repayment obligations of outstanding loans in the total amount of CHF 75 million are due from 2026 onwards.

The improvement of the equity ratio is indispensable for potential debt financings that may follow the capital increase. External capital market experts consider it impossible in the current market environment for MCH Group to raise the amount of debt capital that is required in order to repay the Bond due in 2023.

Specifically, the Board of Directors is seeking gross proceeds from the capital increase of up to around CHF 80 million, of which CHF 68 million are backstopped by the Canton of Basel-Stadt and Lupa Systems. The Canton of Basel-Stadt (subject to the approval of the bodies responsible for this) and Lupa Systems had already agreed in 2020 to support the refinancing of the bond in equal parts if the company is unable to refinance it itself.

The capital increase will take place in the form of a rights offering in which all eligible shareholders will be able to participate in proportion to their existing shareholdings. The offering will consist of a rights offering in which the shareholders of MCH Group will receive subscription rights on a pro rata basis and a subsequent rump offering of the shares in respect of which the subscription rights have not been validly exercised. Further information on the rights offering can be found in the explanations of the agenda item.

The final gross proceeds of the capital increase will depend, among other things, on the market conditions and the demand for the offered shares and will only be known after the end of the rights exercise period. MCH Group expects that the proposed capital increase should substantially increase the equity ratio.

MCH Group has entered into agreements with the Canton of Basel-Stadt and Lupa Investment Holdings LP (the investment company of Lupa Systems) regarding the participation in the capital increase in the amount of up to CHF 34 million each. The Canton of Basel-Stadt and Lupa Systems have committed within the framework of the planned capital increase and subject to certain conditions, to exercise the subscription rights allocated to them and to acquire further shares for which the subscription rights have not been duly exercised in the total amount of up to CHF 34 million each.

On 22 June 2022, the Parliament of the Canton of Basel-Stadt decided to authorise the Government Council to acquire new equity securities worth up to CHF 34 million in a capital increase of MCH Group until the beginning of 2023, whereby the Government has to ensure that the public entity shareholders continue to hold the blocking minority of more than one third of the capital and thus the voting rights. The referendum period regarding the resolution of the Parliament of the Canton of Basel-Stadt expired on 3 August 2022 and the resolution is therefore legally binding. As a result of the capital increase, the Canton of Basel-Stadt's stake in MCH Group Ltd. will increase from the current 30.2 % to over 33 1/3 %. The exact amount of the participation held by the Canton of Basel-Stadt will depend, among other things, on how many subscription rights are exercised in total.

As the Canton of Basel-Stadt will exceed the threshold of 33 1/3% of the voting rights of MCH Group as a result of its participation in the capital increase, the Swiss Takeover Board («TOB») has granted the Canton of Basel-Stadt on 27 July 2022 an exemption from the obligation to make an offer pursuant to Article 135 of the Financial Market Infrastructure Act (FINMIA) for all listed equity securities of the company (so-called mandatory offer) if this threshold is exceeded.

Following the investments of CHF 48 million in 2020, Lupa Systems is willing to exceed the originally planned maximum investment amount of CHF 75 million. As a result of its participation in the capital increase, Lupa Systems' shareholding will increase from currently 32.3 % to over 33 1/3 % (but less than 49 %). The precise level of its shareholding will depend, among other things, on how many subscription rights are exercised in total. As the current articles of association of MCH Group provide for a selective opting-up in favour of Lupa Systems LLC and the persons acting in concert with it, exceeding the threshold of 33 1/3 % in connection with the capital increase will not trigger any obligation to make an offer under Article 135 FINMIA.

MCH Group will allocate shares in respect of which rights have not been validly exercised to the Canton of Basel-Stadt and Lupa Systems for subscription up to the respective maximum amount of CHF 34 million each, and potentially to other investors. Should public shareholders and potential other investors subscribe for shares in the total amount of more than around CHF 12 million, the Board of Directors will reduce the investment amount of the Canton of Basel-Stadt and Lupa proportionally. The investment amount of the Canton of Basel-Stadt will in any case be such that the Canton of Basel-Stadt will hold more than 33 1/3 % of the capital and the voting rights following the completion of the capital increase.

Agenda and motion of the Board of Directors

Ordinary capital increase

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

1. The share capital of the Company shall be increased by up to CHF 18,586,688* by issuing up to 18,586,688* fully paid-in registered shares with a nominal value of CHF 1.00 each.
2. The Board of Directors shall be authorized to determine the modalities for exercising subscription rights. The Board of Directors may issue the new shares by means of an underwriting by a bank, a banking syndicate or another third party and a subsequent offer to the existing shareholders or third parties. The Board of Directors is authorized to enable, limit or exclude the trading of subscription rights. The Board of Directors may allow subscription rights that have not been exercised to lapse, or it may place them or shares for which subscription rights have been granted but not validly exercised to third parties or otherwise use them in the interest of the Company.
3. The Board of Directors shall be authorized to determine the issue price. The issue price shall be paid in cash.
4. The new registered shares to be issued will carry voting and dividend rights from the date of entry of the capital increase in the Commercial Register.
5. No preferential rights are attached to the new registered shares to be issued.
6. The new registered shares to be issued are subject to the registration restrictions | transfer restrictions pursuant to § 5 of the articles of association.
7. Prerequisite for the exercise of contractually acquired subscription rights: The registration restrictions | transfer restrictions pursuant to § 5 of the articles of association apply as long as these statutory restrictions have not been abolished.

* The maximum capital increase amount and the maximum number of new shares to be issued will be determined and announced by the Board of Directors shortly before the Extraordinary General Meeting and may be higher or lower than the numbers proposed hereby. Instructions from shareholders on this agenda item also apply to a motion of the Board of Directors amended in this way.

Basel, 6 September 2022



Andrea Zappia, Chairman

Additional explanation of agenda item

For an overview of the proposed ordinary capital increase with rights offering and backstop investments of the anchor shareholders Lupa Systems and the Canton of Basel-Stadt please refer to pages 1 and 2 of this invitation. In addition, the Board of Directors has already announced the planned capital increase on page 9 of the invitation to the Annual General Meeting on 23 May 2022.

The capital increase will take place in the form of a rights offering in which all eligible shareholders will be able to participate in proportion to their existing shareholdings. The Board of Directors is aiming for gross proceeds from the ordinary capital increase in the maximum amount of up to around CHF 80 million, of which CHF 68 million are backstopped by the Canton of Basel-Stadt and Lupa Systems.

The number of up to 18,586,688 new shares to be issued as proposed in the agenda item is subject to an amendment of the motion by the Board of Directors. The final proposed maximum number of new shares to be issued and the subscription price will be determined and announced by the Board of Directors shortly before the Extraordinary General Meeting. The Board of Directors intends to determine the final proposed maximum number of new shares to be issued in such a way that, based on the subscription price, gross proceeds in the maximum amount of up to around CHF 80 million will be generated. The actual number of shares issued and the actual gross proceeds will then depend on the exercise of the subscription rights of the eligible shareholders in the course of the capital increase.

The subscription rights of existing shareholders will be preserved in that all shareholders will be allocated one subscription right for each MCH share held after the close of trading on the SIX Swiss Exchange on a reference date yet to be announced. Subscription rights are transferable subject to legal restrictions, and the MCH Group intends to apply to the SIX Swiss Exchange for the subscription rights to be admitted to trading. The eligible holders of subscription rights may acquire MCH shares on the terms and conditions set out in the prospectus that will be published by the MCH Group. The Board of Directors may allow subscription rights that have not been validly exercised to expire, or it may place them or shares for which subscription rights have been granted but not validly exercised to third parties or otherwise use them in the interest of the company. Information regarding the planned allocations in connection with the backstop can be found on page 2 of this invitation.

Shareholders will receive information from their custodian bank in due course on the implementation of the capital increase and are requested to proceed in accordance with the instructions of the custodian bank if they wish to subscribe for shares.

Shareholders who hold shares in a custody account with the MCH Group's share register or as home custodians will be informed by the share register and are requested to proceed in accordance with its instructions.

The ordinary capital increase must be consummated by the Board of Directors within three months after the date of the Extraordinary General Meeting, otherwise the resolution of the Extraordinary General Meeting will lapse by operation of law. Since the preparatory steps for the capital increase have not yet been completed, the Board of Directors reserves the right to amend its motion in the context of the agenda item if necessary.

Important Note

This document serves to inform the shareholders of MCH Group Ltd. with regard to the capital increase that will be submitted to the vote of the Extraordinary General Meeting of MCH Group Ltd. on 28 September 2022. This document constitutes neither an offer nor an invitation to purchase or invest in securities of MCH Group Ltd. or one of its group companies. This document is neither a prospectus within the meaning of the Financial Services Act («FINSA») nor a prospectus according to any other legislation or regulation. Copies of this document may not be sent to, distributed in or sent from countries where this is prohibited by law. A decision to participate in the capital increase with subscription rights of MCH Group Ltd., which will be submitted to the vote of the Extraordinary General Meeting of MCH Group Ltd. on 28 September 2022, must be taken exclusively on the basis of a prospectus approved by a review body in accordance with Art. 51 FINSA, which will be published by MCH Group Ltd. for this purpose, and not on the basis of this document. Copies of such a prospectus will be available free of charge from the time of its publication.

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