

DEPARTURE

BUSINESS REPORT 2022





Business Report 2022
Financial Report

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Consolidated Balance Sheet

Assets	Details	31.12.2022		31.12.2021	
		CHF 1000	%	CHF 1000	%
Cash and cash equivalents	2	151 933	–	113 726	–
Trade accounts receivable	3	42 693	–	45 447	–
Other current receivables		12 483	–	5 428	–
Inventories and work in progress	4	15 172	–	37 405	–
Prepayments and accrued income	5	29 704	–	14 031	–
Total current assets		251 985	56.8	216 037	53.5
Tangible fixed assets	6	168 492	–	179 531	–
Financial assets	7	10 512	–	3 073	–
Intangible fixed assets	8	12 539	–	5 214	–
Total non-current assets		191 543	43.2	187 818	46.5
Total assets		443 528	100.0	403 855	100.0

Liabilities and shareholders' equity	Details	31.12.2022		31.12.2021	
		CHF 1000	%	CHF 1000	%
Current financial liabilities	9	102 822	–	8 532	–
Trade accounts payable		9 586	–	15 605	–
Advance payments received for work in progress		19 677	–	34 062	–
Other accounts payable		6 253	–	8 478	–
Current provisions	10	1 958	–	4 331	–
Accrued expenses and deferred income	5	48 212	–	39 301	–
Total current liabilities		188 508	42.5	110 309	27.4
Non-current financial liabilities	9	133 662	–	237 891	–
Non-current provisions	10	8 102	–	7 812	–
Total non-current liabilities		141 764	32.0	245 703	60.8
Total liabilities		330 272	74.5	356 012	88.2
Share capital		31 053	–	148 694	–
Capital reserves		251 136	–	58 955	–
Treasury shares	11	–2 077	–	–1 483	–
Retained earnings		–171 052	–	–158 353	–
Minority interests		4 196	–	30	–
Total shareholders' equity		113 256	25.5	47 843	11.8
Total liabilities and shareholders' equity		443 528	100.0	403 855	100.0

Consolidated Income Statement

		2022	2021
	Details	CHF 1000	CHF 1000
Services, stand construction		235 214	114 833
Surface areas		68 336	42 573
Admissions		6 259	3 525
Media, sponsoring		26 881	18 147
Utility connections		1 449	785
Furniture, other fittings		13 859	10 344
Conferences		12 956	3 838
Parking		2 229	1 779
Revenue reductions		-725	-5 498
Net sales from deliveries and services		366 458	190 326
Other operating income	12	24 449	47 349
Changes in work in progress		3 143	5 620
Total operating income	13	394 050	243 295
Personnel expenses	14/15	-115 218	-83 614
Administration		-22 893	-17 515
Maintenance, repairs		-12 292	-8 635
Insurance, ground rent, rents		-17 634	-15 121
Energy		-5 406	-4 259
Furnishing expenses, stand construction		-165 756	-77 230
Exhibition and conference operations		-29 777	-20 337
Advertising, press, public relations		-10 764	-9 012
Other operating expenses	10	-284	963
Loss from disposal of investments		-11	-
Result before interests, taxes and depreciations (EBITDA)	13	14 015	8 535
Depreciation and impairment on tangible fixed assets	6	-16 370	-18 794
Depreciation and impairment on intangible fixed assets	8	-11 370	-3 057
Operating result (EBIT)	13	-13 725	-13 316
Result of associated organizations		-198	-122
Financial result	16	-991	-4 457
Loss before income taxes		-14 914	-17 895
Income tax	17	5 644	618
Loss for the year		-9 270	-17 277
of which attributable to non-controlling interests		-261	-429
of which attributable to the shareholders of the parent company		-9 009	-16 848
Undiluted result per share in CHF	18	-0.49	-1.14
Diluted result per share in CHF	18	-0.49	-1.14

Consolidated Statement of Cash Flows

		2022	2021
	Details	CHF 1000	CHF 1000
Cash flow from operating activities			
Loss for the year		-9 133	-17 279
Gain on disposal of fixed assets net		-53	-10 886
Reduction of non-repayable loan not affecting the fund	9	-2 500	-2 500
Depreciation and impairment		27 741	21 852
Attributable loss of associated companies		198	122
Other non-cash transactions	12	-5 039	-5 574
Decrease / (Increase) trade accounts receivable		3 050	-33 891
Decrease / (Increase) other receivables		-7 355	3 667
Decrease / (Increase) inventories and work in progress		22 239	-12 016
Decrease / (Increase) prepayments and accrued income		-15 718	5 581
Decrease / (Increase) active deferred taxes		-7 570	-810
(Decrease) / Increase trade accounts payable		-4 930	10 076
(Decrease) / Increase other payables		-2 243	1 727
(Decrease) / Increase liabilities from work in progress		-14 386	7 770
(Decrease) / Increase accrued expenses and deferred income		9 081	15 878
(Decrease) / Increase provisions		-2 247	-3 965
Net cash flow from operating activities		-8 865	-20 248

		2022	2021
	Details	CHF 1000	CHF 1000
Cash flow from investment activities			
Investment in land, buildings and fixed installations, assets under construction		-1 791	-2 634
Investment in other tangible fixed assets		-3 380	-913
Investment in intangible fixed assets		-20 072	-4 083
Divestment of tangible fixed assets		67	16 404
Acquisition of investments	23	-291	-736
Net cash flow from investment activities		-25 467	8 038

		2022	2021
	Details	CHF 1000	CHF 1000
Cash flow from financing activities			
Capital increase incl. premium	24.1	73 946	-2 093
Capital contributions by minority shareholders (of subsidiaries)		3 385	-
Purchase of treasury shares		-	-1 483
Increase of current financial liabilities		62	-
Repayment of current financial liabilities		-1 373	-167
Repayment of non-current financial liabilities		-	-270
Net cash flow from financing activities		76 020	-4 013

Exchange differences of cash and equivalents		-3 481	-133
Net cash flow		38 207	-16 356
Cash and cash equivalents at the beginning of the financial year	2	113 726	130 082
Cash and cash equivalents at the end of the financial year	2	151 933	113 726

Consolidated Statement of Changes in Equity

CHF 1000	Share capital	Capital reserves	Treasury shares	Retained earnings				Minority interests	Total
				Exchange differences	Hedging reserve	Retained profits	Total retained earnings		
As of 01.01.2021	148 694	78 955	–	–975	9	– 159 806	– 160 772	429	67 306
Exchange differences	–	–	–	–54	–	–	–54	30	–24
Changes from cash flow hedges	–	–	–	–	156	–	156	–	156
Purchase of treasury shares ¹⁾	–	–	–1 483	–	–	–	–	–	–1 483
Acquisition of non-controlling interests	–	–20 000	–	–	–	20 000	20 000	–	–
Change in consolidation scope	–	–	–	–	–	–835	–835	–	–835
Loss for the year	–	–	–	–	–	–16 848	–16 848	–429	–17 277
As of 31.12.2021	148 694	58 955	–1 483	–1 029	165	– 157 489	– 158 353	30	47 843
Currency translation differences	–	–	–	–3 223	–	–	–3 223	–34	–3 257
Capital increase	16 183	58 357	–594	–	–	–	–	–	73 946
Changes from cash flow hedges	–	–	–	–	–165	–	–165	–	–165
Capital reduction	– 133 824	133 824	–	–	–	–	–	–	–
Capital contributions minority interests	–	–	–	–	–	–303	–303	4 461	4 158
Loss for the year	–	–	–	–	–	–9 009	–9 009	–261	–9 270
As of 31.12.2022	31 053	251 136	–2 077	–4 252	–	– 166 801	– 171 053	4 196	113 255

¹⁾ see note 11.

The revenue reserve includes CHF 11.2 million (previous year CHF 35.4 million) general statutory reserves (including the capital contribution reserves) held by MCH Group Ltd. and its subsidiaries, which may not be distributed at present. In the notes to the Group Accounts, note 19 shows the shareholders' equity with theoretical capitalization of the goodwill at its net book value of CHF 0.6 million (previous year CHF 7.7 million).

The share capital is divided into 31,053,147 registered shares with a nominal value of CHF 1.00 per share (previous year 14,869,351 registered shares with a nominal value of CHF 10.00 per share).

The taxable value per share as at 31.12.2022 is CHF 4.60 (previous year CHF 9.00).

Notes to the Consolidated Financial Statements

1. Consolidation and valuation principles

1.1. Consolidated financial statements

The consolidated financial statements of MCH Group are based on the individual financial statements of the group companies as at December 31, 2022, which have been drawn up in accordance with uniform guidelines and are presented in Swiss francs (CHF). They comply with the specialist recommendations on accounting and reporting (Swiss GAAP FER) and the provisions of Swiss law, and thus satisfy the guidelines of the Swiss stock exchange (SIX Swiss Exchange) in the "Swiss Reporting Standard" segment. They give a true and fair view of the financial position and performance of the Group and are prepared on a going concern basis. They are based on the principle of individual valuation for assets and liabilities and on historical cost.

1.2. Consolidation principles

The consolidated financial statements comprise the annual accounts of MCH Group Ltd. and all the group companies in compliance with the following criteria:

- Companies in which MCH Group Ltd. directly or indirectly holds more than half of the voting rights or which are controlled by MCH Group Ltd. in some other ways are fully consolidated. Even if MCH Group Ltd. holds less than half of the voting rights, control may still exist. In this case, 100 % of the assets, liabilities, income, and expenses are included.
- Companies in which MCH Group Ltd. directly or indirectly holds between 20 % and less than 50 % of the voting rights and which are not controlled by MCH Group Ltd. are included using the equity method. In this context, the share of equity is disclosed under the "Financial assets" item in the consolidated financial statements. The pro rata annual result is disclosed in the consolidated income statement under "Result from associated organizations".
- Companies in which MCH Group Ltd. directly or indirectly holds less than 20 % of the voting rights are recognized in the consolidated balance sheet at acquisition cost less any allowance necessary for business reasons.

Initial consolidation takes place on the date on which MCH Group acquires control. At the time of acquisition, the assets and liabilities of the acquired company are valued at current values. Any difference between the purchase price and the equity of the acquired company remaining after this revaluation is charged or credited directly to retained earnings as goodwill or negative goodwill, respectively. Upon disposal of an investment, goodwill previously offset against equity is included at original cost to determine the gain or loss on disposal of investments recognized in the income statement. In the statement of changes in equity, this transaction is presented in a separate line. Transaction costs are recognized as an expense.

In performing full consolidation, 100 % of the assets, liabilities, income, and expenses are included. Any minority interests in the equity and profit of the consolidated companies are disclosed separately in the consolidated balance sheet and the consolidated income statement. Intercompany assets and liabilities, and income and expenses arising from intercompany transactions and relationships, as well as

intercompany profits arising from intercompany transactions, are eliminated. In the case of sales and purchases of shares to and from minority shareholders, the difference between the sales price and the sold pro rata carrying amount of the net assets is recognized through retained earnings.

1.3. Foreign currency conversion

Financial statements of consolidated companies in foreign currencies are translated as follows: Current assets, non-current assets, and liabilities at year-end rates (closing rate); equity at historical rates. The income statement and the cash flow statement are translated at average exchange rates for the year. The resulting currency translation differences are recognized directly in equity.

Items denominated in foreign currencies are translated using the closing rate method. All assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. The effects of foreign currency adjustments are recognized in the income statement. Unrealized exchange rate gains are also recognized in the income statement.

Transactions in foreign currency are translated at the official average exchange rate of the Federal Tax Administration for the corresponding month.

Exchange rates CHF	Average annual rates		Year ending rates	
	2022	2021	2022	2021
USD	0.955	0.914	0.925	0.911
EUR	1.005	1.081	0.987	1.036
HKD	0.122	0.118	0.119	0.117
GBP	1.179	1.257	1.113	1.234
CNY	0.142	0.142	0.133	0.143
AED	0.260	0.249	0.252	0.248

1.4. Valuation and accounting principles

The consolidated financial statements are drawn up on an accrual basis. Accordingly, the effects of transactions and other events are recognized when they occur and not when cash or cash equivalents are received or paid. This means, inter alia, that expenses and income are recognized on an accrual basis.

For all assets, an assessment is made at year-end as to whether there is any indication that the carrying amount of the asset may exceed its recoverable amount (impairment). If an impairment exists, the carrying amount is reduced to the recoverable amount, with the impairment losses being charged to profit or loss for the period.

1.4.1. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, postal giro and bank accounts, and short-term time deposits (residual term less than 90 days). They are measured at nominal value.

1.4.2. Securities

Securities held for trading purposes are reported under current assets and are valued at current market value. If there is no current value, they are to be valued at no more than acquisition cost less any impairment. The adjustment is made through the income statement.

1.4.3. Trade accounts receivable and allowance for doubtful accounts

Trade receivables are measured at nominal value less any impairment losses (=allowance for doubtful accounts). Individual valuation allowances are first recognized for significant items. The remaining receivables are subject to a lump-sum allowance as follows, based on empirical values, without consideration of the country of origin:

Expiration days	Value adjustment in % of the invoice amount
>360	100%
181-360	50%
91-180	30%
61-90	15%
31-30	5%
0-30	2%
not expired	2%

1.4.4. Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. Cost includes all directly attributable material and production costs as well as overheads incurred in bringing the inventories to their present location and condition. If the costs exceed the net fair value, an impairment loss (expense) is recognized in the amount of this difference. This value is determined by means of the current market price on the sales market. Discounts granted are deducted from the cost of goods as purchase price reductions. Subsequent measurement is based on the average cost method.

1.4.5. Work in progress

Work in progress is long-term and/or multi-period construction or stand construction contracts that are identified and measured using the "Completed Contract" method because the requirements for the "Percentage of Completion" method are not cumulatively met. Contract costs incurred are capitalized as work in progress during the construction period. Construction projects are recognized in profit or loss at the time of project acceptance or, in the absence thereof, at the time of delivery to the event or destination. The date of acceptance or the date of delivery is the date on which the risks and rewards pass to the customer. Stand construction projects are recognized in profit or loss at the time the event is held or, in the case of events lasting several days, on the last day of the event. Losses are recognized immediately in profit or loss. Advance payments received are recognized directly in the balance sheet. They are offset against the corresponding long-term contracts for which the advance payment was made, provided there is no right of recovery. Otherwise, they are recognized as a liability.

1.4.6. Other current receivables

Other receivables (including time deposits with a remaining term of more than 90 days) and loans receivable are measured at nominal value less any impairment losses.

1.4.7. Prepayments, accrued income, accrued expense and deferred income

Prepayments, accruals, and deferrals are measured in accordance with the principles applicable to receivables and payables, respectively.

Prepayments and accrued income include both third-party and internal services for trade fairs and events recognized in the reporting year (except for work in progress for both construction and stand construction) for the following year and sales not yet invoiced for the reporting year.

Accrued expense and deferred income include accruals and deferrals relating to income already invoiced for trade fairs and events in the following year, as well as outstanding supplier invoices for goods or services already received. In addition, the accruals for current income taxes are recognized under accrued expense and deferred income.

1.4.8. Tangible fixed assets

Tangible fixed assets are capitalized at acquisition or production cost and valued taking into account scheduled straight-line depreciation and any impairment in value. If the factors that led to an earlier impairment improve significantly, the impairment is reversed in part or in full by means of a reversal of an impairment loss.

Depreciation of tangible fixed assets begins from the first day of use. Assets under construction are accordingly not depreciated. The depreciation period corresponds to the useful economic life and is as follows for:

Depreciation category	Useful life	Fixed asset category
Developed property	No depreciation	Developed property
Buildings	40 years	Buildings
Various investments in extensions to buildings and systems	10 - 20 years	Buildings
Furniture and fittings	3 - 10 years	Other tangible assets
Vehicles	5 - 8 years	Other tangible assets
Sound and lighting equipment	5 - 10 years	Other tangible assets
Hardware	3 - 5 years	Other tangible assets

If it is determined that the useful life of the asset will change, in particular due to technical progress, the condition of the asset or the market, the residual carrying amount of the asset is depreciated over the newly envisaged remaining useful life.

Accompanying own work on investments in property, plant and equipment is generally not capitalized. Exceptions may arise due to major development projects.

Interest expense is capitalized as cost during the construction phase of a tangible fixed asset.

1.4.9. Intangible assets

Intangible assets are non-monetary and have no physical existence. Acquired intangible assets are accounted for using the following categories (incl. useful economic life):

Depreciation category	Useful life	Fixed asset category
Acquired exhibitions and events	3 - 5 years	Intangible assets
Software	3 - 5 years	Intangible assets

Internally generated intangible assets (trade fairs, events, software, or other intangible assets) are generally not capitalized. Exceptions may arise due to major development projects.

1.4.10. Liabilities and loans payable

Liabilities and loans payable are recognized at their respective nominal values. A liability or a loan payable is current if it:

- is to be settled within 12 months after the balance sheet date, or
- is likely to result in a cash outflow from operating activities, or
- is held for trading purposes

All other liabilities are non-current.

1.4.11. Provisions

Provisions are recognized to cover all risks and obligations identifiable at the balance sheet date. Provisions are recognized when there is a probable obligation to a third party because of a past event (prior to the balance sheet date) and the amount of the obligation can be estimated. The amount of the provision is based on the expected outflow of funds to settle the obligation. This corresponding provision amount is reassessed each year.

The amount of the provision is determined on the basis of an analysis of the relevant event in the past and on the basis of events occurring after the balance sheet date, insofar as this helps to clarify the facts.

Impending losses from trade fairs and events are recognized immediately in profit or loss and the portion exceeding the allowance for capitalized costs is included in provisions.

An event that becomes obligatory after the balance sheet date has an impact on provisions if it becomes clear that the origin of the event occurred prior to the balance sheet date.

1.4.12. Goodwill

In the case of an acquisition, the net assets acquired are valued at current values. The excess of the cost of acquisition over the fair value of the net assets acquired represents goodwill. This is offset directly against equity at the time of acquisition. According to Swiss GAAP FER, this is permitted provided that the effects of theoretical capitalization and theoretical amortization on equity and goodwill are presented separately in the statement of changes in equity and in the notes. Goodwill is theoretically amortized over 5 years. If there is an impairment of goodwill, this is presented in the notes. On disposal of an investment, goodwill previously offset against equity is included at original cost to determine the gain or loss recognized in profit or loss.

1.4.13. Treasury shares

Treasury shares are recognized at cost at the time of acquisition and disclosed as a separate deduction in equity. There is no subsequent valuation. If treasury shares are sold, this is done at the moving average price. Any realized increase or decrease in value is credited or charged to capital reserves without affecting income.

1.4.14. Derivative financial instruments

A derivative is recognized in the balance sheet when it meets the definition of an asset or liability. The Group uses currency futures and swaps to hedge currency risks. In particular, cash flow hedges are used to reduce the currency risk of highly probable future cash flows from sales in foreign currencies. All open positions from cash flow hedges at the balance sheet date are disclosed in the notes and are recognized in equity through the hedging reserve.

1.4.15. Pension benefit obligations

The pension obligations of the Group companies for retirement, death or disability are based on the local regulations and practices applicable in the respective countries. Except for MC², the most important companies are in Switzerland, where the pension plans are administered by a legally independent foundation. Only a few pension plans are operated abroad. The actual economic impact of all pension plans for the Group is calculated as of the balance sheet date.

Any benefit arising from employer contribution reserves (pension asset) is recognized as an asset. The capitalization of a further economic benefit (from an overfunding in the pension plan) is neither intended, nor are the prerequisites for this given. An economic obligation is recognized as a liability if the conditions for the formation of a provision are met.

The PSUs are valued at the beginning of the respective plan period at the closing share price of the MCH share on the allocation date. The recording of personnel expenses for the current plan periods is based in each case on the degree of target achievement, which is calculated on the basis of the current actual, budget, forecast and medium-term plan figures.

1.4.16. Share-based payments

A long-term incentive plan (LTIP) exists for members of the management team. At the beginning of the three-year plan period, the plan participants receive a defined number of performance share units (PSUs), which are distributed evenly over the three vesting periods. The expense is recognized as personnel expense in proportion to the duration of the vesting periods. At the end of the respective vesting period, a certain number of shares are transferred to the plan participants for each PSU granted, depending on target achievement. Between zero and 1.5 shares can be allocated per PSU.

The PSUs are valued at the beginning of the respective plan period at the closing share price of the MCH share on the allocation date. The recording of personnel expenses for the current plan periods is based in each case on the degree of target achievement, which is calculated on the basis of the current actual, budget, forecast and medium-term plan figures.

1.4.17. Operating income

MCH Group generates its sales from exhibitions, events, construction projects and stand construction projects.

Sales and the associated expenses for exhibitions and events are recognized in the income statement on the date on which the event is held. The decisive date for recognition in profit or loss is the last day of the exhibition or event.

Construction projects are recognized in profit or loss at the time of project acceptance or, in the absence thereof, at the time of delivery to the event or destination. The date of acceptance or the date of delivery is the point in time at which benefit and risk pass to the customer. Stand construction projects are recognized in profit or loss at the time the event is held.

Advance payments made by customers or to suppliers for projects in future financial years are accrued for exhibitions and events and are reported as work in progress and payables for construction and stand construction projects.

In the case of cancelled projects (construction and stand construction), as a rule, the cancellation date of the project is considered the realization date and the related contractual modalities must be considered. If, in exceptional cases, special repayment and cancellation modalities are negotiated, the date of agreement/signing of the repayment and cancellation modalities shall be considered the realization date.

In the case of cancelled exhibitions and events, profit is recognized as follows:

- Canceled exhibitions and events without event cancellation insurance:
Recognition in profit or loss takes place after agreement has been reached with the customers on the repayment and cancellation modalities unless the regulation according to the contract is applied.
- Canceled exhibitions and events with event cancellation insurance:
The costs incurred are recognized in the income statement under operating expenses at the time the exhibition or event is cancelled. The insurance benefits are recognized in the income statement either after the insurance company's definitive commitment to pay or when it can be assumed with virtual certainty that the insurance benefits will be paid.

1.4.18. Current and deferred income tax

In accounting for current and future income tax effects, a distinction is made between the determination of current and deferred income tax.

Current income tax is calculated and expensed in accordance with local income tax regulations. The accrual of current income tax is made under deferred income.

Deferred tax arises from valuation differences between the Group's values and the values used for tax purposes and is accrued accordingly. The accrual of deferred income taxes is based on a balance sheet-oriented view and generally considers all future income tax effects. The calculation of deferred income taxes to be accrued is based on the actual expected tax rates. Deferred tax assets on temporary differences are only capitalized if it is probable that they can be offset against future taxable profits. Deferred tax assets based on tax loss carry forwards are not capitalized. Deferred tax assets are recognized in non-current assets, deferred tax liabilities in non-current provisions.

1.4.19. Government grants (Subsidies)

In the context of the "Neubau Messe Basel" project, various subsidies (including investment contributions à-fonds-perdu) were granted by the public authorities (Cantons of Basel-Stadt, Basel-Landschaft and Zurich, as well as the City of Zurich). In the 2012 financial year, MCH Messe Schweiz (Basel) AG received a non-repayable mortgage loan of CHF 50.0 million from the Canton of Basel-Stadt, as a financing contribution à-fonds-perdu, which was structured with a term of 20 years and the obligation to continue operation of the Congress Center Basel (CCB) for 20 years. Under buildings, an acquisition value in the same amount as the non-repayable mortgage loan was excluded. The corresponding part of the building is depreciated annually by CHF 2.5 million and at the same time the non-repayable mortgage loan is reduced by CHF 2.5 million and recognized as other operating income.

1.4.20. Transaction with related parties

Individuals or legal entities are deemed to be related parties if they have the ability, either directly or indirectly, to exert significant influence over an entity in making financial or operational decisions. Entities that are either directly or indirectly controlled by the same related parties are also deemed to be related.

MCH Group regards the following persons or organization as related parties:

- Members of the Board of Directors, members of the Executive Board or members of the Management Board.
- Organizations in which MCH Group has a significant holding.
- Shareholders of the reporting organization who directly or indirectly, alone, or together with others, exercise a share of voting rights exceeding 20 %.
- Organizations that are controlled by related parties.
- Pension plans.

The following persons or organizations are not considered to be related parties, unless further reasons indicate a significant influence:

- Two organizations, only because they have members of the board of directors or management in common
- Public authorities.
- Trade unions, public authorities, and public monopolies.
- Individual customers or suppliers with a close or dominant relationship.
- Insurance companies and banks in the normal course of business with customers.

Transactions with related parties considering the materiality principle are to be disclosed separately.

1.4.21. Contingent liabilities and receivables

The probability and amount of contingent liabilities and contingent assets are assessed at the balance sheet date, measured accordingly, and disclosed in the notes.

2. Cash and cash equivalents

	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Cash, Post Office	2 720	3 726
Bank	149 213	110 000
Total cash and cash equivalents	151 933	113 726

3. Trade accounts receivable

	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Trade accounts receivable	51 961	53 965
Bad debt provision	-9 268	-8 518
Total trade accounts receivable	42 693	45 447

Aging	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Not due	17 504	35 683
Due within 60 days	16 653	5 602
Due after 60 days	17 804	12 680
Total trade accounts receivable	51 961	53 965

4. Inventories and work in progress

	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Raw materials	2 128	1 138
Consumables and supplies	112	66
Semi-finished products	1 092	1 076
Merchandise	51	50
Prepayments for inventories	28	109
Value allowance on inventories	-1 088	-1 071
Total inventories	2 323	1 368
Long-term customer contracts	12 929	44 042
Value allowance on long-term customer contracts	-42	-7 450
Down payments received for long-term customer contracts	-38	-555
Total work in progress	12 849	36 037
Total inventories and work in progress	15 172	37 405

5. Prepayments, accruals and deferrals

Prepayments and accrued income	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Exhibitions and events	9 540	4 594
Stand construction sales not yet invoiced	15 806	5 246
Prepaid rents	521	315
Prepaid income tax	–	506
Other	3 837	3 370
Total of prepayments and accrued income	29 704	14 031
Accrued expenses and deferred income	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Services invoiced in advance for exhibitions and events	22 885	18 272
Staff	10 966	8 155
Accrual for current tax	1 615	760
Other	12 747	12 114
Total of accrued expenses and deferred income	48 213	39 301

The amount of prepaid expenses and deferred income is mainly influenced by the exhibition cycle.

Costs amounting to CHF 9.5 million (previous year CHF 4.6 million) were capitalized under "Exhibitions and events". Of this amount, CHF 3.8 million were internal services (previous year CHF 1.9 million).

The item "Services invoiced in advance for exhibitions and events" includes in advance invoiced services for Giardina 2023 and Art exhibitions 2023.

6. Tangible fixed assets

Composition of tangible fixed assets CHF 1000	Developed Land	Buildings	Assets under construction	Other tangible fixed assets	Total
Purchase costs as of 1.1.2021	6 500	905 748	943	73 911	987 102
Additions	-	2 666	24	913	3 603
Change in consolidation scope	-	-	-	3	3
Depreciated values ¹⁾	-	-12 583	-	-22 267	-34 850
Disposals	-2 500	-1 701	-967	-332	-5 500
Reclassification	-	-9	-	9	-
Exchange differences	-	290	-	403	693
Purchase values as of 31.12.2021	4 000	894 411	-	52 640	951 051
Accumulated depreciation as of 1.1.2021	-	-719 174	-	-67 795	-786 969
Depreciation	-	-15 712	-	-2 720	-18 432
Impairment	-	-203	-	-159	-362
Reductions in value adjustments ¹⁾	-	12 583	-	22 267	34 850
Exchange differences	-	-235	-	-372	-607
Total accumulated depreciation as of 31.12.2021	-	-722 741	-	-48 779	-771 520
Net book value as of 31.12.2021	4 000	171 670	-	3 861	179 531
thereof mortgaged buildings	-	163 435	-	-	163 435
Purchase costs as of 1.1.2022	4 000	894 411	-	52 640	951 051
Additions	-	1 735	-	3 583	5 318
Change in consolidation scope	-	-	-	-	-
Depreciated values ¹⁾	-	-51	-	-618	-669
Disposals	-	-	-	-14	-14
Reclassification	-	-	-	-	-
Exchange differences	-	145	-	157	302
Purchase values as of 31.12.2022	4 000	896 240	-	55 748	955 988
Accumulated depreciation as of 1.1.2022	-	-722 741	-	-48 779	-771 520
Depreciation	-	-13 978	-	-2 375	-16 353
Impairment	-	-6	-	-11	-17
Reductions in value adjustments ¹⁾	-	51	-	618	669
Exchange differences	-	-117	-	-159	-276
Total accumulated depreciation as of 31.12.2022	-	-736 791	-	-50 706	-787 497
Net book value as of 31.12.2022	4 000	159 449	-	5 042	168 491
thereof mortgaged buildings	-	151 442	-	-	151 442

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

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.

Due to a warehouse fire, fully depreciated assets in the amount of CHF 18.1 million were derecognized in the previous year.

MCH Group has no unbuilt land. The asset category “Built land” includes only built land. The asset category “Buildings” includes all buildings as well as installations permanently connected to the buildings. The designations of these two asset categories have been adjusted by comparison with the previous year so that their significance is clear from their designation already.

7. Financial assets

	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Other loans	8	7
Pension assets	730	730
Deferred tax assets	8 153	807
Equity investment	1 621	1 529
Total financial assets	10 512	3 073

In the United States, MC² could capitalize deferred tax assets on temporary differences in the amount of CHF 8.1 million (previous year CHF 0.8 million) due to the positive business performance and the corresponding future prospects. The increase leads to a corresponding deferred tax income in the reporting year.

8. Intangible fixed assets

Composition of intangible assets CHF 1000	Acquired intangible assets	Intangible assets generated internally	Total
Purchase costs as of 1.1.2021	19 558	–	19 558
Depreciated values ¹⁾	–23	–	–23
Additions	5 669	–	5 669
Disposals	–18	–	–18
Exchange differences	121	–	121
Purchase values as of 31.12.2021	25 307	–	25 307
Accumulated depreciation as of 1.1.2021	–16 946	–	–16 946
+ Reductions in value adjustments ¹⁾	23	–	23
Depreciation	–1 353	–	–1 353
Impairment	–1 704	–	–1 704
Exchange differences	–113	–	–113
Total accumulated depreciation as of 31.12.2021	–20 093	–	–20 093
Net book value as of 31.12.2021	5 214	–	5 214
Purchase costs as of 1.1.2022	25 307	–	25 307
Depreciated values ¹⁾	–9 344	–	–9 344
Additions	17 953	742	18 695
Disposals	–	–	–
Exchange differences	53	–	53
Purchase values as of 31.12.2022	33 969	742	34 711
Accumulated depreciation as of 1.1.2022	–20 093	–	–20 093
+ Reductions in value adjustments ¹⁾	9 344	–	9 344
Depreciation	–2 053	–	–2 053
Impairment	–9 317	–	–9 317
Exchange differences	–53	–	–53
Total accumulated depreciation as of 31.12.2022	–22 172	–	–22 172
Net book value as of 31.12.2022	11 797	742	12 539

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

Additions in the year under review relate to investments in digitization projects of CHF 16.6 million (previous year 4.2 million) and general modernization and expansion of CHF 1.4 million (previous year 1.5 million).

In the reporting year, discontinued digitization projects in the amount of CHF 9.3 million were subject to extraordinary depreciation.

9. Financial liabilities

	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Current loans from third parties	690	209
Current loans from participants	2 567	8 323
Current bond	99 565	–
	102 822	8 532
Current loans from third parties	109 129	110 791
Non-current loans from participants	24 533	27 100
Non-current bond	–	100 000
Total non-current financial liabilities	133 662	237 891
Total financial liabilities	236 484	246 423
Indebtedness net	84 551	132 697

The net debt (short and long-term loans taken up minus cash and cash equivalents) decreased to CHF 84.6 million (previous year CHF 132.7 million).

CHF 1000	Residual maturity up to 1 year or less	Residual maturity 1–5 years	Residual maturity over 5 years or more	Total	Thereof secured by mortgages	Interest rate
Loans from third parties and banks	209	2 706	43 085	46 000	40 000	1%-4.12%
Loans from third parties (Canton of Basel-Landschaft)	–	35 000	–	35 000	35 000	3%-3.25%
Interest-free loans from third parties (Canton of Basel-Landschaft) ^{1), 3)}	–	–	30 000	30 000	–	–
Total loans from third parties	209	37 706	73 085	111 000	75 000	
Loans from participants (Canton of Zurich)	67	268	332	667	667	2.0%
Loans from participants (City of Zurich)	–	–	1 500	1 500	1 500	2.0%
Interest-free loans from participants (Canton of Basel-Landschaft) ^{1), 3)}	5 756	–	–	5 756	–	–
Non-repayable loan (à fonds perdu) secured with a mortgage ²⁾	2 500	10 000	15 000	27 500	27 500	–
Total loans from involved parties	8 323	10 268	16 832	35 423	29 667	
	–	100 000	–	100 000	–	1,875 %
As of 31.12.2021	8 532	147 974	89 917	246 423	104 667	
Loans from third parties and banks	690	444	43 685	44 819	40 000	1%-4.12%
Loans from third parties (Canton of Basel-Landschaft)	–	35 000	–	35 000	35 000	3%-3.25%
Interest-free loans from third parties (Canton of Basel-Landschaft) ^{1), 3)}	–	–	30 000	30 000	–	–
Total loans from third parties	690	35 444	73 685	109 819	75 000	
Loans from participants (Canton of Zurich)	67	268	265	600	600	2.0%
Loans from participants (City of Zurich)	–	–	1 500	1 500	1 500	2.0%
Interest-free loans from participants (Canton of Basel-Landschaft) ^{1), 3)}	–	–	–	–	–	–
Non-repayable loan (à fonds perdu) secured with a mortgage ²⁾	2 500	10 000	12 500	25 000	25 000	–
Total loans from involved parties	2 567	10 268	14 265	27 100	27 100	
	99 565	–	–	99 565	–	1,875 %
As of 31.12.2022	102 822	45 712	87 950	236 484	102 100	

1) Interest as a subsidy; the interest-free loans of the cantons of Basel-Stadt and Basel-Landschaft are subordinated.

2) Financing sum, annual amortization of CHF 2.5 million, as a subsidy from 2013 onwards.

3) Repayment will be deferred if the equity ratio of MCH Group Ltd. falls below 30% or if no dividends are paid on account of the result.

In the framework of the financing for 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%. Shares in the amount of CHF 0.4 million were repurchased prematurely by the reporting date of December 31, 2022.

10. Provisions

CHF 1000	As of 01.01.2021	Recognised	Used	Released	Reclassification and currency translation differences	As of 31.12.2021	thereof current
Repairs to exhibition parking spaces	800	-	-	-	-	800	-
Renovation fund Theater 11	2 321	202	-151	-	-	2 372	-
Restructuring	2 327	-	-1 458	-869	-	-	-
Deferred income tax provision	1 071	12	-	-	-	1 083	-
Potential reimbursement claims	5 491	1 099	-1 250	-	-	5 340	3 228
Contractual risks	2 293	1 342	-169	-2 172	-121	1 173	-
Other provisions	1 759	927	-1 168	-310	167	1 375	1 103
Total provisions	16 062	3 582	-4 196	-3 351	46	12 143	4 331

CHF 1000	As of 01.01.2022	Recognised	Used	Released	Reclassification and currency translation differences	As of 31.12.2022	thereof current
Repairs to exhibition parking spaces	800	-	-	-	-	800	-
Renovation fund Theater 11	2 372	201	-221	-	-	2 352	-
Restructuring	-	-	-	-	-	-	-
Deferred income tax provision	1 083	179	-	-	-	1 262	-
Potential reimbursement claims	5 340	25	-	-3 242	-	2 123	-
Share-based payments	-	456	-	-	-4	452	225
Contractual risks	1 173	250	-164	-	182	1 441	250
Other provisions	1 375	1 094	-260	-428	-152	1 629	1 482
Total provisions	12 143	2 205	-645	-3 670	26	10 059	1 957

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 renovation 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.

Potential reimbursement claims relate to provisions for tax risks of CHF 1.5 million (previous year CHF 3.8 million) and warranty guarantees from the project business of the Experience Marketing business unit of CHF 0.6 million (previous year CHF 1.5 million). In the reporting year, provisions for tax risks in the amount of CHF 2.3 million and warranty guarantees in the amount of CHF 0.9 million were released.

Contractual risks include a provision for pending legal proceedings in the United States in the amount of CHF 1.2 million (unchanged from prior year). In the reporting period, provisions in the amount of CHF 0.3 million were recognized for pending legal proceedings in Switzerland and Germany.

In the previous year, provisions amounting to CHF 3.4 million that were no longer required were released in the income statement in "Other operating expenses". This resulted in a positive balance for this item.

11. Treasury shares

	Number of shares	Book value CHF 1000
Treasury shares as of 31.12.2021	–	–
Purchase of treasury shares	100 000	1 483
Treasury shares as of 31.12.2021	100 000	1 483
Subscription of treasury shares in capital increase	125 000	594
Treasury shares as of 31.12.2022	225 000	2 077

For the purpose of future remuneration for the management team, MCH Group Ltd. subscribed to 125,000 treasury shares in the year under review as part of the capital increase at an issue price of CHF 4.75 per share. The subscription rights to which MCH Group Ltd. is entitled were exercised in full.

In the previous year, 100,000 treasury shares were acquired for the same purpose. The purchase of treasury shares took place in the period from 09.07.2021 to 21.07.2021 at an average market price of CHF 14.71.

As of the balance sheet date December 31, 2022, no shares had yet been issued (previous year: none).

12. Other operating income

		2022	2021
	Details	CHF 1000	CHF 1000
Insurance indemnity		10 800	–
Loan waiver		5 756	–
Event cancellation insurance		–	12 259
Gain on sale of fixed assets		–	11 116
State Covid-19 Indemnities Switzerland		–	10 557
State Covid-19 Indemnities USA		295	5 756
Other		7 598	7 661
Other operating income		24 449	47 349

Insurance compensation of CHF 10.8 million was received in connection with a fire incident in a warehouse in Switzerland.

In June 2022, the Grand Council of the Canton of Basel-Stadt approved the proposals of the Government Council and the Economic and Tax Commission (WAK) that the Canton of Basel-Stadt waives repayment of the residual loan of CHF 5.8 million not converted to equity in 2020.

In the previous year, the item "Gain on sale of fixed assets" includes the sale of a building in Basel that is no longer required for operations (CHF 9.7 million) and the sale of the "Rosentalurm" project (CHF 0.8 million).

The Swiss companies were able to receive the following non-repayable amounts under the federal Covid-19 hardship programs in the previous year: Canton Basel-Stadt CHF 0.8 million (no conditions, not subject to the federal Covid-19 hardship ordinance, as only the cantonal share was distributed) and Canton of Zurich CHF 9.8 million (subject to the federal Covid-19 hardship ordinance, and its articles on restriction of use). For the latter, the Board of Directors is of the opinion that the restrictions have been complied with. However, the final assessment of a possible reimbursement obligation by the authorities is currently still pending. A different final assessment by the authorities would result in the recognition of a corresponding liability.

In the United States, the Paycheck Protection Program (PPP) loans received last year, which were directly related to the coverage of operational costs incurred due to the Covid-19 pandemic, were unconditionally forgiven in the amount of USD 0.3 million (CHF 0.3 million) (in the previous year USD 6.1 million, CHF 5.8 million) due to local regulations.

The positions "Loan waiver" (in the reporting year CHF 5.8 million) and "State Covid-19 Indemnities USA" (reporting year CHF 0.3 million, previous year CHF 5.8 million) are non-cash items. They are reported in the consolidated statement of cash flows in the position "Other non-cash transactions" in net cash flow from operating activities.

13. Segment reporting

Operating income by divisions	2022 CHF 1000	%	2021 CHF 1000	%
Community Platforms	144 274	36.6	99 454	40.9
Experience Marketing	263 241	66.8	144 209	59.3
Venues	29 212	7.4	24 345	10.0
Corporate Functions and Consolidation	-42 677	-10.8	-24 713	-10.2
Total operating income	394 050	100.0	243 295	100.0

EBITDA by divisions	2022 CHF 1000	%	2021 CHF 1000	%
Community Platforms	1 434	10.2	-6 738	-78.9
Experience Marketing	15 461	110.4	4 472	52.4
Venues	6 614	47.2	-233	-2.7
Corporate Functions and Consolidation	-9 494	-67.7	11 034	129.4
Total EBITDA	14 015	100.0	8 535	100.0

EBIT by divisions	2022 CHF 1000	%	2021 CHF 1000	%
Community Platforms	-8 484	61.8	-7 922	59.5
Experience Marketing	13 106	-95.5	2 004	-15.0
Venues	-7 146	52.1	-15 985	120.0
Corporate Functions and Consolidation	-11 201	81.6	8 587	-64.5
Total EBIT	-13 725	100.0	-13 316	100.0

The segment revenues and results of the business areas are stated prior to consolidation. The division “Community Platforms” comprises the revenues and results of the various physical, hybrid and digital platforms and the associated services of the units “Art & Art Related Industries” and “Swiss Events”. “Experience Marketing” includes strategy, creation and implementation of experience marketing services of the “Live Marketing Solutions” division with the brands MCH Global, Expomobilia and MC². The division “Venues” business comprises the rental business (guest events, rental to own exhibitions) and general services (e.g. parking lot revenue) of the Basel and Zurich exhibition venues. “Corporate Functions & Consolidation” takes in Digital & Information, Corporate Finance, Corporate Services (Business Development & Innovation, Legal Department, Risk Management & Compliance, HR and Communications) and also the consolidation effects.

Operating income by geographical markets	2022 CHF 1000	%	2021 CHF 1000	%
Switzerland	101 812	25.9	71 366	29.3
Europe without Switzerland	63 184	16.0	29 031	11.9
North and South America	175 784	44.6	113 579	46.7
Asia, Pacific and Africa	53 270	13.5	29 319	12.1
Total operating income	394 050	100.0	243 295	100.0

Operating income by geographical market is presented subsequent to consolidation and thus relates purely to third-party sales.

14. Staff and staff expenditure

Employees	31.12.2022	31.12.2021
Full-time jobs	762	627
Personnel expenses	2022 CHF 1000	2021 CHF 1000
Ordinary personnel expenses	-115 477	-87 370
Short time compensation	259	3 756
Personnel expenses	-115 218	-83 614

At the end of the previous year, an additional 8 employees in the USA were in the "furlough". These employees continued to be employed without remuneration and only social security contributions continued to be paid.

Personnel expenses include short-time compensation of CHF 0.3 million (previous year CHF 3.8 million), all of which was received. Personnel expenses before short-time compensation amounted to CHF 115.5 million (previous year CHF 87.4 million).

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

15. Share-based payments

Since the reporting year 2022, a Long Term Incentive Plan (LTIP) with a basic plan period of three years has been in place for members of the management team. For the LTIP 2022-2024, three vesting periods have been defined, each covering the fiscal year (2022, 2023 and 2024). At the beginning of the three-year plan period, plan participants receive a defined number of performance share units (PSUs), which are distributed evenly over the three vesting periods. At the end of each vesting period, a certain number of shares are transferred to the plan participants for each PSU granted, depending on target achievement. Between zero and 1.5 shares can be allocated per PSU. The plan defines target values for the growth of operating income (weighting one third) and EBITDA (weighting two thirds).

The shares are freely available to the plan participant after transfer and are not subject to any vesting period.

The PSUs are valued at the beginning of the respective plan period at the closing share price of the MCH share on the allocation date. The recording of personnel expenses for the current plan periods is based in each case on the degree of target achievement, which is calculated on the basis of the current actual, budget, forecast and medium-term plan figures.

The following personnel expenses, including social security benefits, were recognized for the current plan periods in 2022:

Plan period	Vesting period	Quantity	Value	Personnel expenses
		PSU	CHF 1000	CHF 1000
2022-2024	2022	50 766	248	228
	2023	50 766	248	98
	2024	50 778	247	130
Total		152 310	743	456

No shares were transferred in the reporting year 2022 as the plan was only introduced this year. The first transfer is planned for the coming reporting year.

16. Financial result

	2022 CHF 1000	2021 CHF 1000
Interest income	50	16
Exchange gains	5 028	1 584
Total financial income	5 078	1 600
Interest on capital	-4 703	-4 872
Bank and credit card charges	-784	-829
Exchange losses	-582	-356
Total financial expense	-6 069	-6 057
Total financial result	-991	-4 457

Interest expense (interest on capital) relates to the financing costs for operating loans and various other interest expenses.

17. Taxes

	2022 CHF 1000	2021 CHF 1000
Current income tax	-1 746	-152
Deferred income tax	7 390	770
Total income tax	5 644	618
Calculation of average tax rate	2022 CHF 1000	2021 CHF 1000
Loss before income taxes	-14 914	-17 895
Average applicable tax rate in %	37.8	3.5
Tax loss carryforwards	2022 CHF 1000	2021 CHF 1000
Total tax loss carry forward as of 01.01.	312 464	290 680
Loss carry forwards expired	-4 656	-987
Change in loss carry forward in the tax balance	75 255	22 771
Total tax loss carry forward as of 31.12.	383 063	312 464
Entitlement for deferred income taxes on losses carried forward not yet used	54 884	46 210
Average tax rate in %	14.3	14.8

In the United States, MC² could capitalize deferred tax assets on temporary differences in the amount of CHF 8.1 million (previous year CHF 0.8 million) due to the positive business performance and the corresponding future prospects. The increase leads to a corresponding deferred tax income in the reporting year.

As of December 31, 2022, deferred tax assets from loss carry forwards were not capitalized.

	2022 CHF 1000	2021
Impact of changes in loss carry forwards on income tax		
Income tax prior to allowance for loss carry forwards	15 446	3 669
Impact of non-capitalization of loss carry forwards	-12 052	-4 452
Impact of the use of non-capitalized loss carry forwards	2 250	1 401
Income tax with allowance for loss carry forwards	5 644	618

The calculation was based on the following assumptions:

Impact of the non-capitalization of losses carried forward: Shows how high the impact of tax losses carried forward would have been on income tax expenditure if these had been capitalized. The theoretical capitalization includes the formation and expiry of tax losses carried forward.

Impact from the use of non-capitalized losses carried forward: Shows how much higher income tax expenditure would have been if it had not been possible to claim any tax losses carried forward.

18. Earnings per share

Basis for calculating earnings per share	2022 CHF 1000	2021 CHF 1000
Loss for the year	-9 270	-17 277
of which attributable to non-controlling interests	-261	-429
of which attributable to the shareholders of the parent company	-9 009	-16 848
Basis for the calculation of earnings per share	-9 009	-16 848
Weighted average number of shares	2022 Number of shares	2021 Number of shares
Issued shares at 01.01.	14 769 351	14 869 351
Purchase of treasury shares from 09. - 21.07.2021	-	-100 000
Capital increase at 22.12.2020	16 183 796	-
Purchase of treasury shares from 12.10.2022	-125 000	-
Issued shares at 31.12.	30 828 147	14 769 351
Weighted average number of issued shares	18 333 084	14 822 572
Result per share	2022 CHF	2021 CHF
Net loss for the year for the calculation of earnings per share	-9 009	-16 848
Average time-weighted number of shares outstanding	18 333 084	14 822 572
Undiluted result per share in CHF	-0.49	-1.14
Net loss for the year for the calculation of earnings per share	-9 009	-16 848
Average time-weighted number of shares outstanding	18 333 084	14 822 572
Adjustment for assumed exercise of share-based payment plans	177 468	-
Diluted result per share in CHF	-0.49	-1.14

The undiluted earnings per share are calculated by dividing the consolidated result for the year attributable to the shareholders of the parent company, after taxes, by the weighted average number of shares outstanding.

In the reporting year, an adjustment was made for the first time for the assumed exercise of share-based payments, which dilutes earnings per share (previous year no adjustment).

19. Goodwill

In accordance with the consolidation principles, MCH Group offsets the goodwill acquired directly against equity at the time of initial consolidation or the time of acquisition.

The theoretical net carrying amount of goodwill comprises the acquired company Digital Festival AG.

If the goodwill had been capitalized, assuming an amortization period of five years, the following values would have been obtained:

Additional disclosure with goodwill charged against equity	2022 CHF 1000	2021 CHF 1000
Loss for the year	-9 270	-17 277
Theoretical amortization of goodwill	-7 155	-18 856
Result after taxes with capitalization of goodwill	-16 425	-36 133
Acquisition value of the goodwill	2022 CHF 1000	2021 CHF 1000
As of 01.01.	144 708	143 873
Additions	328	835
As of 31.12.	145 036	144 708
Accumulated amortization of the goodwill	2022 CHF 1000	2021 CHF 1000
As of 01.01.	-136 969	-118 113
Amortization	-7 155	-18 856
Impairment	-328	-
As of 31.12.	-144 124	-136 969
Shareholders' equity as of 31.12.	113 256	47 843
Theoretical net book value of goodwill	584	7 740
Shareholders' equity with inclusion of goodwill as of 31.12.	113 840	55 583

20. Employee pension funds

20.1 Pension funds Switzerland

Employer contribution reserve (ECR)	Nominal value	Application waiver	Balance sheet	Accumulation	Balance sheet	Result for ECR in personnel expense	
CHF 1000	31.12. 2021	31.12. 2021	31.12. 2021	2021	31.12. 2020	2021	2020
Pension fund	730	–	730	–	730	–	–
Total	730	–	730	–	730	–	–

Economic benefit and pension fund expenditure	Excess/ under coverage	Economic benefit for MCH Group	Change compared with previous year	Contributions limited to reporting period	Expenditure in personnel expense	
CHF 1000	31.12. 2021	31.12. 2021	2021	2021	2021	2020
Benefit plans with excess coverage	57 000	–	–	–	3 739	4 498
Benefit plans with under coverage	–	–	–	–	–	–
Total	57 000	–	–	–	3 739	4 498

Employer contribution reserve (ECR)	Nominal value	Application waiver	Balance sheet	Accumulation	Balance sheet	Result for ECR in personnel expense	
CHF 1000	31.12. 2022	31.12. 2022	31.12. 2022	2022	31.12. 2021	2022	2021
Pension fund	730	–	730	–	730	–	–
Total	730	–	730	–	730	–	–

Economic benefit and pension fund expenditure	Excess/ under coverage	Economic benefit for MCH Group	Change compared with previous year	Contributions limited to reporting period	Expenditure in personnel expense	
CHF 1000	31.12. 2022	31.12. 2022	2022	2022	2022	2021
Benefit plans with excess coverage	42 000	–	–	–	4 129	3 739
Benefit plans with under coverage	–	–	–	–	–	–
Total	42 000	–	–	–	4 129	3 739

The employee pension fund of 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 and MCH Beaulieu Lausanne SA. 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 affiliated companies pay a total contribution of 150% of the contribution amount attributable to the members. The expenses in the financial year 2022 amounted to CHF 4.1 million (previous year CHF 3.7 million). An actuarial balance sheet is prepared by an expert at least every three years. This was prepared as of 01.01.2021 on the technical basis BVG 2015, period tables and a technical interest rate of 1.50%. In the meantime, the bases have been changed to BVG 2020 (updated bases) and generation tables for the annual calculation of the actuarial reserve. The funding ratio estimated by means of extrapolation amounts to around 120.0% as of December 31, 2022 (previous year 127.0%). The total employer contribution reserve as of 31.12.2022 amounts to CHF 0.7 million (previous year CHF 0.7 million).

20.2 Pension plans United States

For non-union employees, MC² has a 401(k) salary savings plan on a defined contribution basis. Under this plan, employees may contribute a portion of their taxable salary under U.S. federal guidelines for such plans. All participants must have completed at least one year of service to participate in this plan. In the reporting year 2022, the company made employer contributions totaling USD 0.5 million (previous year USD 0.4 million).

For unionized employees, MC² contributes to multi-employer pension plans under collective bargaining agreements that provide retirement benefits for its members. MC²'s contributions to these plans were less than 5% of the total contributions to each of these plans. MC² obtains the current zone status ("Pension Protection Act zone status") for each plan from the respective employee benefit plans. It is confirmed annually by the actuarial advisor of the respective pension plan.

The table below provides information about the significant group pension plans in which MC² participates:

US Pension Fund	EIN Pension Number	Pension Zone status	Pension Zone status prior year	FIP/RP ¹⁾ status pending or implemented	Contributions 2021 CHF 1000	Effective date of current agreement
UIPAT	52-6073909	yellow	yellow	no	525	31.08.2026
Western Conference of Teamsters	91-6145047	green	green	no	249	31.05.2022
Chicago Carpenters Trust Fund	36-6130207	green	green	no	128	31.05.2024
Other plans					11	
Total					913	

US Pension Fund	EIN Pension Number	Pension Zone status	Pension Zone status prior year	FIP/RP ¹⁾ status pending or implemented	Contributions 2022 CHF 1000	Effective date of current agreement
UIPAT	52-6073909	orange	yellow	FIP	596	31.08.2026
Western Conference of Teamsters	91-6145047	green	green	no	503	31.05.2022
Chicago Carpenters Trust Fund	36-6130207	green	green	no	272	31.05.2024
Other plans					52	
Total					1 423	

1) FIP = Financial improvement plan / RP = Rehabilitation plan

Plans in the red zone are less than 65% funded, plans in the yellow zone less than 80% funded. Plans in the orange zone are also less than 80% funded, but are considered at risk. Plans in the green zone are at least 80% funded. The "FIP/RP Implementation Status" column indicates benefit plans for which a financial improvement plan or rehabilitation plan is either planned or has been implemented.

In multi-employer pension plans, the assets are available to also provide benefits for employees of other employers. Likewise, the employers are jointly and severally liable for unfunded obligations. In addition, the company may be liable for unfunded vested benefits in the event of termination or withdrawal.

As of December 31, 2022, approximately 14.6% (prior year 13.0%) of MC²'s personnel expenses were used for a unionized workforce, which includes 9 (prior year 9) collective bargaining agreements. These are valid from 2024 to 2026. By this time, the contracts have been renewed or renegotiated.

There are no obligations to pension plans as of December 31, 2022 (previous year: none).

21. Off-balance-sheet transactions

CHF 1000	Due in 1 year or less	Due in 2–5 years	Due in 5 years or more	Total
Rental contracts for business premises	6 791	18 882	17 369	43 042
Rental and maintenance contracts for ICT	71	87	–	158
Lease commitments for vehicles	715	3 045	3 362	7 122
Rental contracts for exhibition space	102	58	–	160
Ground rent	1 570	6 270	44 171	52 011
As of 31.12.2021	9 249	28 342	64 902	102 493
Rental contracts for business premises	6 957	23 840	13 192	43 989
Rental and maintenance contracts for ICT	60	27	–	87
Lease commitments for vehicles	173	426	–	599
Ground rent	1 568	6 270	42 270	50 108
As of 31.12.2022	8 758	30 563	55 462	94 783

22. Derivative financial instruments

CHF 1000	Contract value 2022	Replaceme nt value 2022	Contract value 2021	Replaceme nt value 2021	Purpose
Forward transactions foreign exchange	-	-	17 008	166	Hedging
Total derivative financial instruments	-	-	17 008	10	

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.

23. Investments in subsidiaries

23.1 Investments

Investments in subsidiaries	City	Activity	Consolidation		Share capital in 1000	Investment in % Direct	Investment in % Inirect
Switzerland							
MCH Swiss Exhibition (Basel) Ltd.	Basel	CP, VE	F	CHF	40 000	100.0	
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	CP, VE	F	CHF	13 720	100.0	
MCH Beaulieu Lausanne SA	Lausanne	CP	F	CHF	100	100.0	
MCH Live Marketing Solutions AG	Effretikon	EM	F	CHF	300	100.0	
MCH Arcual AG	Zurich	CP	F	CHF	165	67.5	
Art, Kunstmesse AG, in Basel	Basel	TC	F	CHF	50		100.0
Swisstech Fachmesse AG	Basel	TC	F	CHF	50		100.0
Natura, Internationale Fachmesse und Kongresse AG	Basel	TC	F	CHF	50		100.0
Ineltec Fachmesse AG	Basel	TC	F	CHF	50		100.0
Swissdata, Fachmesse für Datenverarbeitung AG	Basel	TC	F	CHF	50		100.0
Orbit Fachmessen AG	Basel	TC	F	CHF	100		100.0
Esthetica SA	Lausanne	TC	F	CHF	100		100.0
Parkhaus Messe Zürich AG	Zurich	VE	E	CHF	5 000		20.0
Germany							
Creative Management Holding GmbH	Hilden	EM	F	EUR	25		100.0
MC2 Europe GmbH	Hilden	EM	F	EUR	200		50.0
Arcual GmbH	Berlin	CP		FEUR	12		100.0
France							
MCH Group France SAS	Paris	CP	F	EUR	10	100.0	

Great Britain							
Masterpiece London Ltd.	London	CP	F	GPB	19		99.0
Arcual GmbH	London	CP		FGBP	0		100.0
Singapore							
Art Events Singapore PTE Ltd	Singapore	CP	A	CHF	0	15.0	
United States							
Art Basel U.S. Corp.	Miami	CP	F	USD	100		100.0
MCH US Corp.	Delaware	EM	F	USD	30 000	100.0	
Creative Management Services, Inc.	Missouri	EM	F	USD	0		100.0
Creative Management Services, LLC	Delaware	EM	F	USD	45		100.0
Creative Management Services II, LLC	Missouri	EM	F	USD	0		100.0
Design Commerce Technologies, Inc.	Delaware	CP	A	USD	3		4.8
Hong Kong							
MCH Group Asia Ltd.	Hong Kong	CP	F	HKD	1		100.0
Masterpiece Asia Ltd.	Hong Kong	CP	F	HKD	0		67.5
China							
Expomobilia MCH Global Shanghai Ltd.	Shanghai	EM	F	RMB	1 360		100.0
United Arab Emirates							
Expomobilia MCH Global Middle East (Dubai) LLC ⁷⁾	Dubai	EM	F	UAE	300		49.0

F Full consolidation

E Equity consolidation

A At cost

CP Community Platforms

VE Venues

EM Experience Marketing

TC Trademark company

23.2 Change in consolidation scope

MCH Swiss Exhibition (Zurich) Ltd. has absorbed its sister company Digital Festival AG with retroactive effect from January 1, 2022.

MCH Swiss Exhibition (Basel) Ltd. acquired a minority shareholding of 15% in Art Events Singapore Pte. Ltd. as per January 17, 2022 at a price of USD 0.3 million.

On March 16, 2022, MCH Group Ltd. founded the company MCH Digital Ventures AG with its registered office in Zurich. The company was renamed Arcual AG on August 30, 2022. On the balance sheet date of December 31, 2022, MCH Group Ltd. held 67.5% of the participation rights.

MCH Swiss Exhibition (Basel) Ltd. founded the company MCH Group France SAS, based in Paris, France, on March 30, 2022. MCH Swiss Exhibition (Basel) Ltd. holds 100% of the participation rights.

On June 23, 2022, MCH Swiss Exhibition (Basel) Ltd. acquired further shares in Masterpiece London Ltd. amounting to 31.5% at a price of GBP 59. As of this date, Swiss Exhibition (Basel) Ltd. holds 99% of the participation rights in Masterpiece London Ltd.

Arcual AG founded the company Arcual GmbH with registered office in Berlin, Germany, on October 12, 2022. Arcual AG holds 100% of the participation rights.

Arcual AG founded the company Arcual GmbH with registered office in Berlin, Germany, on October 12, 2022. Arcual AG holds 100% of the participation rights.

23.3 Further details

MCH Swiss Exhibition (Basel) Ltd. had acquired 67.5 % of the shares in Masterpiece London Ltd. on November 30, 2017 and assumed control of the company on the same date. As per June 23, 2022, MCH Swiss Exhibition (Basel) Ltd. acquired a further 31.5 % and, after the balance sheet date, the remaining 1 % as per February 2, 2023. There were no longer any put/call agreements as at the balance sheet date 2022.

MCH Swiss Exhibition (Basel) Ltd. acquired a minority shareholding of 15% in Art Events Singapore Pte. Ltd. as of January 17, 2022. By acquiring the shares, MCH Swiss Exhibition (Basel) Ltd. also acquired the right to sell back its shareholding in 2024 if the event cannot be staged at all or cannot be staged with economic success.

24. Further details

24.1. Capital increase 2022

Following the pandemic-related losses in the past two years, a financial package of measures became necessary in the reporting year to secure the refinancing of the CHF 100 million bond due in May 2023 and the necessary investments for the growth of the company. The focus was on strengthening the capital base with a further capital increase with subscription rights for all shareholders.

In 2020, the Canton of Basel-Stadt (subject to the approval of the bodies responsible for this) and Lupa Systems had agreed to support the refinancing of the bond in equal parts if the company is unable to refinance it itself (so-called "backstop").

The Government Council of the Canton of Basel-Stadt therefore proposed to the Grand Council that it should participate in the planned capital increase in 2022 by acquiring new capital shares of up to CHF 34 million. This meant that the public-law corporations participating in MCH Group would continue to hold at least 33.34 % of the shares or voting rights. Lupa Systems had envisaged a maximum investment amount of CHF 75 million when it joined MCH Group in 2020 and had invested CHF 48 million as part of the capital increases in 2020. In the case of the 2022 capital increase, Lupa Systems was also prepared to invest up to CHF 34 million, analogous to the Canton of Basel-Stadt, and thus to go beyond the originally envisaged maximum investment amount if necessary.

In the capital increases in 2020, the Canton of Basel-Stadt had converted CHF 24.2 million of an existing interest-free loan of CHF 30 million into equity. As part of the capital increase in 2022, the Government Council of the Canton of Basel-Stadt requested the Grand Council that the repayment of the remaining loan of CHF 5.8 million not converted into equity in 2020 be waived. This was also already envisaged in 2020 and was also justified in the year under review by the fact that MCH Group was not entitled to Corona hardship funds from the Confederation on account of the state participation.

In June 2022, the Grand Council of the Canton of Basel-Stadt approved the proposals of the Government Council and the Economic and Tax Committee (WAK) for the Canton of Basel-Stadt to participate in the planned capital increase of MCH Group by acquiring new capital shares of up to CHF 34 million and to waive repayment of the residual loan of CHF 5.8 million that had not been converted into equity in 2020. The decision of the cantonal parliament was subject to a 42-day referendum period, which subsequently expired unused.

Capital reduction through par value reduction

With a view to the planned capital increase, the Board of Directors wanted to create more flexibility by reducing the nominal value of the shares and thus reducing the capital. Before the reduction in the nominal value, the share capital of MCH Group Ltd. amounted to CHF 148.7 million. However, the shares of MCH Group Ltd. were trading below the nominal value of CHF 10 per share. At the General Meeting of May 23, 2022, the Board of Directors of MCH Group Ltd. proposed to the shareholders that the nominal value per share be reduced to CHF 1.00 and that the share capital be reduced to CHF 14,869,351. The amount of CHF 133,824,159 by which the share capital would be reduced should be transferred to capital contribution reserves. This requested reduction of the nominal value was a purely technical measure. The total equity base remained unchanged, as did the number of shares issued. The Annual General Meeting of May 23, 2022, approved the proposal of the Board of Directors by a large majority.

Exception to the obligation to make an offer

In July 2022, the Swiss Takeover Board approved the applications submitted by MCH Group Ltd. and its two main shareholders in connection with the planned capital increase, in particular concerning the granting of an exemption from the obligation to make an offer pursuant to Art. 136 para. 1 lit. e FinfraG (restructuring exemption).

Capital increase

The Board of Directors of MCH Group Ltd. proposed to the Extraordinary General Meeting of September 28, 2022 a capital increase of up to 18,586,688 registered shares with a nominal value of CHF 1.00 each at a subscription price of CHF 4.75 per new registered share, a subscription ratio of 4 to 5 and the safeguarding of the shareholders' subscription rights.

At the Extraordinary General Meeting of September 28, 2022, the shareholders of MCH Group Ltd. approved this proposal of the Board of Directors with over 91% votes in favor.

The subscription period started on Thursday, September 29, 2022 and lasted until Monday, October 10, 2022. A total of 16,183,796 new registered shares were placed in the rights offering, corresponding to around 87% of the registered shares offered. MCH Group received gross proceeds totaling CHF 76.9 million from the issue of the registered shares, including CHF 0.6 million from the exercise of MCH Group Ltd.'s own subscription rights, or CHF 76.3 million less CHF 0.6 million from the exercise of MCH Group Ltd.'s own subscription rights.

	Number of shares Shares	Share capital (a) CHF	Additional paid-in capital (Agio) ¹⁾ (b) CHF	Total (a) + (b) CHF	Cash flow 2022 CHF
Before capital increase	14 869 351	14 869 351	–	14 869 351	–
Canton of Basel-Stadt	7 157 894	7 157 894	26 842 103	33 999 997	33 999 997
Lupa Investment Holdings LP	7 157 892	7 157 892	26 842 095	33 999 987	33 999 987
MCH treasury shares	125 000	125 000	468 750	593 750	–
Other shareholders	1 743 010	1 743 010	6 536 287	8 279 297	8 279 297
Capital increase gross	16 183 796	16 183 796	60 689 235	76 873 031	76 279 281
Transaction costs	–	–	–2 332 621	–2 332 621	–2 332 621
Canton of Basel-Stadt	–	–	–	–	–2 332 621
Capital increase net	16 183 796	16 183 796	58 356 614	74 540 410	73 946 660
After capital increase	31 053 147	31 053 147	58 356 614	89 409 761	73 946 660

¹⁾ Accounted in equity and reported under capital reserves.

After completion of the capital increase, the number of issued registered shares increased to a total of 31,053,147 with a nominal value of CHF 1.00 each, corresponding to a share capital of CHF 31,053,147.00. The completion of the capital increase took place on October 12, 2022, the delivery and the first trading day of the new registered shares on October 13, 2022.

Even after the completion of this rights issue, MCH Group still has a stable, long-term anchor shareholder base: Lupa Systems holds 38.52% of the share capital, while the Canton of Basel-Stadt holds 37.52%. In addition, the Canton and the City of Zurich together hold 1.50%. MCH Group Ltd. exercised the subscription rights for its treasury shares and acquired 125,000 new registered shares in the rights issue, thus holding a total of 0.72% of the share capital. The other shareholders hold 21.74% of the share capital.

24.2. Transactions with related parties

In the previous year, Masterpiece London Ltd. awarded the stand construction contract, worth a few thousand Swiss francs, for Masterpiece London to a related company. The contract was awarded on the basis of an ordinary tender procedure.

24.3. Contingent liabilities and receivables

	31.12.2022 CHF 1000	31.12.2021 CHF 1000
Tax refunds	1 689	–
Total contingent assets	1 689	–
Guarantee obligations	3 007	3 583
Other	399	495
Total contingent liabilities	3 406	4 078

The contingent assets are prospective payments to MC² under the "Employment Retention Credit" program (ERC) in the United States. The ERC is a refundable tax credit for companies that continued to pay their employees during the shutdown due to the Covid-19 pandemic.

To secure contractual obligations of Arcual AG, MCH Group Ltd. has issued a guarantee amounting to CHF 2.3 million (USD 2.5 million) as at 31.12.2022 (previous year none). To secure a rent guarantee of MC², MCH Group Ltd. has issued a guarantee which amounts to CHF 0.7 million (USD 0.8 million) as per 31.12.2022 (previous year CHF 2.3 million, USD 2.5 million). To secure the contractual obligations of MCH Live Marketing Solutions AG, MCH Group Ltd. issued guarantees in the previous year amounting to CHF 0.9 million as at 31.12.2021 (none in the year under review). In the previous year, there were also bank guarantees with the possibility of recourse amounting to CHF 0.4 million.

MCH Swiss Exhibition (Zurich) Ltd. has contingent liabilities of CHF 0.4 million (previous year CHF 0.5 million) in connection with Theater 11 and the renovation of exhibition restaurants as at 31.12.2022.

24.4. Risk management

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 16.12.2022. 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.

24.5. Influence of the Covid-19 pandemic on the financial year

Review 2022 - impact of Covid-19 pandemic in first quarter of 2022 and largely normalization of business activity from second quarter of 2022 onwards

The year 2022 was again impacted by the Covid-19 pandemic, but primarily in the first quarter of 2022. From the second quarter of 2022 onwards, business activities largely returned to normal as the regulatory restrictions were lifted. However, the restrictions in the first quarter of 2022 again had a significant negative impact on financial results. The period from January to March 2022 was characterized by the continuation of measures on the part of governments and authorities, in that the staging of exhibitions and events continued to be severely restricted or in some cases completely impossible. This affected MCH Group in Switzerland in particular, with cancellations of Swissbau in January 2022 and Giardina in March 2022, as well as a total loss of congresses and guest events. Swissbau was held in a much smaller format as Swissbau Compact in May. In Hong Kong, Art Basel Hong Kong was postponed to May and held again as a significantly smaller trade fair, as the official restrictions in Asia and in China and Hong Kong lasted much longer. Finally, customers in the USA were still more reluctant to attend the fairs at the beginning of 2022, with a corresponding loss of sales. In Asia, the restrictions continued throughout the rest of the year and led to further sales losses. By contrast, business activity in the USA, Europe and Dubai picked up

significantly from the second quarter onwards. The art fairs held in the further course of the year, Art Basel in Basel, the Paris+ par Art Basel organized by MCH for the first time, and Art Basel Miami Beach, were held very successfully without any restrictions. At Swiss Events, there was a strong autumn of exhibitions, as in the days before the pandemic. And the congress and guest events business also recovered very well. Finally, there was very high demand from customers in the area of experience marketing, both for events in 2022 and already with a view to events in 2023. This applies in particular to the USA, and to some extent also to Europe, while the restrictions in Asia are only gradually falling and business in Asia is therefore still at a lower level.

Capital increase 2022 and outlook 2023 and following years

The refinancing of the outstanding CHF 100 million bond is due in May 2023. MCH Group therefore completed a capital increase in October 2022, which generated a net inflow of CHF 74 million, with the support of the two anchor shareholders Canton Basel-Stadt and Lupa Investment Holdings LP in the amount of CHF 34 million each, as well as a slightly higher-than-expected contribution from the public shareholders. With the capital increase, MCH Group will have cash and cash equivalents of CHF 152 million on December 31, 2022 and thus sufficient liquidity to repay the bond and to continue and further develop its business. The capital increase has also strengthened the capital base by reducing net debt to CHF 84.6 million and improving the equity ratio to 25.6%.

MCH Group remains confident on the basis of the positive business development of recent months. A further increase in business activity and improvement in the financial results are expected for 2023. On this basis, the management and the Board of Directors have come to the conclusion that MCH Group's liquidity and equity base have sufficient reserves to ensure the group's continued existence beyond 2023. As a result, the Board of Directors does not recognise any relevant uncertainty for the future of MCH Group and its group companies.

24.6 Events subsequent to the balance sheet date

On January 6, MCH Group informed that the Masterpiece London exhibition, which was to have taken place from June 28 to July 5, 2023, would be cancelled. The rising costs and declining number of international exhibitors meant that it would not have been economically viable to stage the event in 2023. The costs of CHF 0.7 million incurred for the 2023 exhibition were charged to the 2022 reporting year.

MCH Swiss Exhibition (Basel) Ltd. acquired further shares in the company Masterpiece London Ltd. amounting to 1% at a price of GBP 2 on February 2, 2023. From this date, Swiss Exhibition (Basel) Ltd. holds 100% of the participation rights in Masterpiece London Ltd.

No other significant events occurred after the balance sheet date and prior to the adoption of the annual accounts by the Board of Directors which could affect the information value of the 2022 financial account and are therefore required to be disclosed here.

24.7. Approval of the annual accounts

The Board of Directors of MCH Group Ltd. approved the consolidated annual accounts on March 24, 2023.



MCH Group Ltd., Basel

**Statutory Auditor's Report
to the General Meeting on the
Consolidated Financial Statements 2022**

KPMG AG
Basel, 24 March 2023



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 2022 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 2022, 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 Standards on Auditing (SA-CH). 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, together with 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.

Key Audit Matters



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.



VALUATION OF PROPERTY, PLANT AND EQUIPMENT (EXHIBITION HALLS)

Key Audit Matter

As at 31 December 2022, MCH Group Ltd. has developed land, buildings and assets under construction in the amount of CHF 163.5 mio., of which CHF 101.4 mio. correspond to exhibition halls situated in Basel and CHF 27.2 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. Valuation and accounting policies
- 1.4.8 Tangible fixed assets
- 6. Tangible fixed assets

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' Responsibilities 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 SA-CH 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 SA-CH, 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



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

A handwritten signature in blue ink, appearing to be 'C. Boller'.

Claudio Boller
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to be 'M. Stadelmann'.

Marc Stadelmann
Licensed Audit Expert

Basel, 24 March 2023

MCH Group Ltd.

Balance sheet

Statutory accounts of the holding company

Assets	Details	31.12.2022		31.12.2021	
		CHF 1000	%	CHF 1000	%
Cash and cash equivalents		84 037	–	25 831	–
Trade accounts receivable from holdings		8 328	–	12 561	–
Other receivables from third parties		71	–	455	–
Other receivables from holdings		–	–	370	–
Prepayments and accrued income from third parties		177	–	530	–
Prepayments and accrued income from participants		136	–	–	–
Total current assets		92 749	19.9	39 747	9.8
Long-term loans to holdings		83 980	–	127 172	–
Long-term non-interest-bearing loans to holdings	2.3	72 213	–	75 895	–
Investments	2.1	217 387	–	160 869	–
Total non-current assets		373 580	80.1	363 936	90.2
Total assets		466 329	100.0	403 683	100.0

Liabilities and shareholders' equity	Details	31.12.2022		31.12.2021	
		CHF 1000	%	CHF 1000	%
Trade accounts payable towards third parties		–	–	296	–
Trade accounts payable towards holdings		7 415	–	2 099	–
Other payables towards third parties		–	–	85	–
Other payables towards related parties	2.2	16 050	–	20 607	–
Accrued expenses and deferred income towards third parties		8 071	–	4 629	–
Accrued expenses and deferred income towards holdings		37	–	64	–
Current provisions		567	–	250	–
Total current liabilities		99 565	–	–	–
Total current liabilities		131 705	28.2	28 030	6.9
Non-current interest-bearing liabilities towards holdings		97 796	–	96 307	–
Non-current non-interest-bearing liabilities towards related parties	2.3	–	–	5 756	–
Bond	2.8	–	–	100 000	–
Non-current provisions		109	–	–	–
Total non-current liabilities		97 905	21.0	202 063	50.1
Total liabilities		229 610	49.2	230 093	57.0
Share capital	2.4	31 053	–	148 694	–

Statutory capital reserves					
- Reserves from capital contributions	2.4	224 817	-	32 635	-
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		-59 456	-	-54 930	-
- Loss for the year		-10 818	-	-4 526	-
Treasury shares	2.5	-2 077	-	-1 483	-
Total shareholders' equity		236 719	50.8	173 590	43.0
Total liabilities and shareholders' equity		466 329	100.0	403 683	100.0

MCH Group Ltd. Income statement

Statutory accounts of the holding company

		2022	2021
	Details	CHF 1000	CHF 1000
Other financial income from holdings		3 992	5 439
Other financial income		71	243
Management fee from holdings		7 747	7 195
Other operating income			
- Services with third parties		-	2
- Other operating income	2.9	5 756	3 788
Revenue reductions		-1	-1
Total operating income		17 565	16 666
	Details	CHF 1000	CHF 1000
Financial expense from bond		-1 896	-1 885
Financial expense from holdings		-7 354	-6 959
Other financial expenses		-188	-180
Personnel expenses	2.10 / 2.11	-9 243	-6 915
Other operating expenses			
- Administration		-5 619	-4 499
- Insurance		-920	-382
- Furnishing expenses		-235	-14
- Advertising, press, public relations		-206	-329
- Other operating expenses		-	-29
Debt waiver on loans	2.7	-2 722	-
Total operating expenses		-28 383	-21 192
Total result before taxes		-10 818	-4 526
Income tax		-	-
Loss for the year	3.7	-10 818	-4 526

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. Unrealized 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 recognized accounting standard (Swiss GAAP FER). In accordance with the statutory provisions, it has thus dispensed with the provision of details of interest-bearing liabilities and auditing fees and also with the presentation of a cash flow statement in the notes to the present annual accounts.

1.4 Treasury shares

Treasury shares are recognized at cost at the time of acquisition and disclosed as a separate deduction in equity. There is no subsequent valuation. If treasury shares are sold, this is done at the moving average price. Any realized increase or decrease in value is credited or charged to capital reserves without affecting income.

1.5 Share-based payments

A long-term incentive plan (LTIP) exists for members of the management team. At the beginning of the three-year plan period, the plan participants receive a defined number of performance share units (PSUs), which are distributed evenly over the three vesting periods. The expense is recognized as personnel expense in proportion to the duration of the vesting periods. At the end of the respective vesting period, a certain number of shares are transferred to the plan participants for each PSU granted, depending on target achievement. Between zero and 1.5 shares can be allocated per PSU.

The PSUs are valued at the beginning of the respective plan period at the closing share price of the MCH share on the allocation date. The recording of personnel expenses for the current plan periods is based in each case on the degree of target achievement, which is calculated on the basis of the current actual, budget, forecast and medium-term plan figures.

2. Disclosures on balance sheet and income statement positions

2.1 Investments

The indirect holdings are listed in the “Group Account” section of the Financial Report under “21. Investments in subsidiaries”

– Online: [Link](#)

– Download pdf: Page 119

The capital share corresponds to the voting share.

Direct investments

Investments in subsidiaries	City	Activity	Share capital as of 31.12.2022 in 1000		Holding as of 31.12.2022 in %	Share capital as of 31.12.2021 in 1000		Holding as of 31.12.2021 in %
MCH Swiss Exhibition (Basel) Ltd.	Basel	CP, VE	CHF	40 000	100.0	CHF	40 000	100.0
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	CP, VE	CHF	13 720	100.0	CHF	13 720	100.0
MCH Beaulieu Lausanne SA	Lausanne	VE	CHF	100	100.0	CHF	100	100.0
MCH Live Marketing Solutions AG	Effretikon	SC	CHF	300	100.0	CHF	300	100.0
MCH US Corp.	Delaware	EM	USD	30 000	100.0	USD	30 000	100.0
Arcual AG	Zurich	CP	CHF	166	67.5	CHF	105	100.0
Digital Festival AG	Zurich	CP	CHF	-	-	CHF	105	100.0

EM Experience Marketing

SC Stand Construction

2.2 Other payables towards related parties

The other liabilities to participations include insurance compensation already received but not yet transferred to the participations for exhibition cancellations amounting to CHF 15.9 million (previous year 20.6 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 participations that bear the losses resulting from the exhibition cancellations.

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

The long-term non-interest-bearing liabilities to stakeholders relate to the non-interest-bearing loan from the Canton of Basel-Stadt to MCH Basel Exhibition, which was transferred to MCH Group as part of the capital increase in 2020. As part of the subscription rights of third-party shareholders that were not exercised, this loan was converted into share capital accordingly. The remaining amount that could not be converted into share capital was continued as a loan. In the reporting year, this loan was fully waived by the Canton of Basel-Stadt as part of the 2022 capital increase.

2.4 Shareholders' equity

The share capital is divided into 31,053,147 registered shares with a par value of CHF 1.00 each (previous year 14,869,351 registered shares with a par value of CHF 10.00 each).

Of the reported reserves from capital contributions of CHF 224.8 million, CHF 32.2 million have been confirmed by the tax authorities. The capital contributions from the capital reduction of CHF 133.8 million and capital contributions from the capital increase 2022 of CHF 58.4 million have been reported to the tax authorities, but the confirmation is still pending. 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 transfer within equity has not yet been made.

2.5 Treasury shares

	Number of shares	Book value CHF 1000
Treasury shares as of 31.12.2021	–	–
Purchase of treasury shares	100 000	1 483
Treasury shares as of 31.12.2021	100 000	1 483
Subscription of treasury shares in capital increase	125 000	594
Treasury shares as of 31.12.2022	225 000	2 077

For the purpose of future remuneration for the management team, MCH Group Ltd. subscribed to 125,000 treasury shares in the year under review as part of the capital increase at an issue price of CHF 4.75 per share. The subscription rights to which MCH Group Ltd. is entitled were exercised in full.

In the previous year, 100,000 treasury shares were acquired for the same purpose. The purchase of treasury shares took place in the period from 09.07.2021 to 21.07.2021 at an average market price of CHF 14.71. The purchase price of the treasury shares was CHF 14.71.

As of the balance sheet date December 31, 2022, no shares had been issued (previous year: none).

2.6 Capital increase 2022

Following the pandemic-related losses in the past two years, a financial package of measures became necessary in the reporting year to secure the refinancing of the CHF 100 million bond due in May 2023 and the necessary investments for the growth of the company. The focus was on strengthening the capital base with a further capital increase with subscription rights for all shareholders.

In 2020, the Canton of Basel-Stadt (subject to the approval of the bodies responsible for this) and Lupa Systems had agreed to support the refinancing of the bond in equal parts if the company is unable to refinance it itself (so-called "backstop").

The Government Council of the Canton of Basel-Stadt therefore proposed to the Grand Council that it should participate in the planned capital increase in 2022 by acquiring new capital shares of up to CHF 34 million. This meant that the public-law corporations participating in MCH Group would continue to hold at least 33.34 % of the shares or voting rights. Lupa Systems had envisaged a maximum investment amount of CHF 75 million when it joined MCH Group in 2020 and had invested CHF 48 million as part of the capital increases in 2020. In the case of the 2022 capital increase, Lupa Systems was also prepared to invest up to CHF 34 million, analogous to the Canton of Basel-Stadt, and thus to go beyond the originally envisaged maximum investment amount if necessary.

In the capital increases in 2020, the Canton of Basel-Stadt had converted CHF 24.2 million of an existing interest-free loan of CHF 30 million into equity. As part of the capital increase in 2022, the government council of the Canton of Basel-Stadt requested the Grand Council that the repayment of the remaining loan of CHF 5.8 million not converted into equity in 2020 be waived. This was also already envisaged in 2020 and was also justified in the year under review by the fact that MCH Group was not entitled to Corona hardship funds from the Confederation on account of the state participation.

In June 2022, the Grand Council of the Canton of Basel-Stadt approved the proposals of the Government Council and the Economic and Tax Committee (WAK) for the Canton of Basel-Stadt to participate in the planned capital increase of MCH Group by acquiring new capital shares of up to CHF 34 million and to waive repayment of the residual loan of CHF 5.8 million that had not been converted into equity in 2020. The decision of the cantonal parliament was subject to a 42-day referendum period, which subsequently expired unused.

Capital reduction through par value reduction

With a view to the planned capital increase, the Board of Directors wanted to create more flexibility by reducing the nominal value of the shares and thus reducing the capital. Before the reduction in the nominal value, the share capital of MCH Group Ltd. amounted to CHF 148.7 million. However, the shares of MCH Group Ltd. were trading below the nominal value of CHF 10 per share. At the General Meeting of May 23, 2022, the Board of Directors of MCH Group Ltd. proposed to the shareholders that the nominal value per share be reduced to CHF 1.00 and that the share capital be reduced to CHF 14,869,351. The amount of CHF 133,824,159 by which the share capital would be reduced should be transferred to capital contribution reserves. This requested reduction of the nominal value was a purely technical measure. The total equity base remained unchanged, as did the number of shares issued. The Annual General Meeting of May 23, 2022, approved the proposal of the Board of Directors by a large majority.

Exception to the obligation to make an offer

In July 2022, the Swiss Takeover Board approved the applications submitted by MCH Group Ltd. and its two main shareholders in connection with the planned capital increase, in particular concerning the granting of an exemption from the obligation to make an offer pursuant to Art. 136 para. 1 lit. e FinfraG (restructuring exemption).

Capital increase

The Board of Directors of MCH Group Ltd. proposed to the Extraordinary General Meeting of September 28, 2022 a capital increase of up to 18,586,688 registered shares with a nominal value of CHF 1.00 each at a subscription price of CHF 4.75 per new registered share, a subscription ratio of 4 to 5 and the safeguarding of the shareholders' subscription rights.

At the Extraordinary General Meeting of September 28, 2022, the shareholders of MCH Group Ltd. approved this proposal of the Board of Directors with over 91% votes in favor.

The subscription period started on Thursday, September 29, 2022 and lasted until Monday, October 10, 2022. A total of 16,183,796 new registered shares were placed in the rights offering, corresponding to around 87% of the registered shares offered. MCH Group received gross proceeds totaling CHF 76.9 million from the issue of the registered shares, including CHF 0.6 million from the exercise of MCH Group Ltd.'s own subscription rights, or CHF 76.3 million less CHF 0.6 million from the exercise of MCH Group Ltd.'s own subscription rights.

	Number of shares Shares	Share capital (a) CHF	Additional paid-in capital (Agio) 1) (b) CHF	Total (a) + (b) CHF	Cash flow 2022 CHF
Before capital increase	14 869 351	14 869 351	–	14 869 351	–
Canton of Basel-Stadt	7 157 894	7 157 894	26 842 103	33 999 997	33 999 997

Lupa Investment Holdings LP	7 157 892	7 157 892	26 842 095	33 999 987	33 999 987
MCH treasury shares	125 000	125 000	468 750	593 750	–
Other shareholders	1 743 010	1 743 010	6 536 287	8 279 297	8 279 297
Capital increase gross	16 183 796	16 183 796	60 689 235	76 873 031	76 279 281
Transaction costs	–	–	–2 332 621	–2 332 621	–2 332 621
Canton of Basel-Stadt	–	–	–	–	–2 332 621
Capital increase net	16 183 796	16 183 796	58 356 614	74 540 410	73 946 660
After capital increase	31 053 147	31 053 147	58 356 614	89 409 761	73 946 660

1) Accounted in equity and reported under capital reserves.

After completion of the capital increase, the number of issued registered shares increased to a total of 31,053,147 with a nominal value of CHF 1.00 each, corresponding to a share capital of CHF 31,053,147.00. The completion of the capital increase took place on October 12, 2022, the delivery and the first trading day of the new registered shares on October 13, 2022.

Even after the completion of this rights issue, MCH Group still has a stable, long-term anchor shareholder base: Lupa Systems holds 38.52% of the share capital, while the Canton of Basel-Stadt holds 37.52%. In addition, the Canton and the City of Zurich together hold 1.50%. MCH Group Ltd. exercised the subscription rights for its treasury shares and acquired 125,000 new registered shares in the rights issue, thus holding a total of 0.72% of the share capital. The other shareholders hold 21.74% of the share capital.

2.7 Debt waiver and subordination of loans

In connection with the restructuring of MCH Swiss Exhibition (Basel) Ltd. necessitated by Covid-19, a debt waiver on the asset loan of CHF 2.0 million and a subordination on the asset loan of CHF 20 million were granted in the year under review.

In connection with the necessary restructuring of Masterpiece London Ltd., a complete debt waiver of CHF 0.7 million was granted on the asset loan in the reporting year.

2.8. Bond

As part of the financing of MCH Group Ltd., a CHF 100 million new issue (bond) was raised in 2018 with a term from 16.05.2018 to 16.05.2023 (5 years) and a coupon of 1.875%. Until 31.12.2022 shares in the amount of CHF 0.4 million were repurchased prematurely. The fees relating to the issuance of the bond will be charged to the income statement on an accrual basis over the five-year term.

2.9 Other operating income

	Details	2022 CHF 1000	2021 CHF 1000
Loan waiver		5 756	–
Event cancellation insurance		–	3 776
Other		–	12
Other operating income		5 756	3 788

In June 2022, the Grand Council of the Canton of Basel-Stadt approved the proposals of the Government Council and the Economic and Tax Commission (WAK) that the Canton of Basel-Stadt waive repayment of the residual loan of CHF 5.8 million not converted to equity in 2020.

2.10 ALV contributions (short-time work)

Due to Covid-19, no short-time work was requested from the state for the reporting year or the previous year.

2.11 Share-based payments

Since the reporting year 2022, a Long Term Incentive Plan (LTIP) with a basic plan period of three years has been in place for members of the management team. For the LTIP 2022-2024, three vesting periods have been defined, each covering the fiscal year (2022, 2023 and 2024). At the beginning of the three-year plan period, plan participants receive a defined number of performance share units (PSUs), which are distributed evenly over the three vesting periods. At the end of each vesting period, a certain number of shares are transferred to the plan participants for each PSU granted, depending on target achievement. Between zero and 1.5 shares can be allocated per PSU. The plan defines target values for the growth of operating income (weighting one third) and EBITDA (weighting two thirds).

The shares are freely available to the plan participant after transfer and are not subject to any vesting period.

The PSUs are valued at the beginning of the respective plan period at the closing share price of the MCH share on the allocation date. The recording of personnel expenses for the current plan periods is based in each case on the degree of target achievement, which is calculated on the basis of the current actual, budget, forecast and medium-term plan figures.

The following personnel expenses, including social security benefits, were recognized for the current plan periods in 2022:

Plan period	Vesting period	Quantity	Value	Personnel expenses
		PSU	CHF 1000	CHF 1000
2022-2024	2022	24 266	118	108
	2023	24 266	118	47
	2024	24 270	119	62
Total		72 802	355	217

No shares were transferred in the reporting year 2022 as the plan was only introduced this year. The first transfer is planned for the coming reporting year.

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 Collateral provided for third-party liabilities

To secure contractual obligations of Arcual AG, MCH Group Ltd. has issued guarantees amounting to CHF 2.3 million (previous year none) as at 31.12.2022. A guarantee of CHF 0.69 million (USD 0.75 million) (previous year CHF 2.3 million, USD 2.5 million) was issued to secure a rental guarantee for MC².

3.3 Contingent liabilities

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

MCH Group Ltd. is jointly and severally liable with MCH Swiss Exhibition (Basel) Ltd. for a credit facility of CHF 40.0 million (previous year CHF 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 2022, 2,240 registered shareholders were entered in the share register (previous year 2,295).

Shareholding in excess of 0.5% as of 31.12.2022 (31.12.2021)

- Lupa Investment Holdings LP: 38.52 % (32.32 %)
- Canton of Basel-Stadt: 37.52 % (30.21 %)
- LLB Swiss Investment AG: 2.09 % (4.48 %)
- Canton of Zurich: 0.77 % (1.61 %)
- City of Zurich: 0.72 % (1.51 %)
- Montagsklub Zürich: 0.63 % (0.58 %)

1) Without registered voting rights.

3.6 Disclosure of participation rights

Shares held by members of the Board of Directors

Number of shares CHF 1.00 and percentage of voting rights 31.12.2022	Number of shares CHF 1.00 and percentage of voting rights 31.12.2021
--	--

Andrea Zappia, Chairman ¹⁾	86 409	0.3%	38 409	0.3%
Marco Gadola, Vice Chairman	35 000	0.1%	-	-
Christoph Brutschin	-	-	-	-
Markus Breitenmoser	26 657	0.1%	9 000	0.1%
Dr. Balz Hösly	-	-	-	-
Dr. Dagmar Maria Kamber Borens	-	-	-	-
Eleni Lionaki	-	-	-	-
James R. Murdoch	-	-	-	-
Jeffrey Palker	-	-	-	-
Total	148 066	0.5%	47 409	0.3%
Shares held by related parties				
of Markus Breitenmoser ²⁾	-	-	2 847	0.0%
of James R. Murdoch ³⁾	11 963 130	38.5%	4 805 238	32.3%

1) Registered with voting rights 38 409

2) MCBM Beteiligungen AG

3) Lupa Investment Holdings LP

The members of the Board of Directors and related parties hold shares to the value of TCHF 55,712 (previous year TCHF 43,699). The taxable value per share is CHF 4.60 (previous year CHF 9.00).

Shares held by members of the Executive Board

	Number of shares CHF 1.00 and percentage of voting rights 31.12.2022		Number of shares CHF 1.00 and percentage of voting rights 31.12.2021	
Florian Faber	-	0.0%	-	0.0%
Michael Hüsler	20 000	0.1%	6 000	0.0%
Andreas Eggimann ¹⁾	-	-	1 000	0.0%
Marc Spiegler ²⁾	-	-	-	0.0%
Beat Zwahlen ³⁾	-	-	-	0.0%
Total	20 000	0.1%	7 000	0.0%
Shares held by related parties				
of Beat Zwahlen ⁴⁾	-	-	5 000	0.0%

1) Member of the Executive Board up to 31.07.2022

2) Member of the Executive Board up to 26.10.2022

3) Member of the Executive Board up to 30.06.2022

4) CORxpert AG

The members of the Executive Board and related parties hold shares to the value of TCHF 92 (previous year TCHF 108). The taxable value per share is CHF 4.60 (previous year CHF 9.00).

3.7 Influence of the Covid-19 pandemic

Review 2022 - impact of Covid-19 pandemic in first quarter of 2022 and largely normalization of business activity from second quarter of 2022 onwards

The year 2022 was again impacted by the Covid-19 pandemic, but primarily in the first quarter of 2022. From the second quarter of 2022 onwards, business activities largely returned to normal as the regulatory restrictions were lifted. However, the restrictions in the first quarter of 2022 again had a significant

negative impact on financial results. The period from January to March 2022 was characterized by the continuation of measures on the part of governments and authorities, in that the staging of exhibitions and events continued to be severely restricted or in some cases completely impossible. This affected MCH Group in Switzerland in particular, with cancellations of Swissbau in January 2022 and Giardina in March 2022, as well as a total loss of congresses and guest events. Swissbau was held in a much smaller format as Swissbau Compact in May. In Hong Kong, Art Basel Hong Kong was postponed to May and held again as a significantly smaller trade fair, as the official restrictions in Asia and in China and Hong Kong lasted much longer. Finally, customers in the USA were still more reluctant to attend the fairs at the beginning of 2022, with a corresponding loss of sales. In Asia, the restrictions continued throughout the rest of the year and led to further sales shortfalls. By contrast, business activity in the USA, Europe and Dubai picked up significantly from the second quarter onwards. The art fairs held in the further course of the year, Art Basel in Basel, the Paris+ par Art Basel organized by MCH for the first time, and Art Basel Miami Beach, were held very successfully without any restrictions. At Swiss Events, there was a strong autumn of exhibitions, as in the days before the pandemic. And the congress and guest events business also recovered very well. Finally, there was very high demand from customers in the area of experience marketing, both for events in 2022 and already with a view to events in 2023. This applies in particular to the USA, and to some extent also to Europe, while the restrictions in Asia are only gradually falling and business in Asia is therefore still at a lower level.

Capital increase 2022 and outlook 2023 and following years

The refinancing of the outstanding CHF 100 million bond is due in May 2023. MCH Group therefore completed a capital increase in October 2022, which generated a net inflow of CHF 74 million, with the support of the two anchor shareholders Canton Basel-Stadt and Lupa Investment Holdings LP in the amount of CHF 34 million each, as well as a slightly higher-than-expected contribution from the public shareholders. With the capital increase, MCH Group will have cash and cash equivalents of CHF 152 million on December 31, 2022 and thus sufficient liquidity to repay the bond and to continue and further develop its business. The capital increase has also strengthened the capital base by reducing net debt to CHF 84.6 million and improving the equity ratio to 25.6 %.

MCH Group remains confident on the basis of the positive business development of recent months. A further increase in business activity and improvement in the financial results are expected for 2023. On this basis, the management and the Board of Directors have come to the conclusion that MCH Group's liquidity and equity base have sufficient reserves to ensure the group's continued existence beyond 2023. As a result, the Board of Directors does not recognise any relevant uncertainty for the future of MCH Group and its group companies.

3.8 Events after the balance sheet date

No significant events have occurred after the balance sheet date and up to the adoption of the financial statements by the Board of Directors on March 24, 2023, which could affect the informative value of the 2022 financial statements and would therefore have to be disclosed here.



MCH Group Ltd., Basel

**Statutory Auditor's Report
to the General Meeting on the
Financial Statements 2022**

KPMG AG
Basel, 24 March 2023



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. (the Company), which comprise the balance sheet as at 31 December 2022, 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 sub-chapter MCH Group Ltd. Including balance sheet, income statement and notes) 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 Standards on Auditing (SA-CH). 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 Company in accordance with the provisions of Swiss law, together with 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.

Key Audit Matters



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 2022, MCH Group Ltd. holds investments in the amount of CHF 217.4 mio.

The value adjustments recorded on investments during the year 2022 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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' Responsibilities 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 Company'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 Company 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 SA-CH 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 SA-CH, 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 the Company'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 Company'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 Company 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 PS-CH 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

A handwritten signature in blue ink, appearing to read 'C. Boller'.

Claudio Boller
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'M. Stadelmann'.

Marc Stadelmann
Licensed Audit Expert

Basel, 24 March 2023



Icons of Porsche, Dubai,
November 2022

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The Reports 2022 of
MCH Group are available
in German and English.
The German version is
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