



# Half-year Closing 2022

## MCH Group

# First half of 2022 still marked by Covid, prospects of positive development

- In the first quarter of 2022, business activity – with the exception of the Experience Marketing segment – was still largely at a standstill due to the Covid-related restrictions. In the second quarter, the event business picked up noticeably and we expect a further normalisation of the pandemic situation and a positive development of business activity.
- Compared to the same period last year, we were able to more than triple operating income to CHF 185.6 million. The operating result before interest, taxes, depreciation and amortisation (EBITDA) is almost balanced at CHF -3.2 million. The half-year loss amounts to CHF -13.2 million.
- Another Group loss is expected in the second half of the year. However, EBITDA will continue to improve, and we expect the full-year result will also be positive even without any special income.
- The planned capital increase to secure the necessary investments for the growth of the company and the refinancing of the CHF 100 million bond due in May 2023 will be submitted to an extraordinary general meeting in the autumn of 2022.

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## First quarter still without events

The first four months of 2022 were still heavily influenced by measures taken in the context of the Covid-19 pandemic, which once again had a significant impact on the business activities of exhibitions and congresses.

The Giardina spring event at Messe Zürich had to be cancelled because the uncertainties surrounding the pandemic meant that not enough exhibitors were prepared to undertake the corresponding planning work and investments. The fact that all restrictions had been lifted by the time Giardina would have taken place made the matter all the more grievous. For Swissbau, which takes place every two years in January, there were more than 600 applications from exhibitors, but in December 2021, the health authorities of the Canton of Basel-Stadt disallowed it from being held. The much smaller format Swissbau Compact, which was held in May, successfully made a virtue of necessity, but understandably could not generate the same revenue as a regular Swissbau.

In addition, Art Basel Hong Kong also suffered a drop in income. The planned event in March had to be moved to May due to the Covid situation. Despite strict local regulations, the event was successful, with 130 participating

galleries and a programme for the general public. One of the many highlights was Ellen Pau's "The Shape of Light", commissioned by Art Basel and the newly opened Museum M+, which was shown on the gigantic LED façade of the M+. Finally, the business with guest exhibitions and congresses also recorded various cancellations in the first months of the year.

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## Second quarter towards normalisation

After the difficult first quarter the event business also picked up again. In the second quarter, to the great relief of all involved, all own and guest exhibitions as well as congresses could be held as planned.

In mid-May, the Powertage 2022, the platform for the Swiss electricity industry, took place at Messe Zurich. At the end of May, the guest exhibition FANTASY BASEL – The Swiss Comic Con celebrated the most successful edition in its history with over 62,000 admissions and more than 450 stands on 70,000 m<sup>2</sup>. And Art Basel was held again on its traditional date in mid-June, after having to be moved to September last year for corona reasons.

With 289 leading galleries from over 40 countries, Art Basel once again underlined the fact that the epicentre of Art Basel shows is in Basel. With a work of art by Lawrence Weiner occupying the exhibition square, the Art Basel Parcours and Parcours Night, and a performance by Chance the Rapper at the first Unlimited Night, there was also plenty for the people of Basel to discover and experience.

In the Experience Marketing segment, the Live Marketing Solutions Division (LMS) is performing strongly with its three brands MCH Global, MC<sup>2</sup> and Expomobilia. The year got off to a very successful start for MC<sup>2</sup> with the Consumer Electronics Show (CES) in Las Vegas with over half a dozen brand exhibitions, three of which landing onto EXHIBITOR Magazine's Best of CES List with the likes of Samsung/Cheil, John Deere, and SK Telecom. Expomobilia went on to look after its major clients at Watches & Wonders in Geneva, among other projects. After the successful conclusion of Expo 2020 Dubai at the end of March, the team picked up a Silver Xaver award for its Netherlands pavilion and a Gold Xaver award and a Red Dot Design Award for the Swiss pavilion. MCH Global got off to a strong start in the UAE with Google and BMW amongst others, and implemented various projects in Europe, such as the opening of the Globus department store on Zurich's Bahnhofstrasse. LMS was able to almost quadruple its sales compared with the same period of the previous year.

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#### Significant increase compared with the same period last year

Compared with the same period of the previous year, we were able to more than triple our operating income to CHF 185.6 million in the first half of 2022. Nevertheless, the pandemic-related impact on the first half of 2022 is significant, as MCH Group overall lost a significant double-digit million amount in sales, with a correspondingly large impact on the result. The Experience Marketing segment recorded an increase in operating income to CHF 128.3 million in the first half of 2022 compared with the same period of the previous year. This segment's share of the group's overall result rose from 56.3% to 69.1%. In the Community Platforms segment, operating income almost tripled year-on-year to CHF 55.6 million thanks to the second quarter. This segment accounts for 30% of the group's total result.

The consolidated net loss for 2022 is CHF -13.2 million. The consolidated result improved significantly by CHF 16.2 million compared with the same period last year. EBITDA for the first half of 2022 amounts to CHF -3.2 million (first half of 2021 CHF -17.4 million). Due to the half-year loss, cash and cash equivalents decreased from CHF 113.7 million to CHF 100.5 million in the first half of 2022 and equity fell to CHF 34.5 million.

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#### Capital increase well on track

After the pandemic-related losses in the past two years, a financial package of measures is necessary to ensure the investments for the growth of the company and the refinancing of the CHF 100 million bond due in May 2023. The focus is on strengthening the capital base and a downstream renewal of debt financing. As a first step, MCH Group is planning to carry out a capital increase with subscription rights for all shareholders.

The two anchor shareholders, the Canton of Basel-Stadt and Lupa Systems, had already agreed a so-called "backstop" when the capital was increased in 2020: to support the refinancing of the bond in equal parts if MCH Group was unable to redeem it from its own resources.

This further capital increase is on track:

- On 22 June 2022, the Grand Council of the Canton of Basel-Stadt approved the participation in this capital increase of up to CHF 34 million requested by the Executive Council.
- Lupa Systems will support this capital increase to the same extent as the Canton of Basel-Stadt.
- The Annual General Meeting approved a reduction in the nominal value per share to CHF 1.00 in order to create the necessary flexibility with regard to the planned capital increase.
- In addition, the Swiss Takeover Board (TOB) has granted the Canton of Basel-Stadt a restructuring exemption from the obligation to make a public takeover offer.

The planned capital increase, in which the two anchor shareholders Canton Basel-Stadt and Lupa Systems intend to participate with a total of up to CHF 68 million, and which is to be carried out with subscription rights for all shareholders, will be submitted to the shareholders at an Extraordinary General Meeting in autumn 2022.

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#### Foundation for a successful future

As of 1 July 2022, the Board of Directors appointed Florian Faber as the new Group CEO. At that time, he was Head of the Live Marketing Solutions (LMS) Division and had been with the company since 2009. His immediate focus is on the planned capital increase, the Group's business performance, assembling his new Management Team, and driving the ongoing cultural transformation.

Even though the geopolitical situation and the Covid situation continue to be fraught with uncertainty, MCH Group is looking to the future with confidence. We have anticipated the major changes in the experience marketing market, which have been intensified and accelerated by the pandemic, with our strategy and our transformation. Over the past two years, we have laid the foundation for a successful turnaround and prosperous further development of our company.

We still believe that the integration of the three business segments represents a unique asset with great synergy and development potential: Community Platforms (physical, hybrid and digital exhibitions, congresses and platforms), Experience Marketing (strategy, creation and implementation of marketing solutions) and Venues (operation and rental of our own infrastructures in Basel and Zurich). The strategy is based on creating added value for the corresponding communities in so-called ecosystems on physical, hybrid and digital platforms throughout the year. MCH Group can also offer its customers integrated experience marketing solutions for positioning and activating brands and for building and maintaining lasting customer relationships.

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## Outlook for the second half of the year

In the wake of the tangible upswing following Covid-19, it is important to secure the business and to be able to exploit the growth potential. In this respect, we see a major challenge in recruiting sufficient talent. The strategic focus is on geographic expansion, further digital transformation, the development of innovative offerings and new trade fairs, and cross-utilisation of skills and services across the Group.

In the second half of the year, “Paris+ par Art Basel”, staged by Art Basel for the first time, is planned in October and Art Basel in Miami Beach in December. In Basel, the program includes the “Holz” (trade fair for the wood working industry) and the Basel Wine Festival, the “Berufsmesse Zürich” (careers and education fair), the IFAS (health market trade fair) and the Digital Festival and HackZurich are planned in Zurich, and the Ilmac (platform for the chemical, pharma, and biotechnology industry) and the “Salon des métiers et de la formation” in Lausanne. In the area of experience marketing, we see a further increase in demand for our services, both for orders in the second half of 2022 and already towards 2023.

Assuming a progressive normalisation of the pandemic situation and without further geopolitical destabilisation, we expect a further positive development of business activity. In contrast to the previous year, we do not expect any significant special effects in the second half of 2022. According to current estimates, the second half of 2022 will show a consolidated loss in the low to mid single-digit million range at Group level.

According to current expectations, we expect EBITDA to continue to improve in the second half of the year and to be positive, so that EBITDA for the full year can also be expected to be positive.

Based on the significant increase in business activity and on the further development of the strategy, we have updated the multi-year planning. The medium and long-term goals are still ambitious. We are convinced that they are achievable. However, a crucial prerequisite for this is the successful implementation of the planned capital increase in the second half of 2022.

## Group balance sheet to the half-year closing 2022

Group balance sheet (abridged)	30.06.2022		31.12.2021	
	CHF million	%	CHF million	%
Cash and cash equivalents	100.5		113.7	
Other current assets	133.1		102.4	
<b>Total current assets</b>	<b>233.6</b>	<b>55.0</b>	<b>216.1</b>	<b>53.5</b>
<b>Total non-current assets</b>	<b>191.2</b>	<b>45.0</b>	<b>187.8</b>	<b>46.5</b>
<b>Total assets</b>	<b>424.8</b>	<b>100.0</b>	<b>403.9</b>	<b>100.0</b>
Current financial liabilities	8.7		8.5	
Other current liabilities	136.9		101.9	
<b>Total current liabilities</b>	<b>145.6</b>	<b>34.3</b>	<b>110.4</b>	<b>27.3</b>
Non-current financial liabilities	236.9		237.9	
Other long-term liabilities	7.8		7.8	
<b>Total non-current liabilities</b>	<b>244.7</b>	<b>57.6</b>	<b>245.7</b>	<b>60.8</b>
<b>Total liabilities</b>	<b>390.3</b>	<b>91.9</b>	<b>356.1</b>	<b>88.2</b>
<b>Total shareholders' equity</b>	<b>34.5</b>	<b>8.1</b>	<b>47.8</b>	<b>11.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>424.8</b>	<b>100.0</b>	<b>403.9</b>	<b>100.0</b>

## Group income statement to the half-year closing 2022

Group income statement (abridged)	01.01.–30.06.2022		01.01.–30.06.2021	
	CHF million	% /income	CHF million	% /income
Net sales from deliveries and services	184.2		39.7	
Other operating income	5.1		19.4	
Changes in work in progress	-3.7		1.3	
<b>Total operating income</b>	<b>185.6</b>	<b>100.0</b>	<b>60.4</b>	<b>100.0</b>
Personnel expenses	-51.2		-35.7	
Administration	-11.2		-8.0	
Maintenance, repairs	-5.8		-3.6	
Insurance, ground rent, rents	-8.6		-7.4	
Energy	-2.0		-1.9	
Furnishing expenses, stand construction	-94.0		-19.1	
Exhibition and conference operations	-10.7		-0.4	
Advertising, press, public relations	-5.3		-2.3	
Other operating expenses	0.0		0.6	
<b>Operating result before interest, taxes and depreciation (EBITDA)</b>	<b>-3.2</b>	<b>-1.7</b>	<b>-17.4</b>	<b>-28.8</b>
Depreciation and impairment	-8.8		-10.0	
<b>Operating result (EBIT)</b>	<b>-12.0</b>	<b>-6.5</b>	<b>-27.4</b>	<b>-45.4</b>
Result associated organisations	0.0		0.1	
Financial result	-0.6		-1.9	
<b>Loss before income taxes</b>	<b>-12.6</b>	<b>-6.8</b>	<b>-29.2</b>	<b>-48.3</b>
Income tax	-0.6		-0.2	
<b>Group Loss</b>	<b>-13.2</b>	<b>-7.1</b>	<b>-29.4</b>	<b>-48.7</b>
of which attributable to minority interests	-0.6		-0.4	
of which attributable to the shareholders of the parent company	-12.6		-29.0	
Result per share in CHF (diluted / undiluted)	-0.85		-1.95	

## Group Cash Flow Statement to the half-year closing 2022

Group Cash Flow Statement (abridged)	01.01.–30.06.2022	01.01.–30.06.2021
	Mio. CHF	Mio. CHF
Net cash flow from operating activities	0.4	-27.9
Net cash flow from investing activities	-12.9	-2.3
thereof investment in consolidated companies (net of cash)	-0.3	-0.8
Net cash flow from financing operations	-0.5	-0.1
Currency translation differences	-0.2	-0.1
<b>Net cash flow</b>	<b>-13.2</b>	<b>-30.4</b>
Cash and cash equivalents at the beginning of the financial period	113.7	130.1
Cash and cash equivalents at the end of the financial period	100.5	99.7

Due to the lifting of the corona-related restrictions in spring 2022, net cash flow from operating activities improved noticeably compared to the previous year. Due to the recovery in business performance, more investments were made, among others in the digital area.

## Development of Consolidated Shareholders' Equity

Development of Consolidated Shareholders' Equity (abridged)	Share capital	Capital reserves	Own shares	Retained earnings	Minority interests	Total
	CHF million	CHF million		CHF million	CHF million	CHF million
As of 01.01.2021	148.7	79.0	0.0	-160.8	0.4	67.3
Currency translation differences				-0.3		-0.3
Goodwill				-0.8		-0.8
Transaction with minorities						0.0
Group loss 01.01. - 30.06.2021				-29.0	-0.4	-29.4
<b>As of 30.06.2021</b>	<b>148.7</b>	<b>79.0</b>	<b>0.0</b>	<b>-190.9</b>	<b>0.0</b>	<b>36.8</b>
As of 01.01.2022	148.7	59.0	-1.5	-158.4	0.0	47.8
Currency translation differences				0.0		0.0
Goodwill						0.0
Transaction with minorities				-0.4	0.3	-0.1
Group loss 01.01. - 30.06.2022				-12.6	-0.6	-13.2
<b>As of 30.06.2022</b>	<b>148.7</b>	<b>59.0</b>	<b>-1.5</b>	<b>-171.4</b>	<b>-0.3</b>	<b>34.5</b>

# Notes

## to the half-year closing 2022

### 1. Fundamental principles applied in compiling the financial statements

The present consolidated half-year closing 2022 takes in the non-audited half-year financial statements for MCH Group Ltd. and its subsidiaries for the period from 1 January 2022 to 30 June 2022. The abridged half-year financial statements have been drawn up in accordance with the current guidelines of the Swiss GAAP FER 31 professional recommendations (complementary recommendations for listed companies). They do not contain all the information and disclosures set out in the consolidated annual financial statements and should therefore be read in conjunction with the group financial statements as at 31 December 2021.

The consolidated half-year financial statements have been prepared using the same accounting policies and valuation principles as applied in the consolidated financial statements as of December 31, 2021.

### 2. Segment reporting

Reporting by segments:

Operating income by segments	01.01.–30.06.2022		01.01.–30.06.2021	
	CHF million	%	CHF million	%
Community Platforms	55.6	30.0	19.5	32.3
Experience Marketing	128.3	69.1	34.0	56.3
Venues	14.2	7.7	9.6	15.9
Corporate Functions & Consolidation	-12.5	-6.7	-2.7	-4.5
<b>Total operating income</b>	<b>185.6</b>	<b>100.0</b>	<b>60.4</b>	<b>100.0</b>

Operating result before interest, taxes and depreciation (EBITDA) by segments	01.01.–30.06.2022		01.01.–30.06.2021	
	CHF million	%	CHF million	%
Community Platforms	-0.6	-1.1	-9.3	-47.7
Experience Marketing	5.8	4.5	-8.8	-25.9
Venues	1.1	7.7	-3.3	-34.4
Corporate Functions & Consolidation	-9.5		4.0	
<b>Total operating result before interest, taxes and depreciation (EBITDA)</b>	<b>-3.2</b>	<b>-1.7</b>	<b>-17.4</b>	<b>-28.8</b>

Operating result (EBIT) by segments	01.01.–30.06.2022		01.01.–30.06.2021	
	CHF million	%	CHF million	%
Community Platforms	-1.2	-2.2	-9.9	-50.8
Experience Marketing	4.7	3.7	-10.1	-29.7
Venues	-5.7	-40.1	-11.1	-115.6
Corporate Functions & Consolidation	-9.8		3.7	
<b>Total operating result (EBIT)</b>	<b>-12.0</b>	<b>-6.5</b>	<b>-27.4</b>	<b>-45.4</b>

The segment revenues and results of the divisions are presented prior to consolidation. The Community Platforms division includes the revenues and results of the various physical, hybrid and digital platforms as well as related services of the units Art & Art Related Industries, Watch/Jewellery/Gems and Swiss Events. The Experience Marketing division takes in strategy, creation and implementation of experience marketing services for Live Marketing Solutions with the brands MCH Global, Expomobilia and MC<sup>2</sup>. The Venues division covers the rental business for the hall infrastructure (third-party events, rental to own exhibitions, congresses) and general services provided (such as car-park income) in Basel and Zurich. Corporate Functions & Consolidation includes Digital & Information, Corporate Finance, Corporate Services (Business Development & Innovation, Legal Department, Risk Management & Compliance, HR and Communications) and Consolidation Effects.



## Reporting by geographical markets:

Operating income by geographical markets	01.01.–30.06.2022		01.01.–30.06.2021	
	CHF million	%	CHF million	%
Switzerland	71.2	36.4	29.3	48.5
Europe without Switzerland	9.2	5.0	2.8	4.6
North and South America	60.9	32.8	16.7	27.6
Asia, Pacific and Africa	44.3	23.9	11.6	19.2
<b>Total operating income</b>	<b>185.6</b>	<b>100.0</b>	<b>60.4</b>	<b>100.0</b>

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

### 3. Impact of the Covid pandemic on the half-year closing

The restrictions still in place in Switzerland at the start of the year due to the Covid pandemic had the effect that business activity was still largely at a standstill in the first quarter of 2022 – with the exception of the Experience Marketing segment. With the gradual lifting of the restrictions in February and April 2022, the event business picked up noticeably in the second quarter. Assuming a further normalization of the pandemic situation, a further positive development of business activity may also be expected.

As a result of the restrictions still in place due to the pandemic, Giardina in Zurich, scheduled for March 2022, had to be cancelled. Swissbau in Basel had to be postponed to May 2022 and, due to this postponement, could only be held in a much smaller format as Swissbau Compact. Due to the ongoing Covid-19 restrictions in Hong Kong, Art Basel in Hong Kong had to be postponed from March 2022 to May 2022. A number of third-party events were also missing from the Basel and Zurich exhibition halls during the first half of 2022, and the congress business in Basel similarly experienced a very weak first quarter.

Art Basel in Basel and Design Miami Basel, by contrast, took place in the customary manner in June 2022 once the Covid-19 measures had been lifted. In Zurich, it was possible to hold Powertage again in May 2022 while Mednat was staged once more in Lausanne in June.

The recovery in business was more noticeable in the Experience Marketing division. At the end of the first half of 2022, both the division's sales and its operating result were almost back to the level of the first half of 2019 again. This division benefited especially from the favourable development in the United States and an unexpectedly rapid recovery in Switzerland.

Despite the positive developments evident in the second quarter of 2022, MCH Group is still posting a loss for the first half of 2022. This is, however, noticeably lower than in the first half of the two previous years when business had almost come to a standstill.

Following the losses incurred over the past two years due to the pandemic, a financial package of measures is required to ensure that the necessary investments can be made for the growth of the company and the refinancing of the CHF 100 million bond due in May 2023. The main focus here is on strengthening the capital base. In 2020, the two anchor shareholders of Canton Basel-Stadt and Lupa Systems agreed on a backstop, which involves supporting the refinancing of the bond in equal parts if MCH Group does not have the resources to redeem the bond itself. In the second quarter of 2022, the Government of Canton Basel-Stadt submitted a request to the cantonal Parliament to participate in the capital increase for an amount of up to CHF 34 million. The Parliament approved the requested participation of Canton Basel-Stadt. Lupa Systems is prepared to participate with the same amount. The implementation of the capital increase is planned for the second half of 2022.

### 4. Changes in the consolidated companies

On 17 January 2022, MCH Swiss Exhibition (Basel) Ltd. acquired a minority holding of 15% in Art Events Singapore Pte. Ltd. for a price of USD 0.3 million.

MCH Group Ltd. founded MCH Digital Ventures AG on 16 March 2022.

On 30 March 2022, MCH Swiss Exhibition (Basel) Ltd. founded the company MCH Group France SAS.

MCH Swiss Exhibition (Basel) Ltd. acquired a further stake of 31.5% in Masterpiece London Ltd. on 23 June 2022 for a price of GBP 59. As of this point in time, MCH Swiss Exhibition (Basel) Ltd. has held 99% of the participation rights in Masterpiece London Ltd.

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## 5. Seasonal fluctuations / Outlook

The result for the first half of 2022 was still strongly affected by the negative impact of Covid-19. It is not possible to linearly extrapolate the present half-year closing to draw conclusions regarding the expected annual result for 2022. In the first half of the year, Swissbau Compact and Art Basel were held in Basel, Powertage in Zurich, Mednat in Lausanne and Art Basel in Hong Kong. The events planned for the second half of the year include “Holz” and the Basel Wine Festival in Basel, the “Berufsmesse”, IFAS and the Digital Festival and HackZurich in Zurich, Ilmac and the “Salon des métiers et de la formation” in Lausanne, “Paris+ by Art Basel” in Paris and Art Basel in Miami Beach.

On the basis of current estimates, a loss in the single-digit millions will be recorded in the second half of 2022 at the level of the annual result. The EBITDA will improve in the second half of the year, resulting in a positive EBITDA for both the second half and the year as a whole.

In the worst case, if extensive restrictions are imposed again due to Covid-19, it will only be possible to hold exhibitions and events to a limited extent, if at all, in the second half of 2022, which would again impact negatively on business results. MCH Group is not, however, expecting this scenario to come about.

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## 6. Going concern

As expected, MCH Group was able to record a clear increase in its business activity as of the second quarter of 2022. In the light of this increased activity, together with the planned capital increase and the further development of the strategy, the corporate group’s multi-year planning was reviewed and adjusted in the second quarter of 2022. On this basis, the management and Board of Directors of MCH Group have concluded that the liquidity and also the equity base of the holding company have sufficient reserves to ensure the going concern of the company beyond 2023. The successful implementation of the planned capital increase in the second half of 2022 is a key prerequisite for this.

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## 7. Events subsequent to the balance sheet date

Following the unused expiry of the referendum period, the decision of the Parliament of the Canton of Basel-Stadt of 22 June 2022 regarding the participation with up to CHF 34 million in the planned capital increase and waiver of the remaining loan of CHF 5.8 million became legally valid at the beginning of August 2022.

On 27 July 2022, the Swiss Takeover Board (TOB) has granted the Canton of Basel-Stadt a restructuring exemption from the obligation to make a public takeover offer. This decision has become legally binding.

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## 8. Approval of the half-year financial statements

The Board of Directors of MCH Group Ltd. approved the consolidated half-year financial statements for 2022 on 29.08.2022.

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The report on the half-year closing for 2022 is posted on the MCH Group website under “Investors” / “Reports”. No printed copies are produced or sent out.

You will also find the MCH Group at:



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The report on the first-half result for 2022 is published in German and English. The German version is binding.