

Press Conference by the NürnbergMesse Group

Monday, 11 July 2022, 11.00 a.m.

Statement by Prof. Dr Roland Fleck, CEO NürnbergMesse Group
Statement by Peter Ottmann, CEO NürnbergMesse Group

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Ladies and Gentlemen, welcome to our 2022 financial press conference. Just as we did last year, once again we're hosting a hybrid financial press conference here at NCC Ost in the Nuremberg Exhibition Centre – and of course at the computer too, either at work or at your home office. Whether you're members of the media or colleagues from NürnbergMesse, whether on-site or online, Peter Ottmann and I want to wish you a very warm welcome. We are very happy you could join us today. This is of course the season when we usually send you media representatives off for summer holidays, as the summer break lies ahead for us all. But this year, yet again, everything is different. Because – and we're very glad to say this – we are in the midst of a hot 2022 trade show summer.

Now that all bans on events have been lifted, trade fair venues in Germany held more than 50 trade fairs in May, and more than 40 in June. More trade shows than ever in these months! Over half of the more than 250 trade fairs that remain for this year will be held this summer. That's something utterly new. Because as you well know, the winter half of the year is usually the trade fair season. Here again the pandemic has thoroughly shuffled the deck.

Here at our own Exhibition Centre, the pandemic likewise kept the event year from opening until spring. We began with Enforce Tac and IWA Outdoor Classics in early March. Since then, it's been one event after another, starting with PCIM Europe, then SMTconnect, Sensor+Test and Interzoo in May, then EUROGUSS, embedded world, Stone+tec and FeuerTrutz in June, and now HOLZ-HANDWERK and FENSTERBAU FRONTALE, which – as you may have noticed – will open tomorrow.

Our packed events calendar proves that even the pandemic has sapped none of trade fairs' significance as a marketing instrument. But it's still a major challenge for us, our exhibitors, our visitors and service partners, to organise and hold so many events within such a short time. Yet the events figures for the first half of 2022 are proving to be a much-appreciated reward for all our efforts: To date, the 2022 events year has brought NürnbergMesse more

than 6,200 exhibitors, 200,000 visitors and over 228,000 square metres of space booked. That is an extremely welcome sign in the aftermath of the past two years.

And as you saw in our film clip, our events have been meeting with a truly wonderful response. Our event halls are filled with a very special kind of delight, as people are able to meet again in person. As I already mentioned last year, this has provided further confirmation for a projection by Italian sociologist Franco Ferrarotti in Rome. Back in the first year of the pandemic, he predicted an “explosion of joie de vivre” once the viral threat had passed. That’s enough for the moment about the here and now. We’ve invited you here today, of course, to look not just at current business and event operations, but at the past fiscal year, and to sum it up. 2021 – a fiscal year spent in a state of emergency.

The coronavirus still held us firmly in its grip in 2021. After 19 months – specifically, 243 days – the forced interruption of events finally ended in September. Both in Nuremberg and at our sites in Athens, Mumbai and São Paulo, we were able to hold trade fairs in person again at last. At any rate, for 2021 we were still able to orchestrate 57 in-person events. These brought us 5,493 exhibitors and 315,440 visitors in 176,558 square metres of net space.

Yet in mid-November, the reviving coronavirus brought back sharp restrictions in Germany, which in practical terms made events almost impossible to hold. Those restrictions did not start to be gradually lifted until March 2022. It goes without saying that the restrictions and event bans provoked by the pandemic significantly reduced event figures, and thus of course directly affected our key financial figures. The lower numbers of in-person events, exhibitors and visitors are reflected in our sales figures for 2021. At EUR 68.3 million, in 2021 we were down a good bit further from the EUR 110.3 million figure from 2020, the first year of Covid, and well below the EUR 285.7 million we generated in the comparable 2019 year.

The result was a net loss of EUR 42.0 million for the year. That is substantially better than the year before, but no comparison to the pre-Covid figure from 2019, when we closed out the year with a profit of EUR 2.3 million. For transparency’s sake, we should point out that without the Covid aid of EUR 39 million from the federal government, the 2021 consolidated loss for the NürnbergMesse Group would have been drastically higher. Our EBITDA for 2021 came to EUR –4.4 million, considerably better than the previous year’s EUR –29.3 million. Our operating result as well, at EUR –38.5 million, improved significantly from the 2020 figure of EUR –67.6 million, cutting the previous year’s loss roughly in half. We can credit the improvement most of all to the way we put the brakes on costs and investments early and across the board. That is especially evident in the investment figures, which decreased significantly again to EUR 6.5 million for the year, compared to EUR 17.1 million for the prior year, and EUR 24.2 million pre-Covid, in 2019.

Our “Phoenix” crisis management and savings programme, launched at the start of the pandemic, saved us a total of EUR 90 million in 2021 in comparison to our pre-Covid plans. The savings came in part from savings on personnel, especially thanks to a hiring freeze and

government-subsidised programmes to shorten employee work schedules. These efforts reduced our 2021 personnel expenses by EUR 10 million. We cut total investments by EUR 70 million, most notably by postponing major capital expenditures on the Nuremberg Exhibition Centre and on the planned construction of NCC Süd.

From the start of the pandemic down to today, we have saved more than a quarter of a billion euros in expenditures compared to our last pre-Covid business plan, and thus guaranteed the company's business survival. Specifically, "Phoenix" enabled us to achieve three core objectives:

1. The company's liquidity has been kept safe at all times.
2. We significantly improved our result for the year.
3. We developed a clear plan that has enabled us to keep doing business and protect our future – an important signal for our shareholders, stakeholders and banks.

This year as well, we are keeping our Phoenix savings programme operative. That means we are continuing to save on costs throughout the company. Our aim is that similarly to 2021, we will be able to save a total of EUR 90 million again in comparison to our pre-Covid plans. These savings are enabling us, even after two years of the pandemic, to basically avoid any staff redundancies – by no means a routine accomplishment in the German trade fair environment! At present we have 534 employees in Nuremberg, and 946 employees in total around the world (by 31st March 2022).

And to make sure NürnbergMesse not only survives the crisis as well as possible, but can pick up speed again fast, we are already selectively investing now in the company's future. That pertains first of all to our team – their precious expertise and experience, without which we could never have done as well as we have in managing the pandemic and our transformation of the company. As part of that plan, last year we took on 33 new hires in Nuremberg, and a total of 117 around the world. In the current 2022 year, we have already welcomed 18 new employees, and we're currently working to fill 40 open positions in the Group, including a Digital Action Manager, a Product Manager for Digital Services and one for Sales Systems, and also jobs in "classic" fields of the trade fair business, such as in event marketing, general marketing and controlling.

The pandemic especially highlighted another part of today's work world – working from home. Working from home is now covered by our new "Working Offsite" collective bargaining agreement, which we developed in cooperation with our employee council and the human resources department. And here we want to extend our warm thanks to everyone who was involved in that effort. With that agreement, to a significant degree we have confidently placed the flexible organisation of work hours and work locations in our employees' hands. All the same, our customers still remain our top priority. We also want to make our team fit for the future in the most literal sense. That's why our new "Fit in Balance" programme, a part of our company health management, offers a whole range of activities, along with analogue

and digital events, to reinforce our employees' health – from “back school” to dietary counselling.

And while we're talking about investing in the future... Trade fairs are especially, immensely important for company founders and young companies. Trade fairs offer an important springboard for these start-ups to enter their various markets. Here they can make their first contacts in their industries, and present themselves and their products to a large public in a single stroke. For us, in turn, start-ups signify the future of our event formats. After all, the rising stars of today are often the innovators and exhibitors of tomorrow.

Based on that understanding, for many years we have offered special options for start-ups. For instance, we organise multi-company pavilions under our programme for “innovative young companies”, with support from the federal government. A total of 58 of these pavilions will be organised in Germany this year, 16 of them in Nuremberg alone. And that means NürnbergMesse is once again Germany's number 1 trade fair site for start-ups. In the 2022 year, we will offer pavilions for start-ups at such events as BIOFACH/VIVANESS, EUROGUSS, FENSTERBAU FRONTALE and HOLZ-HANDWERK, as well as FACHPACK and POWTECH. The future of our NürnbergMesse brand is also the main topic of the second part of our presentation, which I now take pleasure in handing over to my colleague Peter Ottmann.

Statement by Peter Ottmann, CEO NürnbergMesse Group

Thank you, Roland. Of course we're making our trade fair portfolio fit for the future as well. Our events were hard hit by the pandemic over the past two years. But in recent months they have bounced back vigorously, to all of our great relief and delight. The good news today is, our home fires are still burning . Some perhaps not quite as bright, some just the same as ever, and some even more brightly than before the pandemic. But all are securely alight.

And anyone who, like me, had the pleasure of watching the developers from “embedded world” dancing on the lawn at the trade show party one evening – they will know we've done it! We've brought about the explosion of joie de vivre at our trade fairs that Roland just mentioned. So is everything all right again? Not yet. This hot summer of events will demand the utmost from both our colleagues at NürnbergMesse and our Service Partners. So we want to thank them here and now for the feats they are bringing off.

And of course we're already keeping an eye out for the pandemic situation this fall, the war in Ukraine, and our energy supply this winter. Alongside these overarching concerns, there are of course also a great many challenges at the operations level. To take just one example: just now our customers from India are having immense problems getting a visa for Germany. That means not only are many Indian exhibitors missing for every German trade fair company, but even worse, all-important attending professionals are absent from international professional trade fairs. So we strongly urge the Federal Foreign Office to make up for lost

time here. If the pandemic compels us to make do without Chinese exhibitors and visitors, that's one thing. But having to do without many Indian exhibitors and visitors merely because of the visa situation – that is simply unacceptable.

So we certainly have enough challenges ahead. We will cope with them in the certainty that while our business model may change, it remains thoroughly viable. The road may be a very bumpy one at the moment. But we're still headed in the right direction. The experience we've gained in two years of the pandemic has enabled us to stay clearly on track.

The formula for our future path is "On-site plus Online". From now on we will be aiming for the right mix of strong in-person events and appropriate accompanying digital services. These might be digital platforms and communities, or also online events and matchmaking between exhibitors and visitors. We remain on a steep developmental and learning curve in our "online" efforts. Last year, here in Nuremberg alone we held seven "purely" digital events and two hybrid events. This year's ratio has been exactly the inverse. So far as we can see today, none of our trade fairs in Nuremberg will be held solely in digital form. Of the 17 own and partner events on our calendar for this year, four are designed to take a hybrid form, while the remaining 13 will be held only in person.

Our new concepts are drawing on an increasing blend of in-person trade fairs and digital knowledge exchange. That will enable participants from all over the world to take part even more easily at the industry meetings that are important to them – and at the same time will make the trade fair industry another degree less vulnerable to global crises and travel restrictions. But in that connection, it's also exciting that more than a few participants who are already in attendance here in Nuremberg are also logging on digitally, and thus becoming hybrid participants. Take the example of embedded world. Out of roughly 18,000 attending professionals, one in three also made use of embedded world's digital platform.

To push both hybrid and digital use further ahead, as of last week we have offered our exhibitors an additional service intended to link the on-site and online worlds together: the first green screen studio at any German trade fair site that can create virtual media productions. Technology is bringing virtual reality and media production together for the first time. Real and virtual images are combined directly on the set, so that presenters can move around freely in a virtual space.

And we're especially pleased that we've found the expertise for the purpose right here in the Nuremberg Metropolitan Region. We developed this new facility jointly with the specialists from hl Studios in Erlangen. With access to the latest equipment, our exhibitors will be able to book the studio for broadcasts from the Exhibition Centre, as well as product presentations and workshops. In tandem with a mobile solution, that will enable exhibiting companies to leverage their appearance at a trade fair for purposes like producing content for the weeks and months ahead. After all, companies too must constantly feed their own digital platforms with content. And a visit to a trade fair is an especially good opportunity for generating

content. hl Studios in Erlangen-Tennenlohe is just one of our partners with whom we are pushing ahead the digital transformation of NürnbergMesse. We're pooling our partners' skills in digital and hybrid matters in a new "Digital Network". Much as with our Service Partner Network, this will enable our customers and employees to access a wide range of digital capabilities – whether database developers for exhibitors or products, or agencies for making films and hybrid formats.

And while we're talking about Service Partners: Two years ago we assigned our new unit head Remo Zimmermann to reorganise NürnbergMesse's service system. Our most important priority here was to integrate all our service providers – our "Service Partners". Our aim was to mine the available synergies among our various service capabilities – whether for cleaning, catering, booth construction, electricity, water, or security.

Our colleagues – all of them! – play a key role in our new Service Concept. Here's the idea. All of us see ourselves as what we're calling "Service Buddies". That means we act as partners for our customers, and make a particular effort to assist our exhibitors and visitors with their concerns. If there are complaints, they're recorded digitally and forwarded automatically to the departments and Service Partners in charge. Employees wearing "Service Buddy" vests and carrying special digital devices go up to our exhibitors during the fair and make sure they're satisfied with how things are going.

Another smart development is our new "Transitfair" lorry paging system. This too is a digital system. Haulers and suppliers for setup and teardown at our trade fairs log in digitally, and are assigned a particular time window. If a truck gets to Nuremberg too early, drivers will have access to a suitable parking area near the exhibition grounds, with a waiting area and sanitary facilities. As soon as their time window opens, drivers can then cover the short last stretch to the Exhibition Centre. In this way, our paging system shortens waiting times for carriers – after all, time is money – and relieves traffic around the Exhibition Centre. Something our neighbours in 'Langwasser' especially appreciate!

Along with our digital innovations, last year we also carried out some very "classic" trade fair innovations within the NürnbergMesse Group. In São Paulo, the "Catarina Aviation Show" made its debut in June. This event, at a large public airport, presented a variety of vendors of premium goods to an exclusive public. Then in October, NürnbergMesse Brasil presented its new C.HOC (Crypto House of Commons) hybrid conference. This series of events deals with crypto assets and blockchain technology, which are seeing above-average growth in Brazil. The conference will address diverse topics in a variety of formats like discussion panels, courses and webinars. Then in March 2023, in parallel with Expo Revestir, which deals with coverings and finishes, the Haus Decor Show will have its premiere, focussing on interior furnishings.

This year's biggest news from Asia comes from India. India is the world's second-largest maker of bicycles, and CFOSE (Cycle, Fitness & Outdoor Sports Expo) is its industry's most

important platform. Our subsidiary will be helping to organise this event in New Delhi for the first time in September.

We had planned any number of novel developments for China this year as well. But like so many others, of course our subsidiary in Shanghai has felt the impact of the long Covid lockdown, and has been unable to hold to its plans for 2022. For instance, we had no choice but to postpone the premiere of embedded world China until 2023.

This will also be a year of premieres for NürnbergMesse Italia. In May, Focus on PCB, the new trade show for the printed circuit board industry, had its debut. Another new development, Ospitiamo, is planned for November. This new trade fair, offering an exhibition and a conference programme, is intended for hoteliers and professionals in the hospitality industry. The event's success will be further enhanced by three of the industry's major platforms, TripAdvisor, Booking.com and Airbnb, who are backing Ospitiamo as "Supporters".

There's also good news from Greece. Not least of all thanks to its strong performance in the midst of the coronavirus pandemic, we're proud to report that FORUM, which joined the NürnbergMesse Group in 2019, was fully integrated into the Group as a wholly-owned subsidiary this past April. And FORUM also does not disappoint if we look ahead. The next event planned for Athens, the Athens Coffee Festival in September, has been sold out since June, with more than 100 exhibitors. And in November, more than 500 exhibitors plan to show up for Xenia, the leading trade fair for the hospitality industry in Greece.

Last year, we reported to you here for the first time about our work on our new sustainability strategy. Over the past twelve months, we've been working hard on this topic, which is so very important to us. Our new interdepartmental sustainability team has been cooperating closely for the purpose with the University of Erlangen-Nuremberg, under the leadership of Prof. Matthias Fifka. Following the example of our shareholders the Free State of Bavaria and the City of Nuremberg, we are taking our guidance from the United Nations' 17 Sustainable Development Goals. One of our aims is to make the electric power supply at NürnbergMesse climate-neutral by 2028.

We're not off to a cold start in that effort. Since as far back as 2015, we've been pursuing an energy campaign that has already saved about 3.7 million kWh of electricity, and thus some 1,612 metric tons of CO₂ (as well as around 4 million kWh for hot water). For comparison, a 4-person household consumes about 4,000 kWh of electricity a year. Just as examples, we've been saving about 280,000 kilowatt-hours a year by switching off transformers, and 70,00 kilowatt-hours a year by installing dimmers on our parking levels. We're also targeting further savings in water and waste disposal, where we plan to cut quantities by 15 per cent for water and 20 per cent for waste by 2025.

There's great potential for savings as well in holding our events more sustainably. For instance, we plan to significantly reduce the amount of carpet laid in our exhibition halls, and to rely entirely on digital solutions for signage. We'll also expand the volume of procurement that we do locally in our region. One example is catering. Here our subsidiary Lehrieder will rely much more fully than before on buying groceries from within the region.

Another part of sustainability, of course, is mobility. And here a real showcase project is the Audi charging hub, which went into operation this past December. More than 5,500 visitors have used its novel charging concept since then, which Audi is testing for the first time here at the Exhibition Centre. To date, more than 3,700 charging processes have been carried out at the hub's six charging stations.

In addition to the charging hub, we currently offer our customers a total of 38 electric charging stations within our venue grounds. Over the next three years we'll be making another 200 electric charging points available here at the Exhibition Centre. Measured against our own parking space capacities, every 20th parking space will then have an e-charging point.

So as you can see, NürnbergMesse is already taking a great many initiatives for sustainability, and we haven't quite gained an overall view or measurement of them yet. Our new sustainability strategy will change that. There are a total of 10 areas for action where we foresee potential for NürnbergMesse. You can read the details in our current annual report, which for the first time includes a "non-financial declaration" – in essence, a sustainability report. It details things like our responsibility as an exhibitions company and attractive employer within our region.

We're also taking on responsibility for people who seek refuge in Nuremberg. I'm speaking of the Ukrainian refugees who arrived in Nuremberg this spring after Russia began its lawless war of aggression in Ukraine. We joined forces with the city, the Red Cross and the fire department to set up an emergency shelter almost overnight in our most modern exhibition hall, 3C. From the end of March to May, we provided initial housing in Nuremberg for a total of 321 refugees, mainly women, children and the elderly, who had fled Ukraine. We're glad to say that more lasting accommodations have now been found for everyone, and for the moment the hall is no longer needed as a shelter. But of course, if need be, we will again support our city and the people from Ukraine. Which brings us to our outlook, and for that, I'll hand the proceedings back to Roland Fleck.

Statement II by Dr Roland Fleck, CEO NürnbergMesse Group

Thank you, Peter. As you've already mentioned, happily Hall 3C is no longer needed as an emergency shelter, at least for now. Nevertheless, since we are an international exhibitions company, we are still very concerned about the war in Ukraine.

We have decided not to hold Beviale Moscow 2022. That was not an easy decision, considering how long our team had to work on the event, and then had to postpone it several times because of Covid. Yet ultimately, we had no choice in light of the current political picture. The war in Eastern Europe – the war in Ukraine – still continues, of course, and is impacting the entire global economy. Prices for raw materials, economic sanctions, and food shortages are affecting our exhibitors' and visitors' choices as well, and of course may also make companies unable to take part in trade fairs. In past crises, trade fairs have always been a yardstick for how well our global economy is doing.

On top of that, the coronavirus still poses a risk for the exhibitions business, and thus for our company. We've shown you how trade fairs in Germany have recovered step by step over the past twelve months. But if we look at our subsidiary in Shanghai, we can clearly see how fragile the situation remains. This past spring, health experts were already warning of a potential new wave in the fall of 2022. For that reason, it remains our job to work with government on how to hold trade fairs safely and reliably in the upcoming third winter of the pandemic.

Nevertheless, there are a great many promising developments in the trade fair industry. Our in-person events have bounced back vigorously since last September, and the first hot trade fair summer in our company's 48-year history is a truly notable development. At the same time, our portfolio of additional digital options constantly keeps evolving, and our subsidiaries' new concepts and creative ideas are attracting enthusiastic responses all around the world. On that basis, in spite of war, inflation and the on-going Covid risk – in spite of all these exceptional circumstances – we expect that the trade fair business will gradually recover.

For 2022, we therefore expect sales of well over EUR 200 million, and we also assume our net result will continue to improve. The general range we are aiming for in sales will also revive the economic effects that our exhibitions business brings for the city and metropolitan region of Nuremberg, boosting these back into the range of a billion euros.

And now, right at the conclusion of our comments, we'd like to share one more item of news with you that has a great deal of promise. Given the requirements of climate protection, together with the need to reduce our energy dependency on the Russian Federation, this year we are pushing ahead our plans to have our own regenerative power plant infrastructure at our Exhibition Centre. We'll have more details for you in the first quarter of 2023.

So, as you can see: we're looking forward to the future, and still have a number of ideas for how to make NürnbergMesse even more sustainable, more service-oriented, more international, and more digital. But amid all that, the core of our business will still be in-person meetings in an events hall.

Thank you for your attention, and now we'll be happy to answer your questions – whether analogue or digital!