



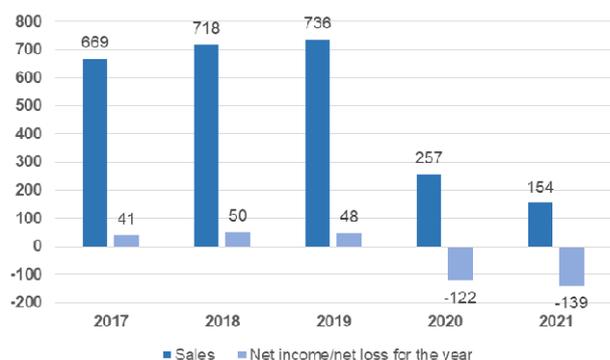
Annual Report (light) 2021

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At a glance

Sales and net income/net loss for the year (in € million)



Level of internationality

Visitors: 44.5% Exhibitors 43.7%



■ From Germany attending Messe Frankfurt events at the Frankfurt venue
 ■ From outside Germany attending Messe Frankfurt events at the Frankfurt venue

The Messe Frankfurt corporate group conceives, plans and hosts trade fairs and exhibitions in Germany and abroad. The parent company and its subsidiaries offer a well-coordinated service package for national and international customers, exhibitors and visitors.

Corporate group

in € million

	2017	2018	2019	2020	2021
Sales	669	718	736	257	154
Personnel expenses	159	170	177	132	125
Depreciation, amortisation and write-downs	51	58	62	65	58
Earnings before taxes	56	71	61	-122	-140
Pre-tax return on sales in %	8	10	8	-48	-91
Net income/net loss for the year	41	50	48	-122	-139
EBITDA	108	132	124	-52	-75
Additions to fixed assets	125	101	78	84	127
Equity	527	558	589	457	317
Total assets	1,014	1,117	1,174	1,030	1,054
Active employees (at 31.12. respectively)	2,440	2,519	2,575	2,449	2,238

· Except employees and return on sales

Shareholders: City of Frankfurt am Main (60%), State of Hesse (40%)

Subscribed capital: City of Frankfurt € 108 million, State of Hesse € 72 million

	2017	2018	2019	2020	2021
Basic data					
Total space (m ²)	592,127	592,127	591,049	591,049	591,049
Available hall space (m ²)	366,637	393,838	372,350	372,073	372,073
Available open space (m ²)	59,506	59,506	66,764	66,764	66,764
Number of halls	10	11	11	11	11
Events in Germany					
Number of trade fairs and exhibitions	48	47	50	12	11
Exhibitors	41,905	45,987	42,005	12,891	4,551
Net space (m ²)	1,449,374	1,421,485	1,451,849	492,894	130,925
Visitors	2,213,563	1,623,423	1,985,680	304,451	123,538
Events outside Germany					
Number of trade fairs	98	101	105	34	53
Exhibitors	52,987	55,419	57,241	20,410	25,206
Net space (m ²)	1,424,629	1,518,445	1,539,399	558,777	754,341
Visitors	2,225,258	2,439,857	2,477,422	895,854	1,228,910
Total					
Number of trade fairs	146	148	155	46	64
Exhibitors	94,892	101,406	99,246	33,301	29,757
Net space (m ²)	2,874,003	2,939,930	2,991,480	1,051,671	885,266
Visitors	4,438,821	4,063,280	4,463,102	1,200,305	1,352,448

Group management report 2021 of Messe Frankfurt GmbH, Frankfurt am Main

I. Fundamental information about the group

The core activities of the Messe Frankfurt Group consist in hosting trade fairs and exhibitions worldwide. Events made by Messe Frankfurt take place at venues around the world. These are organised by Messe Frankfurt Exhibition GmbH and its subsidiaries in Germany and abroad. Furthermore, via Messe Frankfurt Venue GmbH, the group also markets exhibition space to trade fair, congress and event organisers and, in addition to the related infrastructure, also provides numerous services. The joint umbrella of the group is Messe Frankfurt GmbH, which in its function as a holding company not only provides group management and central support functions but also administrative services, primarily for the companies at the Frankfurt am Main venue.

The main focus of the group's activities are the international industry flagship shows held at the Frankfurt venue. By virtue of their size and internationality, these trade fairs often have a dominant character for the respective industry sector and within the trade fair industry. These leading trade fairs bring together the relevant international range of goods and services on offer with the corresponding demand in Europe and worldwide. They are thus an ideal platform to present innovations, and are therefore deemed to be the leading showcase within their respective industry.

Building on its thematic core competences, above all in the Automotive & Logistics, Textile, Consumer Goods, Building and Food Technologies business segments, Messe Frankfurt has succeeded over the past decades in expanding its trade fair themes on the world stage. In this, the company pursues the goal to be a reliable long-term partner to its customers in the international arena. To support it in achieving this goal, Messe Frankfurt can fall back on 22 foreign subsidiaries/joint ventures and six branch offices. Messe Frankfurt also has a very efficient international sales network, which is managed by Messe Frankfurt Exhibition GmbH. In addition to the foreign subsidiaries, this is made up of 53 sales partners around the world.

Apart from a sales and marketing function for the group's own trade fairs, the operating activities of the foreign subsidiaries consist in the organisation of trade fairs from the group's brand portfolio for own financial account. Additionally, as the economy becomes ever more internationally interdependent, and as a result of the coronavirus pandemic that broke out in 2020 and continued in 2021, the marketing of media and digital services is also gaining in importance.

Besides Messe Frankfurt Exhibition GmbH, many guest and congress organisers take advantage of the Frankfurt exhibition grounds to stage their trade fairs, congresses and events through Messe Frankfurt Venue GmbH. They bear out the high level of attractiveness and competitiveness of both the city and Messe Frankfurt thanks to their central location, continuously improving infrastructure and accessibility.

The fundamental focuses of Messe Frankfurt's business activities outlined above were substantially and materially impacted by the global coronavirus pandemic that continued to prevail in 2021. For the second year in succession, the event business and activities as an organiser with an international outreach for exhibitors and visitors led to a considerable collapse of business activity worldwide. For this reason, the figures for the reporting year are not comparable with those of the previous year.

II. Report on economic position

General economic trend

The general cyclical trend in 2021 was again severely influenced by the coronavirus infection rates and the associated mitigation measures in place. In Germany, the coronavirus pandemic continued to characterise the macroeconomic environment in 2021. Despite the continuing pandemic situation, more delivery bottlenecks and material shortages, the German economy managed to recover from the sharp fall in 2020, although the economic performance has not yet returned to pre-crisis levels. According to first calculations of the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) was 2.7% higher in 2021 than in 2020. GDP was still 2.0% lower in 2021 than in 2019, the year before the COVID-19 crisis began.¹ After new waves of infection delayed the recovery in the 2020/2021 winter half-year, gross domestic product increased again in the spring as infection levels eased.² Economic output increased at strong rates in the second and third quarters of 2021.

However, the economic trend was mixed.

The main contributor to the recovery was the service sector, which benefited from the gradual easing of coronavirus restrictions in early summer and was able to increase its sales revenues appreciably. By contrast, the manufacturing sector has been in a “bottleneck” recession since the beginning of the year. Although order books are well filled, supply bottlenecks for key industrial primary products caused value creation to shrink.³ A decisive influence on economic activity at the end of 2021 was the resurgence of infection (4th “Omicron” wave). In contrast to year-end 2020, however, no decisions were made to shut down whole contact-intensive economic sectors. A major difference from the previous coronavirus waves was the availability of vaccines and an increasing vaccination coverage of the population. As a result, government restrictions to date have largely focused on unvaccinated individuals, specifically reducing their opportunities for contact and, consequently, their opportunities for consumption.³

Despite the global coronavirus pandemic, the global economic recovery is continuing but its momentum has eased due to the failure to ensure rapid and effective vaccination everywhere. The strong pick-up in activity seen earlier in the year is losing momentum in many advanced economies. A surge in demand for goods since economies reopened has generated bottlenecks in production chains. Labour shortages, pandemic-related closures, rising energy and commodity prices, and a scarcity of some key primary products are all holding back growth and adding to cost pressures. Inflation has increased significantly in some regions, early in this recovery phase.⁴ The rapid and strong recovery in global demand for goods resulted in supply shortages that led to sharp increases in the prices of raw materials, primary products and finished goods. Independently of the high demand for goods, regional imbalances in global shipping widened the gap between global supply and demand for goods. In addition to other complications such as the port closures in China, this led to global industrial production stagnating for much of 2021 and goods trade declining.³ After a decline in global GDP of 3.2% in the previous year, the world economy was forecast to grow by 5.7% in 2021.² In most advanced economies, the pandemic hampered economic development in the first months of 2021.

Developments in the trade fair sector

For the second consecutive year, Germany as a trade fair venue struggled with massive economic damage as a result of the coronavirus pandemic.⁵

Germany is a world leader in the organisation of international flagship trade fairs. Some 60% of the leading global trade fairs are held in Germany and are characterised by a high level of internationality. Around 60% of exhibitors and around 30% of visitors come from abroad. However, the coronavirus crisis is slowing down the trade fair industry. With the exception of a

¹ Destatis Federal Statistical Office: Gross domestic product up by 2.7% in 2021, press release dated 14 January 2022

² Ifo economic report 2/2021 prepared for Messe Frankfurt, dated 15 November 2021

³ Ifo Economic Forecast Winter 2021, in Ifo Schnelldienst, 74th Edition, Special Edition, December 2021

⁴ OECD – press release dated 1 December 2021: OECD Economic Outlook sees recovery continuing but warns of growing imbalances and risks

⁵ AUMA – press release dated 21 December 2021: Dramatic trade fair year 2021: 85% fewer visitors and exhibitors

few trade fairs, the trade fair venues in Germany were at a standstill for almost 15 months between March 2020 and the end of June 2021.⁶ In 2021, only 101 of the 380 planned trade fairs could be held in the third and fourth quarters. Trade fairs have only been possible again throughout Germany since September 2021.

According to preliminary figures published by the Association of the German Trade Fair Industry (AUMA), just under 700,000 m² of stand space, 35,000 exhibitors and 2.1 million visitors were counted at German trade fair venues. That is 85% fewer exhibitors and visitors than in an average trade fair year before the pandemic and even fewer than in the first pandemic year. In 2020, only 114 of the planned 355 trade fairs could be held. Accordingly, according to AUMA calculations, in 2020 just under 2.5 million m² of stand space (2019: 8.3 million m²), 70,000 exhibitors (2019: 238,000) and 4.3 million visitors (2019: 15.6 million) were registered. The decline in sales revenues for trade fair organisers in 2021 is projected to be at least 70%⁵

However, the sharp decline in sales in the German trade fair industry is only the beginning of a chain of even greater economic losses suffered by companies in almost all sectors of the economy. On the one hand, this is initially due to the fact that the expenditure of exhibitors and visitors spills over into numerous trade fair-dependent sectors of the economy (e.g. stand builders, the hotel industry, hospitality). Furthermore, the collateral damage to the national economy as a result of the lack of transacted trade fair orders is significant.

A special survey by the ifo Institute investigated the question of whether and to what extent the coronavirus-related cancellation of trade fairs resulted in economic losses for exhibiting companies. For 43% of the exhibiting industrial companies, trade fair cancellations in 2021 led to economic losses, with 11% of the companies rating their losses as high. There were clear differences according to company size. While “only” 36% of the larger exhibiting companies (250 and more employees) complained of economic losses, the figure for medium-sized companies (50 to 249 employees) was 40% and for smaller companies (up to 49 employees) even more than half (52%). It seems that after almost 15 months of standstill, smaller companies are finding it comparatively more difficult to compensate, at least in part, for lost orders due to trade fair cancellations.⁶

As the Global Exhibition Barometer of the Global Association of the Exhibition Industry (UFI) makes clear, COVID-19 continued to have a considerable impact on the trade fair industry in the second year of the pandemic. While trade fair organisers worldwide were still confident in the summer of 2021 that they would achieve at least 48% of the sales revenues of 2019⁷, they actually achieved only 41% on average. Due to the restrictions imposed in many countries, more than half of all organisers reported no trade fair activities at all in January 2021 and only 12% had normal activities. The rest were able to organise fairs in a reduced form.

There were only slight positive changes in the first half of the year. Only from September onwards were a third of the organisers able to pursue a normal level of business activities, while only 21% were unable to hold any trade fairs at all. These numbers initially continued to improve, but were again negatively affected by the next wave of the pandemic at the turn of the year. Looking at 2021 as a whole, only 10% of organisers were able to realise more than 75% of 2019 sales revenues, while 30% were able to at least earn between 50% and 75% of sales revenues. Around one third of organisers achieved 25% to 49%, while the rest generated less than 25% of their 2019 sales revenues.⁸

Development of business

The massive negative impact of the coronavirus pandemic was also reflected in the development of business of the Messe Frankfurt corporate group. The events industry was one of the first sectors of the economy to be affected by the coronavirus crisis.

Due to the global coronavirus conditions, the in some cases de facto existing event bans as well as the respective national travel restrictions, quarantine regulations, hygiene and distancing rules, exhibitors and visitors also faced massive uncertainties in 2021 with regard to attendance, customer contacts and thus their commitment to trade fair and event

⁶ Penzkofer, Horst – Industries in Focus: Trade Fair Industry, in ifo Schnelldienst 10/2021, 74th Edition, dated 13 October 2021

⁷ UFI The Global Association of the Exhibition Industry: UFI Global Exhibition Barometer, 27th Edition, June 2021

⁸ UFI The Global Association of the Exhibition Industry: UFI Global Exhibition Barometer, 28th Edition, January 2022

participation. As a result, many trade fairs and events had to be cancelled or postponed again, or could only take place on a much smaller scale.

At the Frankfurt venue, the existing travel restrictions and the increasing incidence of the pandemic during the course of the year, led to a de facto ban on major events in 2021. In the planning process for 2021, no events were planned for the first half of the year due to the known and ongoing pandemic restrictions. As a result, only a few of the planned attendance events organised by Messe Frankfurt Exhibition GmbH and MESAGO Messe Frankfurt GmbH could be held in a smaller format at the Frankfurt exhibition grounds in 2021. These included above all the ISH, Frankfurt Fashion Week or Automechanika and Hypermotion events, which were held as purely digital or hybrid events. The Indoor-Air event, an ISH spin-off, was held as a one-off attendance event at the beginning of October. Nordstil was also able to take place in Hamburg at the end of July as a normal attendance event. Both events benefited from the seasonally relatively low infection rates and the resulting temporary relief in public life. Formnext, which was successfully held as a face-to-face event, is the only event worth particularly highlighting. Among the guest fairs, above all the Frankfurt Book Fair and FI & HI Europe also took place. A number of congresses and events organised by guest organisers were also able to take place to a limited extent depending on the seasonal infection rates. Another important business activity of Messe Frankfurt Venue GmbH at the Frankfurt venue was the long-term rental of an exhibition hall to the Public Health Department (City of Frankfurt) for the purpose of setting up a vaccination centre.

At the level of the individual events, a comparison of the trade fairs held in the reporting year with the previous year or the respective prior event is therefore not possible.

In the regions Europe, America and the Middle East, Messe Frankfurt faced a similar picture due to cancellations or postponements, with companies in the Europe and USA regions unable to hold any major face-to-face events throughout the year. At Messe Frankfurt Middle East GmbH with its venue in Dubai, on the other hand, it was again possible in the 4th quarter to hold attendance events such as Beautyworld Middle East and Automechanika Dubai.

In the Asia region, and especially in China, the picture was more differentiated. Despite cancellations and postponements, some attendance events were held throughout the year. These included in particular Intertextile Shanghai Apparel Fabrics in Shanghai (both the Spring Edition and the Autumn Edition), ISH China & CIHE in Beijing, the Guangzhou International Lighting Exhibition and SPS in Guangzhou, Toy & Edu China in Shenzhen, AMR Expo in Beijing, as well as Beautyworld and Interpets Asia Pacific in Tokyo.

Most notably, Messe Frankfurt's strength in staging leading international trade fairs with a high degree of internationalisation worldwide was reflected all the more negatively in the business performance. All of the events and trade fairs that actually took place were characterised by their respective national exhibitors and national visitors and in this respect tended to have a more regional character. International events were virtually non-existent.

The events held in 2021 were generally supplemented by digital formats (hybrid event) or were held digitally only.

On the back of the hugely negative impact of the coronavirus on the business performance, the financial performance indicators sales, EBITDA and consolidated net income/loss are not economically comparable with the previous year's figures. The forecast KPIs also deviated significantly from the actual figures.

Sales were recognised in the amount of € 153.8 million (previous year € 256.7 million), which was € 161.9 million lower than planned. EBITDA and consolidated net income/loss, on the other hand, improved. Both figures were negative and amounted to € -74.9 million and € -139.2 million respectively, and are thus higher than planned by around € 34.8 million and around € 35.4 million respectively. This was due in particular to further cost savings and coronavirus support payments (November/December assistance) amounting to € 40.6 million.

In addition to these financial performance indicators, the non-financial performance indicators exhibitors, net exhibition space and visitors are also important for the Messe Frankfurt Group, which, while able to report slight increases year on year, were still far below the pre-COVID level.

The Messe Frankfurt Group staged 64 trade fairs and exhibitions worldwide (previous year 46) in the 2021 reporting year. A total of 29,757 exhibitors (previous year 33,301) and around 1.4 million visitors (previous year 1.2 million) were registered; the total net leased space was around 0.9 million m² (previous year 1.1 million m²). These trade fairs and exhibitions were complemented by 100 congresses, conventions and other activities (previous year 93) that were organised and held at the Frankfurt am Main venue, which attracted 42,046 visitors (previous year 184,210), as well as 11 German pavilions worldwide (previous year 4). Another 12 congresses, conferences and other activities were held in Germany and abroad with 1,788 participants in total. Thus, all Messe Frankfurt Group events aggregated around 1.4 million attendees in the reporting period (previous year 1.4 million).

Coronavirus strategy

In navigating the crisis that has prevailed since spring 2020, the Executive Board has adopted a management strategy based on liquidity-oriented criteria, while the KPIs described under Development of business played a subordinate role.

As a financing measure, a shareholder loan of € 150 million was taken out in the financial year, of which € 90 million had been drawn down by the balance sheet date. In addition, the shareholders, the City of Frankfurt am Main and the State of Hesse, resolved capital increases totalling € 240 million, of which € 40 million is earmarked for the financing of an acquisition and has already been received by Messe Frankfurt GmbH. The remaining € 200 million is intended to safeguard solvency should the worst-case scenario calculated on the basis of the multi-year plan materialise. A further resolution to approve an additional € 50 million is conditional upon financial necessity and the strategic orientation of the Messe Frankfurt corporate group. Furthermore, in the 2nd quarter of 2022 Messe Frankfurt Venue GmbH will sell a plot of land not required for operations for a mid-double-digit million-euro amount.

All companies in the Messe Frankfurt Group have applied for or already been granted further economic relief in the form of public funding, e.g. "November assistance/December assistance extra", and other support packages such as the "Special Fund of the Federal Government for Trade Fairs and Exhibitions", as well as subsidies granted worldwide, e.g. from short-time work.

At the same time, the crisis and cost management introduced in the previous year was continued. This on the one hand imposes permanent control and a freeze on or approval process for expenditures in the four major cost blocks of personnel, construction and infrastructure measures, IT and event-related overheads. On the other hand, business relations with customers and suppliers as well as the operational capability of the exhibition grounds in Frankfurt were maintained via Messe Frankfurt's sales partners in order to be prepared for when events can resume.

Performance indicators – trade fairs and exhibitions

The non-financial performance indicators for the 2021 financial year are as follows:

Total activities 2021	Number of events	Exhibitors	Net space*	Visitors
			in m ²	
Trade fairs and exhibitions				
– at the Frankfurt exhibition venue	10	4,045	111,932	115,837
<i>(previous year)</i>	<i>(9)</i>	<i>(11,519)</i>	<i>(445,262)</i>	<i>(269,020)</i>
– in Germany outside the Frankfurt exhibition venue	1	506	18,993	7,701
<i>(previous year)</i>	<i>(3)</i>	<i>(1,372)</i>	<i>(47,632)</i>	<i>(35,431)</i>
Germany	11	4,551	130,925	123,538
<i>(previous year)</i>	<i>(12)</i>	<i>(12,891)</i>	<i>(492,894)</i>	<i>(304,451)</i>
Events outside Germany	53	25,206	754,341	1,228,910
<i>(previous year)</i>	<i>(34)</i>	<i>(20,410)</i>	<i>(558,777)</i>	<i>(895,854)</i>
Total trade fairs and exhibitions	64	29,757	885,266	1,352,448
<i>(previous year)</i>	<i>(46)</i>	<i>(33,301)</i>	<i>(1,051,671)</i>	<i>(1,200,305)</i>
Congresses and conventions at the Frankfurt exhibition venue	100	0	0	42,046
<i>(previous year)</i>	<i>(93)</i>	<i>(0)</i>	<i>(0)</i>	<i>(184,210)</i>
German pavilions (planning and execution of trade fair participations)	11	0	0	0
<i>(previous year)</i>	<i>(4)</i>	<i>(0)</i>	<i>(0)</i>	<i>(0)</i>
Congresses, conferences and other activities at other venues in Germany outside the Frankfurt exhibition venue	1	0	0	26
<i>(previous year)</i>	<i>(1)</i>	<i>(0)</i>	<i>(0)</i>	<i>(20)</i>
Congresses, conferences and other activities at other venues outside Germany	11	0	0	1,762
<i>(previous year)</i>	<i>(9)</i>	<i>(0)</i>	<i>(0)</i>	<i>(6,197)</i>
Total activities	187	29,757	885,266	1,396,282
<i>(previous year)</i>	<i>(153)</i>	<i>(33,301)</i>	<i>(1,051,671)</i>	<i>(1,390,732)</i>

* incl. special show space

The **group's own exhibition centre** in Frankfurt was the venue for 10 trade fairs and exhibitions (previous year 9), including 2 events organised by Messe Frankfurt Exhibition GmbH (previous year 5) and one by MESAGO Messe Frankfurt GmbH, Stuttgart (previous year 0). 3 own group events (previous year 5) attracted 785 exhibitors (previous year 10,512) and 19,895 visitors (previous year 241,155). Around 25,536 m² of net exhibition space including special show space (previous year 422,137 m²) was booked for these own group events in Frankfurt.

For the first time in 2021, the Indoor-Air event, a one-off trade fair for ventilation and air quality, was held at the Frankfurt venue. The event brought together 96 exhibitors from the air conditioning and ventilation industry and almost 1,700 visitors.

Hypermotion also took place as an attendance fair. This was held on a digital platform in combination with the one-off special edition of the Automechanika Frankfurt "digital plus" event. The concept of the two events – a physical trade fair plus the digital opportunity to participate – was well received by exhibitors and visitors alike. The events drew a total of 331 exhibitors, 170 of whom participated exclusively digitally.

Following the digital-only event in the previous year, Formnext 2021, in its seventh year as a trade fair, was able to build on the very successful development of the previous years. Organised by MESAGO Messe Frankfurt GmbH, Stuttgart, the event welcomed more than 600 exhibitors and just short of 18,000 visitors – almost half of whom were from outside Germany.

The group's own events still held in the previous year in spring 2020 at the Frankfurt venue displayed a high level of internationality: 86.0% foreign participation among exhibitors and 67.1% among visitors at Messe Frankfurt's international own group events testified to outstanding market penetration. This guaranteed maximum customer benefit on both the supply and demand side. With these internationality values, Messe Frankfurt has traditionally ranked first in the competitive

environment in the past. Due to the pandemic, this comparison cannot be made in the reporting year, as the Association of the German Trade Fair Industry, AUMA, did not calculate the average internationality rates for events in Germany for the 2021 financial year.

Due to COVID-19, only 7 guest fairs / events open to the public / trade exhibitions (previous year 4) took place in the 2021 reporting year, including 2 consumer exhibitions that complemented the event portfolio at the Frankfurt exhibition venue. The Einstieg Frankfurt – Die Berufswahlmesse 2021 vocational training, studies and career show and the Discovery Art Fair Frankfurt 2021 exhibition presented a colourful array of ideas for end consumers. The two events attracted 3,260 exhibitors (previous year 1,007) and 95,942 visitors (previous year 28,000) and occupied 197,768 m² (previous year 46,700 m²) of gross exhibition space.

After a coronavirus-related interruption in 2020, the Frankfurt Book Fair once again occupied a firm place in Frankfurt's calendar of events. Around 2,000 exhibitors greeted some 71,500 visitors in the exhibition halls. Other pre-pandemic world-renowned guest fairs such as FI Europe & HI Europe, Franchise Expo Frankfurt and White Label World Expo were also able to take place as attendance events. One first-time guest was the Eurobico Preview event, providing a foretaste and preview of the Eurobike trade fair, which is to be held at the Frankfurt exhibition venue for the first time from 2022. A firm fixture on the annual event calendar is the Formnext trade fair organised by MESAGO Messe Frankfurt, Stuttgart, which delivered stable exhibitor and visitor levels.

At **other trade fair venues in Germany**, Messe Frankfurt Exhibition GmbH organised 1 event (previous year 3), namely Nordstil Summer in Hamburg. This event in Germany outside Frankfurt attracted 506 exhibitors (previous year 1,372) and 7,701 visitors (previous year 35,431). The total net leased space came to 18,993 m² (previous year 47,632 m²). As in the previous year, the subsidiary MESAGO Messe Frankfurt GmbH, Stuttgart, was unable to hold any of its 6 (previous year 5) planned trade fairs in Nuremberg, Stuttgart or Wiesbaden. Of these 6 planned trade fairs, EMV, Servparc and PCIM Europe took place in a digital format.

Outside Germany, 53 events (previous year 34) took place. At these events, 25,206 exhibitors (previous year 20,410) showcased their product and service portfolios to 1,228,910 visitors (previous year 0.9 million) on 754,341 m² of exhibition space (previous year 0.6 million m²). Asia remained the regional focus of overseas business with 33 events in the reporting year (previous year 26), of which 21 were held in China alone (previous year 19). Another exhibition region for Messe Frankfurt is the EMEA (Europe, Middle East, Africa) economic area, where 17 trade fairs were held (previous year 6). On the American continents, the subsidiaries of Messe Frankfurt Exhibition GmbH organised 3 trade fairs in the year under review (previous year 2).

As part of the optimisation of its product spectrum, Messe Frankfurt expanded its portfolio outside Germany in the reporting year despite the coronavirus pandemic. A total of four new events opened their doors for the first time in 2021, one each in Dubai, China, Japan and America. The portfolio is rounded out by 11 congresses, conferences and other activities (previous year 9), which drew a total of 1,762 visitors (previous year 6,197).

In addition to designing and staging its own events, Messe Frankfurt organised 11 German pavilions at international trade fairs (previous year 4). These relate to trade fair participations organised and held on behalf of the Federal Ministry for Economic Affairs and Energy. They facilitate entry into the market for small and medium-sized German enterprises in the respective country where the event is held.

Congresses, conventions and Festhalle events

In the few months of 2021 in which the coronavirus incidence rates made it possible to hold events, Messe Frankfurt Venue GmbH hosted 57 congresses and meetings (previous year 44) apart from guest fairs and exhibitions, with 23,705 participants (previous year 21,976). 36 (previous year 36) of these congresses and meetings with 5,720 participants (previous year 11,656) were held at the Kap Europa congress venue. Generally, the congresses focused on the fields of science, medicine, IT and finance. The year 2021 was characterised by severe restrictions on the possibilities to hold events up to and including event bans. Events that fell under the exemption clause of the Coronavirus Protection Ordinance, such as final examinations

of the Frankfurt University of Applied Sciences, the postal vote counts of the Hessian local elections and the Bundestag elections or streaming productions, such as AICHEMA Pulse and the 8th PIUS state conference organised by Hessen Trade & Invest, were able to be held at the locations of Messe Frankfurt The 3rd Ecumenical Church Congress, organised digitally and decentrally under pandemic conditions, utilised the Congress Center Messe Frankfurt, Kap Europa and rooms in Hall 4. In addition, the Stuzubi job fair with approx. 1,300 participants, the BG Kliniken Reha Symposium with 600 participants, the Euro Finance Week as a hybrid format and the Synodal Assembly with approx. 600 participants took place in the fourth quarter.

Kap Europa in particular was a year-round location for virtual and streaming events with various web studios. Due to the pandemic, a total of 71 guest events were postponed and 109 events were cancelled, 7 events opted for a reduced, mostly digital format as an alternative to the originally planned concept.

The Festhalle was also the venue for 43 cultural, sporting or social events (previous year 49), which were attended by 18,341 guests (previous year 162,234). Due to the pandemic, only very few concerts, sporting events and shows took place, including the Roland Kaiser concert (approx. 3,500 visitors), the Let's Dance show (approx. 5,000 visitors per show) and the German Military Tattoo (approx. 2,000 visitors). With an appropriate hygiene concept in place, the exhibition grounds were frequently used for filming as well as for various photo shoots. The Frankfurt vaccination centre has been located at the Messe Frankfurt exhibition grounds since December 2020; until mid-September 2021 in the Festhalle and since then in Hall 1.

Digital events of the Messe Frankfurt Group

Under the prevailing pandemic conditions, numerous events took place digitally. The diversity of the events generates concrete new solutions relating to a variety of different themes, for which Messe Frankfurt creates innovative networking platforms.

Messe Frankfurt Exhibition GmbH hosted 3 digital events in 2021.

Hypermotion 2021 took place both as a face-to-face and a digital event. Dovetailing it with the one-off Automechanika Frankfurt "digital plus" event made it possible to leverage multiple synergies. This special edition of Automechanika Frankfurt "digital plus", which was also accompanied by an exhibition, was attended by 331 exhibitors, 161 of whom attended live on site and the remaining 170 exclusively digitally. Around 10,000 visitors from 70 countries followed the trade fair programme live in Frankfurt and online over several days. The participants took advantage of the many new digital features on the screens, such as live streams, webtalks and matchmaking. In total, the 174 streams were clicked on around 21,000 times.

ISH, the world's leading trade fair for HVAC + water, showcased socially, politically and economically relevant topics. The event was held digitally for the first time in 2021. From the very beginning, the event focused on networking, knowledge exchange, high-calibre content, an extensive supporting programme and the latest solutions and product innovations from exhibitors. A total of around 372 registered exhibitors and 77,736 participants were active on the platform. The platform was supplemented by ISH Radio, which reached around 29,000 listeners.

In the consumer goods sector, the "Consumer Goods Digital Day" event was held, offering practical solutions for the future of the industry. Customised solutions and clear perspectives: the ten-hour Consumer Goods Digital Day impressed with a conference programme, networking and numerous ordering opportunities. At the live event, the 3,658 participants from 93 countries received valuable impulses for the challenging future of retail.

The picture among the subsidiaries of Messe Frankfurt Exhibition GmbH was heterogeneous. While the subsidiary in Stuttgart held 4 digital events/conferences, the EMEA (Europe, Middle East, Africa) economic area hosted 6 digital events/conferences, India 10 and the American continents 3. A total of 26 digital events took place and 1,945 digital exhibitors and 112,652 digital visitors were counted.

Development of the trade fair venue

Despite the coronavirus pandemic, the development of the Frankfurt exhibition centre continued apace. Since December 2019, the third and last development phase of the master plan – the demolition and rebuilding of Hall 5 – has been ongoing. On the same site as the previous building, a new two-storey hall will in future meet all the requirements of a modern exhibition hall. Retaining the same-level access from the Congress Center to the hall's upper storey will provide ideal prerequisites for combined trade fairs and congresses in future. For fire safety reasons, the amount of available space will decrease from 21,000 m² to around 18,000 m². Demolition work was completed on schedule in the previous year and turnkey construction is expected to be completed on time and within budget by the end of 2022.

In September 2019, the contracts were signed for the partial sale of plot 42 a of building land. The plot of land on Europaallee is to be used to build a new South Entrance as well as an office building and a hotel between now and 2025. While the office and hotel tower are to be built on the section of the plot sold to the Gustav Zech Foundation, the new entrance will be constructed on the part of the plot that remains the property of Messe Frankfurt. The Gustav Zech Foundation will be responsible for the construction of the entire building complex and Messe Frankfurt will acquire the entrance building after completion. The building application was submitted in November 2020, and once the partial building permit for the construction pit was issued at the end of December 2021, work got underway in early January 2022. The planning application for the missing section of the Via Mobile linking the future South Entrance with Hall 12 was drawn up in the reporting year.

With the construction measures for Hall 5 and the South Entrance, the final major stages in implementing the master plan for the exhibition grounds have been commissioned and are under construction. This will complete the expansion of the exhibition grounds that was made possible by the closure and demolition of the inner-city goods station, providing Messe Frankfurt with modern exhibition grounds that can be used in a variety of ways. The new South Entrance has created additional connections to the public transport system, enabling the exhibition centre to be used simultaneously for two or more parallel events and potentially increasing the capacity utilisation of the grounds. Completion of these measures is scheduled for 2025.

In response to the economic situation, the sales process for the site acquired in 2013, plot 44, in the immediate vicinity of the Portalhaus, was initiated in the reporting year. The sale was completed in the second quarter of 2022.

Personnel

Change in employee numbers¹⁾			
	2019	2020	2021
Messe Frankfurt GmbH, Frankfurt, Germany	331	320	294
Messe Frankfurt Exhibition GmbH, Frankfurt, Germany	335	329	312
Messe Frankfurt Venue GmbH, Frankfurt, Germany	236	231	216
Messe Frankfurt Medien und Service GmbH, Frankfurt, Germany	95	91	81
MESAGO Messe Frankfurt GmbH, Stuttgart, Germany ²⁾	152	156	147
fairnamic GmbH, Friedrichshafen, Germany ³⁾	0	0	6
Accente Gastronomie Service GmbH, Frankfurt, Germany	323	325	270
Total Germany	1,472	1,452	1,326
Messe Frankfurt France S. A. S., Paris, France	25	24	25
Messe Frankfurt Italia Srl., Milan, Italy	50	46	42
Messe Frankfurt Istanbul L. S., Istanbul, Turkey	17	16	13
O. O. O. Messe Frankfurt RUS, Moscow, Russia ⁴⁾	62	55	51
Messe Frankfurt Middle East GmbH, Frankfurt/Dubai, UAE	140	110	100
Messe Frankfurt Asia Holding Ltd., Hong Kong, China	4	4	4
Messe Frankfurt (H. K.) Ltd., Hong Kong, China ²⁾	511	480	443
Messe Frankfurt Japan Ltd., Tokyo, Japan	35	35	31
Messe Frankfurt Korea Ltd., Seoul, South Korea	11	11	11
Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai, India	130	105	85
Messe Frankfurt Inc., Atlanta, USA	32	29	34
Messe Frankfurt México S. de R. L. de C. V., Mexico City, Mexico	6	0	0
Indexport Messe Frankfurt S. A., Buenos Aires, Argentina	42	40	32
Messe Frankfurt South Africa (Pty) Ltd., Johannesburg, South Africa	30	28	27
Messe Frankfurt UK Ltd., Guildford, UK	8	14	14
Total outside Germany	1,103	997	912
	2,575	2,449	2,238
Decrease in number of employees		-126	-211

¹⁾ incl. trainees and management (as at 31 December respectively)

²⁾ Sub-group

³⁾ proportionately

⁴⁾ incl. O. O. O. ITEMF Expo, Moscow, proportionately

On 31 December 2021, the Messe Frankfurt GmbH corporate group employed 2,238 active members of staff worldwide, 211 fewer than at the end of 2020. In Germany, the headcount fell by 126 and outside Germany by 85.

The number of employees decreased substantially on the back of the coronavirus pandemic, both in Germany and abroad. The significant decline in sales as a direct result of the worldwide suspension of event operations made it imperative to significantly reduce personnel costs. In 2020, short-time work was introduced in Germany for the first time in Messe Frankfurt's history. This continued to pose an enormous challenge in 2021. As already initiated in 2020, fixed-term contracts were additionally not extended and vacant positions were not filled. Moreover, employees waived a variable component of their salary. In those countries that do not have short-time work regulations, there were also layoffs, which is reflected in a substantial reduction in the number of employees abroad. With the help of these measures, it was possible to significantly lower personnel costs, thus making an important contribution to securing the company's future.

From the perspective of the Executive Board – despite the considerable challenges posed by the coronavirus pandemic, the unforeseeable planning of events, the changed work situation with most staff working from home, and despite short-time work – motivation levels among the employees remained high.

Thanks to our employees

In the Executive Board's view, the employees of the Messe Frankfurt Group succeeded admirably in difficult times in responding collectively to the unprecedented challenges and imponderables that the year 2021 once again brought with it as a result of the coronavirus pandemic, and in implementing solutions in the best interests of the group. It is the Executive Board's opinion that they demonstrated exemplary flexibility and commitment, coupled with a high level of competence. The Executive Board would therefore like to expressly thank all employees for their trust, their efforts and their team spirit under these very difficult circumstances.

III. Description of the position of the company

Financial performance

The negative business performance occasioned by the coronavirus pandemic was also mirrored in the development of group sales. Sales of € 153.8 million were recognised in the 2021 financial year, a deterioration of € 102.8 million, or -40.1%, compared with the previous year (€ 256.7 million).

On the domestic front, sales were down by € 89.7 million, or -58.7%, to € 63.2 million (previous year € 152.9 million), accounting for 41.1% of group sales (previous year 59.6%).

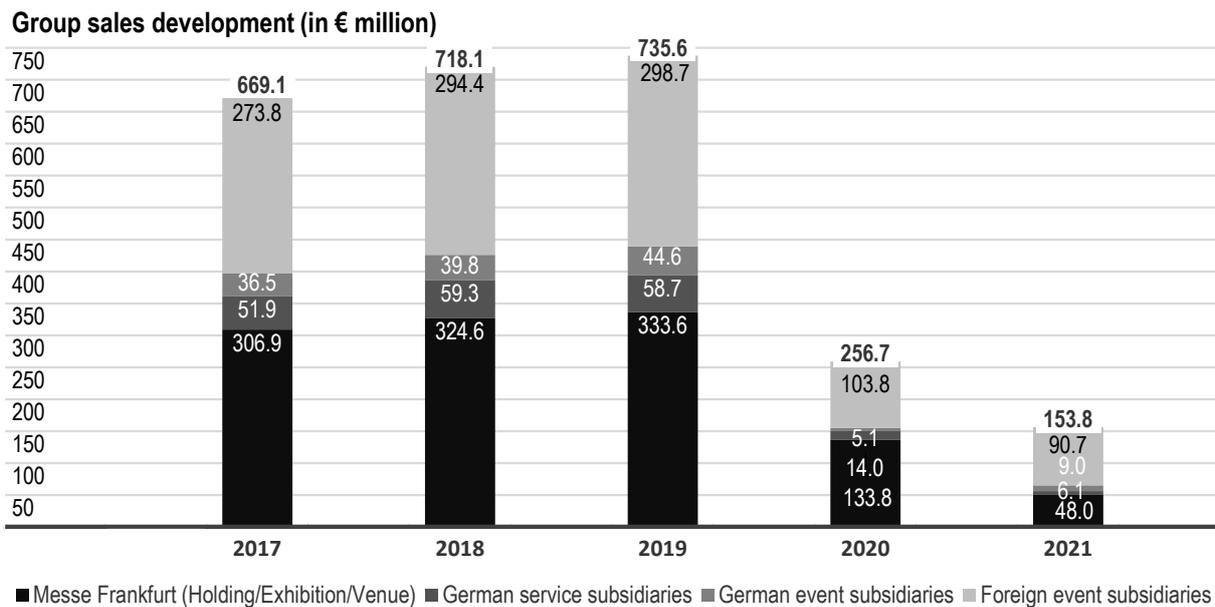
Messe Frankfurt Exhibition GmbH generated consolidated sales of € 13.9 million, down on total sales for the previous year by € -95.8 million. The company staged five attendance, hybrid and digital trade fairs (previous year 10) at the Frankfurt exhibition venue and other venues in Germany. These mainly included the Nordstil event in Hamburg as well as ISH, Frankfurt Fashion Week, Automechanika digital plus and Hypermotion at the Frankfurt venue. In addition, the company organised 11 German pavilions (previous year 4).

Messe Frankfurt Venue GmbH generated consolidated sales of € 34.1 million, € 10.3 million more than in the previous year, due in particular to the long-term rental of an exhibition hall to the Public Health Department (City of Frankfurt) for the purpose of setting up a vaccination centre. Overall, however, only a few of the planned attendance events could be held at the exhibition grounds in Frankfurt. In addition to the events organised by Messe Frankfurt Exhibition GmbH, the Formnext attendance event hosted at the Frankfurt venue by Stuttgart-based MESAGO Messe Frankfurt GmbH is worth particular mention. Among the guest fairs, above all the Frankfurt Book Fair and FI & HI Europe also took place. A number of congresses and events organised by guest organisers were also able to take place to a limited extent depending on the seasonal infection rates.

The two other subsidiaries based at the Frankfurt venue, Messe Frankfurt Medien und Service GmbH and Accente Gastronomie Service GmbH, which are essentially dependent on events at the Frankfurt venue with their respective core business activities of stand construction and catering, also generated consolidated sales in the 2021 financial year that were significantly below the previous year's figures. At € 3.3 million, Messe Frankfurt Medien und Service GmbH recognised consolidated sales that are down on the previous year by € -5.3 million. Accente Gastronomie Service GmbH generated consolidated sales of € 2.9 million, a minus of € 2.5 million due to the coronavirus pandemic.

Thus at the Frankfurt am Main venue, consolidated sales of only € 54.2 million were generated (previous year € 147.8 million), which corresponded to around 35.2% of group sales (previous year €57.6%).

With consolidated sales in the amount of € 8.8 million, MESAGO Messe Frankfurt GmbH in Stuttgart achieved a figure that was up by € 3.3 million on the previous year, which is accounted for by the organisation of Formnext, which was held as an attendance event in November.



The foreign subsidiaries and the branch office in Dubai/United Arab Emirates also recognised a pandemic-induced decline in consolidated sales year on year of € 13.1 million, or 12.6%, to € 90.7 million. Their share of group sales was 58.9% (previous year 40.4%). The companies of the Asian sub-group (€ 57.9 million) and the branch office in Dubai/United Arab Emirates (€ 18.2 million) contributed most strongly to sales generated abroad, followed by the sub-groups in Russia (€ 7.3 million) and the USA (€ 3.4 million).

In Asia, despite cancellations and postponements, a few events were held throughout the year, albeit without the participation of international exhibitors and international visitors due to worldwide travel restrictions and quarantine regulations. Consolidated sales in the Asian sub-group were mainly attributable to Intertextile Shanghai Apparel Fabrics in Shanghai (both the Spring Edition and the Autumn Edition), ISH China & CIHE in Beijing, the Guangzhou International Lighting Exhibition and SPS in Guangzhou, Toy & Edu China in Shenzhen, AMR Expo in Beijing, as well as Beautyworld and Interpets Asia Pacific in Tokyo.

At the branch office in Dubai/United Arab Emirates, the events Beautyworld Middle East and Automechanika Dubai were the main sales drivers, while in Russia the events Modern Bakery, Comtrans, Interlight Moscow as well as MIMS, and in the USA Process Expo were held.

In terms of the group sales forecast for the financial year, Messe Frankfurt fell short of the target of around € 316 million by a large margin.

Group sales development (consolidated in € million)	2019	2020	2021	Change in % compared to ⁴⁾	
				2020	2019
Germany					
Messe Frankfurt GmbH, Frankfurt, Germany	0.1	0.3	0.0	--	--
Messe Frankfurt Exhibition GmbH, Frankfurt, Germany	220.3	109.7	13.9	-87.3	-93.7
Messe Frankfurt Venue GmbH, Frankfurt, Germany	113.2	23.8	34.2	43.7	-69.8
MESAGO Messe Frankfurt GmbH, Stuttgart, Germany ¹⁾	44.6	5.1	8.8	72.5	-80.3
fairmamic GmbH, Friedrichshafen, Germany	0.0	0.0	0.1	++	++
Messe Frankfurt Medien und Service GmbH, Frankfurt, Germany	27.4	8.6	3.3	-61.6	-88.0
Accente Gastronomie Service GmbH, Frankfurt, Germany	31.4	5.4	2.9	-46.3	-90.8
Total Germany	436.9	152.9	63.2	-58.7	-85.5
Other countries					
Messe Frankfurt France S. A. S., Paris, France	29.7	13.4	0.7	-94.8	-97.6
Messe Frankfurt Italia Srl., Milan, Italy	9.5	1.3	0.5	-61.5	-94.7
Messe Frankfurt Istanbul L. S., Istanbul, Turkey	2.0	0.5	1.3	++	-35.0
O. O. O. Messe Frankfurt RUS, Moscow, Russia ²⁾	12.4	0.4	7.3	++	-41.1
Messe Frankfurt UK Ltd., Guildford, UK	3.5	0.1	0.2	++	-94.3
Messe Frankfurt Middle East GmbH, Frankfurt/Dubai, UAE	42.0	10.9	18.2	67.0	-56.7
Messe Frankfurt Asia Holding Ltd., Hong Kong, China ¹⁾	176.9	75.4	57.9	-23.2	-67.3
Messe Frankfurt Inc., Atlanta, USA ³⁾	14.4	1.5	3.4	++	-76.4
Messe Frankfurt México S. de R. L. de C. V., Mexico City, Mexico	0.1	0.1	0.0	--	--
Indexport Messe Frankfurt S. A., Buenos Aires, Argentina	4.4	0.1	0.9	++	-79.5
Messe Frankfurt South Africa (Pty) Ltd., Johannesburg, South Africa	3.7	0.1	0.2	0.0	-94.6
Total outside Germany	298.6	103.80	90.6	-12.7	-69.7
Group sales	735.5	256.7	153.8	-40.1	-79.1

¹⁾ Sub-group incl. joint ventures, proportionately

²⁾ incl. O. O. O. ITEMF Expo, Moscow, Russia

³⁾ incl. PAACE Automechanika Mexico LLC, Atlanta, USA, and PE Events LLC, Atlanta, USA, proportionately

⁴⁾ Deviations of more than 100% are shown with ++ or --.

The coronavirus pandemic also had a significant negative impact on net earnings. With a consolidated net loss of € 139.2 million, the 2021 result was once again below the earnings of the previous year and far short of the consolidated net income achieved in the pre-COVID years.

Profit development (in € '000)	2019	2020	2021	Change in % compared to ¹⁾	
				2020	2019
Earnings before taxes on income	66,296	-119,048	-135,798	14.1	--
Taxes on income	12,658	-431	-312	-27.6	--
Other taxes	5,818	3,326	3,718	11.8	-36.1
Consolidated net income/consolidated net loss for the financial year	47,820	-121,943	-139,204	14.2	--

¹⁾ Deviations of more than 100% are shown with ++ or --

Other operating income (€ 67.3 million; previous year € 34.6 million) included in particular support payments from coronavirus aid (November/December assistance) in the amount of €40.6 million. Moreover, apart from current income from the annual release of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (€ 2.2 million), other operating income principally included income arising from the reversal of provisions (€ 9.1 million; previous year €10.2 million), income from prior periods (€ 0.8 million; previous year €7.0 million), as well as from exchange rate fluctuations (€ 4.9 million; previous year € 11.8 million) and from income from receivables written down (€ 2.1 million; previous year € 1.2 million).

Operating income was offset by operating expenses totalling € 350.2 million (previous year € 404.7 million). This was € 54.6 million, or 13.5%, lower than in the prior period due to the coronavirus pandemic and targeted cost-cutting measures. Event-related expenses were the biggest expense item with € 110.3 million, after € 130.3 million in 2020. This corresponded to a cost/income ratio in relation to sales of 71.7% after 50.8% in the prior period. Event-related services are in general variable costs and include all expenses directly related to events. Besides the costs for visitor advertising, press relations, sales commissions and marketing, they also include all costs for services (e.g. hostess services), as well as Hall rentals and maintenance of the Frankfurt am Main exhibition grounds.

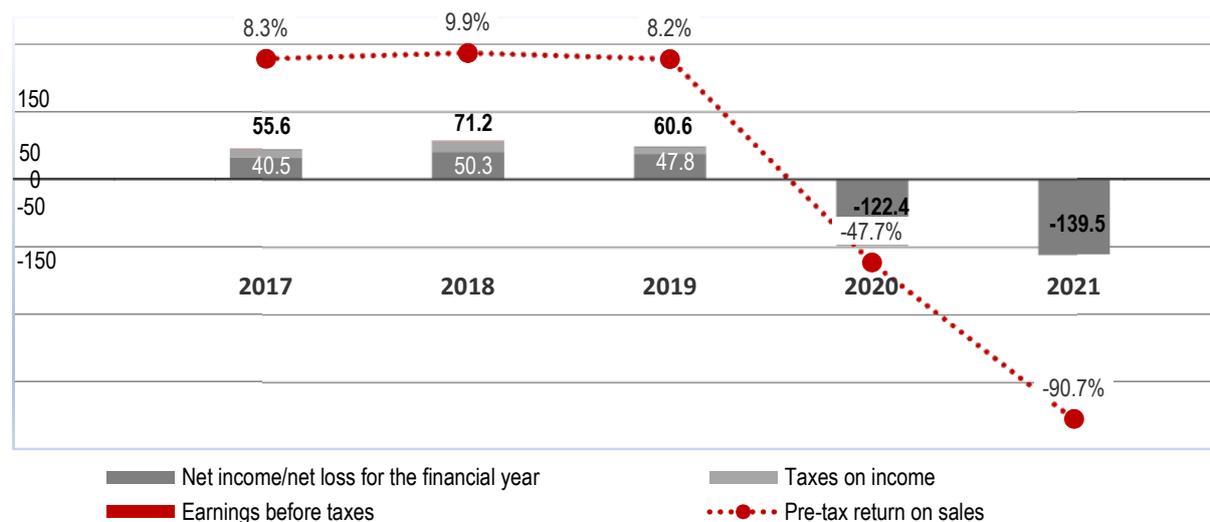
Personnel expenses decreased in the reporting year by € 7.1 million, or 5.4%, from € 132.3 million to €125.2 million. This was mainly attributable to the reduction in the number of employees by 211 at the reporting date, a general hiring freeze, salary waivers, the non-renewal of fixed-term employment contracts, the utilisation of short-time work and lower personnel-related provisions. Despite these extensive personnel measures, the personnel costs ratio deteriorated to 81.4% (previous year: 51.6%) on the back of the lower sales.

Conversely, at € 57.8 million, depreciation, amortisation and write-downs were € 7.4 million lower.

Other operating expenses were recognised in the amount of € 56.9 million (previous year €77.0 million), a decrease of € 20.1 million year on year as a result of the cost-saving measures. This account includes all expenses that are not directly related to the events, such as office costs, interim agency staff, expenses related to exchange rate differences, as well as consulting and corporate marketing.

At € -6.8 million, the financial result / net interest income/expense was below the previous year's level (€ -5.0 million). While interest income decreased by € 0.1 million to € 0.9 million, interest expenses increased by € 1.1 million to € 6.5 million (previous year € 5.4 million). These changes resulted in particular from increased interest for additional bank loans taken out, which had a negative effect on the financial result / net interest income/expense.

Net of other taxes (€ 3.7 million), earnings before taxes on income for the year were negative at € -139.5 million. This led to a negative pre-tax return on sales, which is not comparable with the pre-tax return for the previous year.

Consolidated earnings before taxes on income (in € million) and pre-tax return on sales (in %)


Net of taxes on income (€ 0.3 million), the consolidated net loss for the year amounted to € 139.2 million, a deterioration due to the coronavirus pandemic of € 17.3 million compared to the consolidated net loss of the previous year (€ 121.9 million). However, coronavirus support payments received (€ 40.6 million November/December assistance) represented an improvement of € 34.8 million on the originally projected consolidated net loss of € 174.0 million.

This negative earnings trend is reflected in the EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) performance indicator. This amounted to € -74.9 million in the reporting period, after € -52.3 million in the previous year. As a percentage of sales, this results in a negative EBITDA margin for the financial year of -48.7% (previous year -20.4%).

EBITDA development (in € '000)	2019	2020	2021	Change compared to	
				2020	2019
Consolidated net income/consolidated net loss for the financial year	47,820	-121,943	-139,204	-17,261	-187,024
Taxes on income	12,658	-431	-312	119	-12,970
plus financial result	1,357	4,978	6,828	1,850	5,471
Depreciation, amortisation and write-downs	61,803	65,129	57,751	-7,378	-4,052
Group EBITDA	123,638	-52,267	-74,937	-22,670	-198,575
EBITDA margin	16.8%	-20.4%	-48.7%		

The following presents the results before consolidation of the companies and sub-groups included in the consolidated financial statements.

Messe Frankfurt GmbH, as parent with the function of a holding company, once again disclosed a net loss for the 2021 financial year of € 120.6 million, after a net loss of € 104.6 million in the previous year. This coronavirus-related development in the financial result was attributable in particular to expenses arising from the assumption of losses based on profit and loss transfer agreements with the subsidiaries Messe Frankfurt Exhibition GmbH (€ 49.4 million; previous year € 31.3 million) and Messe Frankfurt Venue GmbH (€ 70.1 million; previous year € 69.9 million). In addition, lower sales from cost allocations and recharges of € 42.9 million (previous year € 45.9 million) were contrasted by operating expenses of € 47.7 million (previous year € 54.2 million). While the decline in sales was attributable to a reduction in allocable expenses, the decline in operating expenses was due to the cost-cutting measures implemented in the reporting year.

Messe Frankfurt Exhibition GmbH reported pandemic-related earnings before loss transfer of € 49.4 million (previous year € 31.3 million). However, the de facto ban on events in place from March 2020, which was temporarily relaxed or lifted if the pandemic situation permitted, had a serious impact on the company's economic situation for the second year in succession. In 2021, none of the planned major trade fairs in terms of net space, exhibitors, visitors and sales were able to be held. Sales were recognised in the amount of € 20.7 million (previous year € 129.4 million), a deterioration of €108.7 million.

At € 30.3 million (previous year € 91.8 million), event-related expenses were the largest expense item. Expenses were higher than sales. Even though event-related expenses are usually variable and correlate to a certain extent with sales, these expenses cannot be reduced proportionally to sales. The disproportionately high amount of event-related expenses was related to the fact that a number of events were cancelled shortly before the originally planned start of the event. In addition, events were also postponed from the first half of the year to the second half, and were then ultimately cancelled after all. These postponements gave rise to disproportionately high costs in individual cases.

Personnel expenses, at € 22.1 million, were slightly below the previous year's figure (€ 23.9 million) and were mainly a consequence of extensive cost-cutting measures such as short-time work, a hiring freeze, non-renewal of fixed-term employment contracts and lower personnel-related provisions (€ -0.5 million). As in the previous year, depreciation and amortisation amounted to € 3.1 million. These resulted from impairments of event rights. Other operating expenses were recognised in the amount of € 31.4 million (previous year € 35.9 million), a decrease of 12.6% year on year. This line item principally included expenses from administrative cost allocations relating to Messe Frankfurt GmbH, expenses for rentals and general advertising as well as consulting and auditing costs. Other operating expenses decreased by significantly less year on year than sales or event-related expenses, since as fixed costs they cannot be reduced to the same extent.

The financial result was once again negative compared to the previous year, totalling around € -11.9 million (previous year € -12.1 million). There was no investment income from subsidiaries in the reporting year. Under the profit and loss transfer agreement with the German subsidiary MESAGO Messe Frankfurt GmbH, Stuttgart, the latter's negative result before appropriation of net profit was offset. In addition, Messe Frankfurt GmbH has cash-pool liabilities. The interest expense arising from these also reduces the financial result. In addition, write-downs on financial investments totalling € 2.4 million (previous year € 0.5 million) were recognised.

The coronavirus pandemic was also reflected in the business development of **Messe Frankfurt Venue GmbH**.

Further travel restrictions as well as a renewed increase in incidence rates in the course of the year led to a de facto ban on major events in 2021 as well. Planned trade fairs, congresses, concerts or other events had to be cancelled or postponed at short notice. Consequently, it was only possible to hold a few of the planned attendance events of the fellow subsidiaries Messe Frankfurt Exhibition GmbH and MESAGO Messe Frankfurt GmbH, Stuttgart, at the exhibition grounds in Frankfurt in 2021. These included above all Formnext, while other events such as ISH, Frankfurt Fashion Week or Automechanika and Hypermotion were held as purely digital or hybrid events. Among the guest fairs, above all the Frankfurt Book Fair and FI & HI Europe also took place. A number of congresses and events organised by guest organisers were also able to take place only to a limited extent depending on the seasonal infection rates. One important business aspect in 2021, however, was the long-term rental of an exhibition hall to the Public Health Department of the City of Frankfurt am Main for the purpose of setting up a vaccination centre.

With sales totalling € 49.7 million (previous year € 77.8 million), this was a decrease of € 28.1 million compared to the previous year, which was reflected unevenly in the breakdown of sales shares. At € 21.4 million (previous year € 41.1 million), leasing of the halls and exhibition grounds as a proportion of total sales declined. Sales revenues from technical and other services (e.g. power connections and cleaning) amounting to € 28.3 million (previous year € 36.7 million) were also lower year on year, but now represent the greater share of total sales. Sales revenues from transactions with affiliated companies, mainly with the fellow subsidiary Messe Frankfurt Exhibition GmbH, amounted to € 15.6 million in the financial year, which corresponds to around 31% of total sales. In the previous year, by contrast, the share was around 69%, at € 54.0 million. The reason for this was that the guest events Book Fair and FI & HI Europe as well as the vaccination centre generated more sales revenues than the events of the fellow subsidiary, which in turn explains the changes in the share of sales.

In addition to sales, the company reported higher other operating income of € 17.1 million (previous year: € 10.2 million) compared to the previous year. The year-on-year increase was mainly due to income from government support payments (“November assistance/December assistance extra”).

Expenses came to € 118.8 million, after € 139.1 million in the previous year. In line with the decline in sales, event-related expenses fell by € 11.1 million to € 33.3 million compared to the previous year. The relative decline of 25.0% is lower than the relative decline in sales of 36.1%, since, among other things, costs were generated ahead of the cancellation of the events, which were not offset by sales revenues. In addition, maintenance and repair measures are necessary to a certain extent to keep the grounds in Frankfurt am Main operational. Personnel expenses, at € 13.8 million, were € 1.3 million, or 8.6% below the previous year's figure and were mainly a consequence of extensive cost-cutting measures such as short-time work, a hiring freeze, non-renewal of fixed-term employment contracts and lower personnel-related provisions (€ -1.0 million). At € 40.0 million (previous year € 40.8 million), depreciation, amortisation and write-downs were almost unchanged. Other operating expenses, which primarily include administrative charges of Messe Frankfurt GmbH, incidental office space costs, as well as rental and lease expenses, amounted to € 31.8 million, a decrease of € 7.0 million year on year. Since these expenses are essentially fixed costs, they cannot be adjusted to the decline in sales as quickly as the event-related expenses.

At € -14.7 million, the financial result improved by € 0.8 million compared to the previous year. The two subsidiaries based at the Frankfurt venue, Accente Gastronomie Service GmbH and Messe Frankfurt Medien und Service GmbH, posted a negative result before loss transfer, which was offset by Messe Frankfurt Venue GmbH. In addition, interest expenses rose to € 6.5 million (previous year € 4.9 million) due to the increase in cash pool liabilities and loans payable to the parent company Messe Frankfurt GmbH.

Net of other taxes paid in the amount of € 3.4 million (previous year € 3.3 million), overall earnings before loss absorption came to € 70.1 million (previous year € 69.9 million).

The operating results of the **German and foreign subsidiaries** of Messe Frankfurt Exhibition GmbH showed a differentiated development. Overall, the cumulative annual results of the foreign subsidiaries before consolidation once again produced a loss of € 23.8 million in the reporting period, after a loss of € 0.3 million in the previous year.

The main contributors to the negative annual results of the foreign subsidiaries were the Asian sub-group with a loss of € 16.7 million (previous year net income of € 7.5 million) the subsidiaries in the Americas with a loss of € 3.8 million (previous year € -2.0 million), the subsidiary in the UK with a loss of € 1.6 million (previous year € -1.3 million), as well as the subsidiaries in France with a loss of € 1.7 million (previous year € -0.5 million) and in South Africa with a loss of € 1.1 million (previous year € -0.8 million).

With negative earnings before loss absorption of € -8.7 million (previous year € -13.4 million), the domestic subsidiary MESAGO Messe Frankfurt GmbH in Stuttgart also contributed to the consolidated net loss for the financial year.

Messe Frankfurt Middle East GmbH with its branch office in Dubai/United Arab Emirates also posted a negative result, reporting a net loss for the financial year 2021 of € 1.5 million (previous year € -5.5 million).

Financial position and cash flows

The fixed assets of the Messe Frankfurt Group are composed primarily of land and buildings, as well as trade fair rights and goodwill. In the reporting year, capital expenditures of around € 127.3 million were undertaken (previous year € 88.1 million). Of this amount, € 55.3 million was apportioned to intangible assets, in particular for trade fair rights. A further € 72.0 million was invested in tangible assets, mainly in connection with the costs for the new construction of Hall 5. Capital expenditure in the amount of € 1.0 million was recognised for operating and office equipment. The remaining additions to fixed assets related to smaller infrastructure measures. Without taking the investment made in the reporting year for the acquisition of company shares into account, the investment volume of around € 98 million projected in the previous year was not fully utilised due to COVID-19. Net of depreciation, amortisation and write-downs amounting to € 57.8 million and disposals of

fixed assets, fixed assets totalling € 856.8 million (previous year € 788.0 million) were shown in the balance sheet at year's end 2021, which corresponds to a share of around 81% of total assets (€ 1,054.4 million).

Current assets declined by € 45.1 million to € 192.9 million, which was mainly attributable to the sale of and hence decrease in securities by € 45.0 million. With a simultaneous increase in trade receivables of € 6.5 million and a decrease in other assets of € 9.5 million, cash-in-hand and bank balances increased by around € 6 million from € 122.2 million to € 128.2 million at the balance sheet date.

On the equity and liabilities side, € 317.4 million was shown in the balance sheet under equity on the basis of the net loss disclosed for the financial year as a result of the coronavirus pandemic (€ 139.2 million), which was € 139.8 million less than in the previous year (€ 457.2 million). This corresponded to an equity ratio of around 30% (previous year around 44%) and led to a tier 1 equity / fixed assets ratio of around 34% (previous year around 60%).

At € 100.0 million, provisions increased marginally by € 2.2 million year on year. Other provisions totalled € 70.9 million after € 68.0 million in the previous year.

Pension provisions of € 10.5 million (previous year € 10.9 million) and tax provisions in the amount of € 18.6 million (previous year € 19.0 million) were at an almost unchanged level.

By contrast, the group's liabilities increased by € 161.7 million to € 605.6 million. This corresponded to around 57% of total assets and led to a debt-to-equity gearing ratio of around 190% compared to around 97% in the previous year. To secure the liquidity of the Messe Frankfurt corporate group as a result of the coronavirus pandemic, Messe Frankfurt was granted a long-term shareholder loan of € 150.0 million with a term up to 2041, of which € 90 million had been drawn down at the balance sheet date. The Italian subsidiary also took out a loan of € 2.7 million with a term up to 2027. Of the loans taken out in previous years, around € 23 million was repaid in the reporting year.

With lower trade payables at the balance sheet date of € 13.1 million (previous year € 17.2 million), payments received on account of orders increased from € 54.1 million to € 70.4 million. This was above all attributable to the Asian sub-group.

The increase in other liabilities of € 79.7 million to € 105.4 million results in particular from the obligation to repay advance payments already received for events that have since been cancelled and from the purchase price tranche still to be paid from the acquisition of shares in a long-term investee.

Financing

The negative business performance due to COVID-19 resulted in cash outflows from operating activities of € 16.2 million (previous year € 257.1 million). Cash outflows from investing activities in the amount of € 46.3 million related in particular to investments from the construction of Hall 5, which were offset by cash inflows from the sale of securities. These cash outflows were covered in particular by borrowings and thus by a cash inflow from financing activities in the amount of € 63.3 million, which ultimately resulted in cash funds of € 103.9 million at a level approximately equal to the previous year.

Net change in cash funds (in € million)	2019	2020	2021
Cash funds at beginning of period	182.6	154.5	103.1
Cash flows from operating activities	90.8	-257.1	-16.2
Cash flows from investing activities	-118.7	4.8	-46.3
Cash flows from financing activities	-0.2	200.9	63.3
Net change in cash funds	-28.1	-51.4	0.8
Effect on cash funds of changes in the reporting entity structure	0.0	0.0	0.0
Cash funds at end of period	154.5	103.1	103.9

Messe Frankfurt has loan agreements (loans from the KfW bank) totalling € 130 million to finance the new Hall 12, and € 34.2 million to finance the upgrading of Hall 6, as well as coronavirus-related loans of € 230.0 million, € 0.7 million, € 2.7 million and € 90.0 million intended to safeguard solvency. Altogether, these loans have a maximum term up to 2041 and are subject to variable and fixed interest rates of between 1.25% and 2.647%. In addition, there are approved but as yet unused credit lines in the amount of around € 55 million (previous year around € 55 million).

Overall summary of business performance and of the economic position of the company

The coronavirus pandemic massively impaired the course of business for the second year in succession and significantly worsened the financial situation of the Messe Frankfurt Group.

As worldwide travel restrictions and de facto official event bans continued to apply in 2021, only a limited number of the planned group-wide events were able to take place. It is also worth noting that the Messe Frankfurt Group was not able to hold many major trade fairs in terms of exhibitors, visitors and sales revenues. The events that did take place were characterised in particular by a lack of internationality, had a predominantly regional flavour and tended to be held on a smaller scale. The hybrid and digital formats offered as alternatives were in no way able to compensate for the significant loss of sales revenues.

The entire course of business during the year was characterised by the Executive Board's cost and crisis management (coronavirus strategy).

Despite the general conditions, the group succeeded in making a significant acquisition in the mobility sector in the midst of the pandemic, so that from summer 2022 the leading annual bicycle trade fair Eurobike will sustainably strengthen the Frankfurt location.

The Executive Board is not satisfied with the business development. However, it believes that the investment made as well as the cost and crisis management measures will help to secure the location and safeguard the group going forward.

IV. Report on expected developments, opportunities and risks

Outlook for the German and global economy

The coronavirus pandemic continues to be the central risk for the economy in Germany, as underlined by the newly discovered Omicron virus variant in autumn 2021. Following the growth spurt driven by consumer spending on services in the summer, the economy will essentially flatline in the winter half-year 2021/2022, and may even shrink slightly for a time. The steep rise in energy prices is squeezing private purchasing power and placing a cost burden on companies. At the same time, material bottlenecks for raw materials and primary products as well as disruptions in the global transport system persist.

In the face of insufficient progress in vaccinations, the fourth wave of new coronavirus infections is mounting to ever new peaks.⁹

The coming quarterly periods are likely to be characterised by an economic catch-up process. However, this assumes that economic activity will no longer be hampered by the coronavirus pandemic from the second quarter of 2022 onwards and that the supply bottlenecks for primary products will gradually disappear in the course of the next year. Private consumption should also normalise as the infection situation eases. Once the pandemic-related constraints subside, consumers are expected to spend part of the excess savings accumulated during the pandemic due to the lack of consumption opportunities, which means that consumption will rebound strongly after the winter. In addition, production in the manufacturing sector should increase again as supply bottlenecks ease. This will also allow for stronger investment activity on the part of companies. Under these conditions, GDP is expected to grow by 2.4% in 2021 and by 4.8% in 2022.¹⁰

The mood in almost half of the business associations in Germany at the turn of the year 2021/2022 was better than a year earlier. Only six of the 48 associations surveyed by the Institut der deutschen Wirtschaft (Cologne Institute for Economic Research) currently speak of a worse business situation in their sector. In the service sector, only the trade fair industry is below the already poor level of the previous year. This is because the majority of trade fair organisers see the outlook for 2022 as more uncertain than a year ago in light of the ongoing coronavirus situation. Nevertheless, some are somewhat more confident about 2022 and expect to see more trade fairs and higher sales revenues.¹¹ This assessment was made in November 2021 before the new contact restrictions, which by the end of January 2022 had already led to over a hundred cancellations and postponements of the 390 planned trade fair events. AUMA, the Association of the German Trade Fair Industry, is not making forecasts on the development of the trade fair industry, but it has called on politicians to make trade fairs possible again.¹²

In the context of the preparation of the consolidated financial statements of the Messe Frankfurt Group, initial indications are emerging that the 4th wave of infection in Germany has reached its peak. This prompted the Conference of Minister Presidents (Bund-Länder-Konferenz), which meets regularly, to announce in February 2022 that there would be a significant relaxation of the coronavirus regulations or coronavirus restrictions towards the end of March 2022.

In contrast, uncertainty about the economic development and the sharp rise in (commodity) prices as a result of the Russian war of aggression are dampening hopes of an economic upturn. Thus, in its updated economic forecast, the German Council of Economic Experts has downgraded an increase in GDP in 2022 to 1.8%, while the inflation rate is expected to rise to 6.1%.¹³

The development of the global economy also continues to be significantly dominated by the coronavirus pandemic. The pandemic situation around the world is quite heterogeneous. While the USA and parts of Southeast Asia were affected in the summer of 2021, the incidence of infections in Europe increased in the winter. In most countries, health policy measures were again enforced, restricting economic and social activities. The resulting economic slump in Europe is likely to be followed by a strong recovery, as experience with previous pandemic waves has shown. Expensive support measures have, however, caused an increase in public debt, which will be reduced much more slowly than the value-added gap.

Supply bottlenecks and shortages have not yet been reduced in recent months; on the contrary, the percentage of companies that perceive material shortages as hampering production has in fact increased. However, adjustments in production processes, an easing of the pandemic situation and price allocation mechanisms should ease the excess demand. This is also indicated by the fact that the business sentiment in most countries is for the most part optimistic. All in all, global GDP should expand by 4.4% and 3.2% in 2022 and 2023, respectively.¹⁴

⁹ KfW Research: KfW Economic Compass – Aufgeschoben ist nicht aufgehoben (Postponed is not abandoned), dated 30 November 2021

¹⁰ Ifo economic report 2/2021 prepared for Messe Frankfurt, dated 15 November 2021

¹¹ IW Cologne Institute for Economic Research: Klare Signale für Wachstum (Clear growth signals) – results of the IW association survey 2021, dated 27 December 2021, with appendix to the press release

¹² AUMA press release dated 26 January 2022: Exhibition industry: Hin und Her der Politik kostet weitere fünf Milliarden Euro (Political flip-flopping costs a further five billion euros)

¹³ German Council of Economic Experts dated 30 March 2022: updated economic forecast for 2022 and 2023

¹⁴ Ifo Economic Forecast Winter 2021, in Ifo Schnelldienst, 74th Edition, Special Edition, December 2021

It can further be assumed that the development of the global economy will also be significantly affected by the current war in Europe between Russia and Ukraine. The global sanctions imposed by Western countries against Russia, the implications for the global economic situation and raw material and energy prices, as well as inflation, may have as-yet unforeseeable consequences for the event industry.

In its latest outlook, the IMF has updated its forecasts for 2022 on the change in economic output of nations and regions and significantly lowered them compared to the last forecast from December 2021. Accordingly, global economic output could increase by only 3.6% in the current year compared to 2021. This forecast is 0.8 percentage points below the last forecast. According to the IMF, the war in Ukraine has triggered a costly humanitarian crisis. The economic damage from the conflict is contributing to a significant slowdown in global growth in 2022 along with rising inflation. Fuel and food prices have risen rapidly. War-related commodity price increases and widening price pressures are leading to inflation forecasts for the current year of 5.7% in advanced economies and 8.7% in emerging and developing economies –1.8 and 2.8 percentage points higher than in the previous forecast, according to IMF experts.¹⁵

Market, industry and event risks and opportunities

Opportunities

The coronavirus pandemic is having a negative impact on the economy and the financial situation of the Messe Frankfurt Group. All business segments are affected: the organisation of trade fairs, congresses and other events, the rental of the exhibition grounds in Frankfurt as well as the numerous services related to the event business. Messe Frankfurt's competitors are also struggling with the same general conditions. The pandemic may therefore prove to be an opportunity for the Messe Frankfurt Group in the medium and long term, as consolidation and concentration movements among competitors may occur:

- Organisers around the world are increasingly offering their portfolios for sale
- Further internationalisation of the trade fair brands through rollouts in defined markets
- The Frankfurt exhibition centre is first choice for guest organisers
- Market share in the service sector can be expanded

Messe Frankfurt has shareholders that are convinced of its business model. Since 2020, they have supported the Messe Frankfurt Group among other things through capital measures.

Risks

The opportunities that present themselves could at the same time also represent risks. If, despite all the assurances by participants that face-to-face events will continue to play an economically crucial role worldwide in the future, political or corporate regulations permanently restrict worldwide travel, making a return to a pre-pandemic event levels impossible, this could jeopardise the business model of the event industry in some cases. In addition, tense economic situations could lead to attractive acquisition options not being taken up for financial reasons.

This situation is reflected in the risks described below.

Pandemic risks

This is a risk that since the onset of the coronavirus pandemic in 2020 has had a severe negative impact on the financial position, financial performance and cash flows of the Messe Frankfurt Group.

¹⁵ <https://de.statista.com/infografik/23188/iwf-prognose-zur-veraenderung-des-realen-bip>

The Messe Frankfurt Group is a globally operating trade fair organiser and its trade fairs are a platform for personal encounters between exhibitors and visitors. An interruption to this global networking following a major pandemic has a direct negative impact on the business performance of the Messe Frankfurt Group.

Due to the extensive international business operations of the Messe Frankfurt Group, measures taken by individual governments around the world to contain the spread of virus infections, such as entry and exit bans, flight cancellations, border closures, cancellation of all types of events of a certain size and restrictions on public and social life, have had a massive negative impact on the financial and non-financial performance indicators of the Messe Frankfurt Group. Especially in the second year of the pandemic, the disruptions to global supply chains became particularly apparent. As a result, certain raw materials or goods are temporarily not available at all, or only accompanied by time delays or price hikes.

Vaccines have proven to be an effective protection against the risk of infection or a severe course of the disease. However, as not all countries in the world by far have the same access to vaccines and there are great discrepancies in the vaccination rates among the respective populations, the effects of the coronavirus pandemic continue to lead to massive restrictions on public life. Consequently, it is currently not possible to adequately and appropriately estimate how long this state or the pandemic will continue. Furthermore, it cannot be ruled out that after a significant reduction in incidence figures in the warm summer months, a renewed COVID-19 wave could hit the event business come the winter. Neither can it be ruled out that a new highly contagious virus variant will reignite the pandemic, leading governments to reimpose the known restrictions from previous waves. However, it is not possible to quantify the nature and extent of any new wave. The only possibility is to closely monitor the development of the pandemic in order to initiate measures for economic counteraction at an early stage.

However, it is currently becoming apparent that the Chinese government's zero-COVID strategy is reaching its limits in terms of effectiveness. This is leading to large conurbations – such as Shanghai – being put into lockdown with direct and indirect consequences for the event industry. The direct consequence is a temporary ban on events on the back of the lockdown. The indirect consequence results, among other things, from the significant delay in the supply chains. This weakens the economic situation of supply chain-dependent companies and also leads to a significant increase in global inflation. This can have an impact on the willingness of companies to participate in physical events as a result of reduced marketing budgets.

A reliable forecast and a valid depiction of the possible impacts of this pandemic risk is therefore not exhaustively and conclusively possible.

Market, industry and event risks

The business activities of the Messe Frankfurt Group are reliant on the general economic situation and developments in the respective sectors in which events are either already established or new events are planned. Currently, it is impossible to gauge how long the coronavirus pandemic will continue to have a negative impact on the global economy and individual industry sectors.

On the basis of this experience, the Messe Frankfurt Group is attempting to secure the loyalty of event organisers, exhibitors and visitors to the company for as long as possible through targeted customer retention strategies. Generally increasing globalisation and the importance of foreign operations are also demanding optimised, globally coordinated customer approach and customer care systems. In addition, administrative functions such as finance and IT are also geared accordingly.

The Messe Frankfurt Group is fundamentally pursuing two directions: on the one hand, enhancing the internationality of its flagship fairs in Frankfurt, and on the other – in addition to continuously developing established products – forging ahead with trade fair business outside Germany. Despite the ongoing coronavirus pandemic, three new events were planned outside Germany in the 2021 financial year, but could not be held because of the pandemic.

Even without the coronavirus pandemic, economic problems being experienced in key event sectors, combined with structural difficulties such as ongoing concentrations in the retail sector, continue to represent a serious challenge across the globe for brands in the consumer goods sector. Many companies in these sectors have either disappeared from the market altogether or are reducing or cancelling their trade fair participations.

It is intended to compensate these developments through new concepts, consolidation and intensified acquisition measures. Furthermore, changes in individual sectors or the relocation of events also offer opportunities for new own developments or further development of existing concepts.

Geopolitical risks

In addition to the negative effects and risks arising from the global coronavirus pandemic, the Messe Frankfurt Group in principle faces other uncertainties outside Germany. Although Messe Frankfurt as a matter of principle does not host any trade fairs in acutely insecure regions, there is nevertheless a risk of political and possibly resulting military conflicts or terrorist activities in some regions.

In the Middle East region, especially in the UAE, which is of importance for Messe Frankfurt, the risks remain fundamentally unchanged due to the political unrest in some neighbouring Arab countries. While the civil war in Syria, for example, has no direct impact on the politically stable UAE, it could increasingly impair economic development due to difficulties in attracting exhibitors and visitors as well as new trade fair projects.

Furthermore, military conflicts between individual states also have a global economic impact, as the current war in Europe between Russia and Ukraine shows. The worldwide sanctions imposed by Western countries against Russia, which can have repercussions for the global economic situation as well as raw material and energy prices in particular, and for inflation in general, can have a severe impact on the global economy and thus also on the event industry.

In addition, there are also political tensions in Asia, e.g. between the People's Republic of China and the Special Administrative Region of Hong Kong and also the state of Taiwan, which is not recognised by the Chinese.

Messe Frankfurt and its subsidiaries counter these general political risks with their quality standards and international sales network, making it possible despite these obstacles to organise high-quality trade fairs with a much more international flavour.

Globalisation means that the countries of the world are economically dependent on each other and exchange their goods and services as well as foreign currency within the framework of imports and exports. The consequences of the coronavirus pandemic and the Russian war have thrown global supply chains out of kilter and led to supply shortages or price increases, especially for commodities such as oil and gas.

A further risk for all subsidiaries worldwide arises out of the fact that they do not have their own exhibition grounds and are therefore dependent on local exhibition infrastructures and exhibition site operators. On the other hand, this also allows the subsidiaries greater flexibility, making it easier for them to respond to regional shifts in the markets and economic sectors with a change of venue. They also do not face a capacity utilisation risk.

Challenges in this regard lie in finding suitable timeslots and sufficient hall space in the desired quality at acceptable conditions. In addition, there are risks from increased security requirements for trade fair organisers and imponderables when switching to new venues. These risks have been significantly exacerbated by the coronavirus pandemic.

Some subsidiaries have a relatively small event portfolio that is often focused on just a few themes. This results in a greater dependency on individual events and sectors. This can lead, for example, to disproportionately high economic burdens for the subsidiary due to the postponement of major leading trade fairs and, subsequently, to the postponement of the smaller affiliated event. This risk is countered by the further rollout of brand events, the new development of new trade fair themes and provision of additional services.

Additional risks arise in the case of events organised or marketed together with a partner. Despite extensive checks at the outset of the cooperation, unforeseeable errors of judgement cannot be ruled out.

Subsidiaries with complementary business areas such as website business or publishing contribute to further risk diversification in these segments.

Subsidiaries that depend strongly on the marketing of individual events generally have a higher risk than subsidiaries with a broad event portfolio or subsidiaries with a broad range of supplementary services.

Site/construction risks

The ongoing modernisation of the exhibition centre in Frankfurt am Main is a prerequisite for fulfilling growing customer needs. Risks may arise as a result of additionally required construction and maintenance measures that only come to light in the course of refurbishment work or unexpectedly become necessary at short notice as a result of security or safety regulations.

Due to their long-term nature, major projects such as the new construction of Hall 5 entail risks due to unforeseeable developments relating to cost structures (e.g. higher-than-budgeted construction price increases).

The risk of extensive damage jeopardising individual events or the exhibition centre is countered as far as possible by corresponding insurance policies and/or safety and security measures, such as coordinated group-wide contingency plans and communication measures, as well as through the activities of the Operation & Security Center.

Administrative risks

In its financing activities, the Messe Frankfurt Group as a matter of principle pursues a conservative strategy with respect to interest rate risks. The aim is to avoid interest rate risks that have a negative impact on earnings as far as possible. However, advantage is taken of opportunities presented by the respective market situation to reduce or minimise interest expenses. Derivatives may only be used if they relate to an underlying transaction.

The company applies hedge accounting in order to reduce earnings fluctuations resulting from foreign currency risks as far as possible. The use of foreign-currency derivatives is tied to underlying transactions or binding budget assumptions. They are above all applied in the case of distribution payouts by foreign subsidiaries and for intercompany financial investments. One currency hedge was in place across the group at the balance sheet date.

The Messe Frankfurt Group as far as possible eliminates liquidity risks and the exposure to credit risk of receivables by invoicing its services and demanding payment ahead of the events. Furthermore, the Messe Frankfurt Group entities also have accounts receivable management and an arrears collection system in place. In addition, a collection service for all outstanding receivables from previous events or invoiced but not yet settled services operates during ongoing trade fairs at the Frankfurt venue. During normal event operations, defaults on receivables therefore only occur in exceptional cases.

As a result of the group's increasing globalisation and the growing importance of international operations, establishing and optimising globally coordinated systems and structures presents an ongoing challenge. Ever higher demands in the areas of governance and data protection, especially in conjunction with increasing internationalisation, can make it more difficult to fulfil the statutory guidelines and regulations. These include in particular increasing changes in tax legislation in individual countries.

Liquidity risks

Since spring 2020, the spread of the coronavirus (COVID-19) and subsequent pandemic have for the second year in succession led in particular to events being postponed and cancelled and ultimately brought the event business and public life to a standstill worldwide. Any resulting liquidity risk for the Messe Frankfurt Group from operating business is strictly monitored. The entire group is managed based on liquidity in close coordination with the shareholders.

Messe Frankfurt GmbH has initiated or implemented several measures to secure liquidity. These include above all borrowing on the capital market and from the shareholders as well as equity increases on the part of the shareholders. These measures serve to secure the liquidity of the Messe Frankfurt Group.

Should the impacts of the pandemic persist longer and be more severe than currently expected, it is not possible from today's perspective to reliably and conclusively assess whether and to what extent further capital requirements may be

necessary. In addition to the injection of borrowings and/or equity, further measures to close any liquidity gap that may arise will be identified and a decision made on their implementation if necessary.

Please refer to the Report on post-balance sheet date events in the Notes.

Risk management system

The Messe Frankfurt Group has consolidated all opportunities and risks as well as measures taken within the company to control risk in a uniform and consistent risk management system. This system also encompasses the group subsidiaries.

The risk management manual defines in particular the risk principles, the risk management process and the documentation and monitoring of the risk management system. Risk management is conceived as a continuous process and is reviewed at regular intervals to ensure its adequacy, and is optimised as necessary.

Overall assessment of risks and opportunities

The Messe Frankfurt Group closely monitors the impact of the coronavirus pandemic in order to be able to take prompt and targeted countermeasures as and when necessary. The focus is particularly on monitoring and managing sufficient liquidity. The ongoing cash flow developments are therefore of particular importance.

Despite the current coronavirus pandemic and the resulting negative economic repercussions worldwide, the Executive Board continues to rate the importance of trade fairs and exhibitions, and especially of physical attendance of events, as high. The Messe Frankfurt Group mainly organises B2B events. These are industry meetings where exhibitors and visitors can, for example, inform themselves about (competitor) products, technical developments and trends. Digital formats are no substitute for these physical encounters either now or in the future.

This desire to return to physical events is expressed, among other things, in the fact that across the Messe Frankfurt Group in the course of 2021 some trade fairs were held as face-to-face events. The group is also forging ahead with efforts to acquire new trade fair themes within and outside Germany. One example of this is the equity investment in fairnamic GmbH, Friedrichshafen, Germany, and the accompanying staging of the leading trade fair for the bike business, Eurobike, in Frankfurt from summer 2022. The Executive Board also remains committed to the construction of the new Hall 5 at the Frankfurt venue.

The Executive Board continues to believe in the business model of attendance events and is of the opinion that the company is well positioned to survive the current crisis, to harness the opportunities that have arisen during the crisis and to adequately manage the risks. In such a situation, the Executive Board naturally gives strategic thought to the extent to which the current business model needs to be adapted in the one or other area to take account of external influencing factors.

Expected developments

The business plan for 2022 was drawn up in autumn 2021, in the midst of the still ongoing coronavirus pandemic. In light of the fact that it is still difficult to assess the full impacts of the pandemic, a very conservative approach was applied in preparing the business plan.

The projections for 2022 are based on the assumption that trade fairs will be held throughout the year. However, these projections are in no way comparable to the pre-COVID years, as they still do not reflect a normal course of business due to the ongoing restrictions. Both the non-financial and the financial key indicators are significantly below the level targeted before the outbreak of the pandemic.

In the meantime, during the preparation of the consolidated financial statements, the conditions for organising major international events have worsened significantly in light of the exponentially increasing infection figures worldwide (4th wave, Omicron) and the accompanying developments and resolutions, including travel warnings, international travel restrictions and quarantine requirements for visitors and exhibitors.

For these reasons, the spring fairs scheduled for 2022, such as Ambiente, Christmasworld, Paperworld and Creativeworld, as well as the Frankfurt Fashion Week trade fairs, were cancelled. Heimtextil is to be held in tandem with the Techtexil and Texprocess textile fairs in June 2022. Light + Building, scheduled for March, has been postponed until October 2022. The only event that was able to take place as scheduled was Nordstil Winter in Hamburg in January 2022. Prolight + Sound will be the first event to be held at the Frankfurt exhibition centre at the end of April as scheduled. In the further course of the year, Nordstil in Hamburg as well as IFFA and Automechanika are scheduled to take place.

In addition, in January 2022 a cooperation partner of Frankfurt Fashion Week decided to leave the Frankfurt venue with immediate effect, so that the twice-yearly Frankfurt Fashion Week will not take place in the planned size and format.

If other trade fairs, congresses, concerts or other events planned for the second quarter have to be cancelled due to the pandemic, time and space constraints will make it difficult, at least at the Frankfurt venue, to postpone them to the second half of the year.

In Asia, especially in China, for example in Hong Kong and Shanghai, the strongest wave of the coronavirus since the beginning of the pandemic was rampant in spring 2022. The zero-COVID strategy pursued in the past is reaching its limits in terms of effectiveness and is leading to large conurbations – such as Shanghai – being put into lockdown with direct and indirect consequences for the event industry. The direct consequence is a temporary ban on events on the back of the lockdown. The indirect consequence results, among other things, from the significant delay in the supply chains. This weakens the economic situation of supply chain-dependent companies and also leads to a significant increase in global inflation. This can have an impact on the willingness of companies to participate in physical events as a result of reduced marketing budgets. Furthermore, the pandemic may lead to extensive event cancellations in China, accompanied by strict hygiene measures and severe travel restrictions to and from China.

The war between Russia and Ukraine, which was started in February 2022, has given rise to sanctions on the part of Western states intended to isolate Russia economically and financially from the world economy. In this context, Messe Frankfurt decided to withdraw from the Russian market and sell its shares in the Russian subsidiary.

As a result, the sales revenues (around € 541 million) and positive EBITDA (around € 32 million) planned for 2022 will fall far short of the targeted amounts and the planned consolidated net loss (around € 40 million) will be significantly higher. The projections are based on 361 events worldwide, including congresses, events and German pavilions. The number of planned exhibitors is around 84,000, the number of planned visitors around 3.8 million and the amount of net leased area is 2.3 million m². The non-financial performance indicators will also be far below their projected levels.

A further decline in sales revenues or a further deterioration of the earnings situation beyond the known level can therefore not be ruled out at present.

The Executive Board is therefore in close contact with the shareholders with the goal to continue to manage the company and the Messe Frankfurt Group in a liquidity-driven manner and to further implement appropriate measures intended to secure liquidity, or introduce additional measures as necessary.

The capital increases that were resolved up to the preparation of the consolidated financial statements and group management report in 2022 already took into account a scenario in which the projected earnings contributions of the direct and indirect subsidiaries fall significantly below target, giving rise to increased liquidity requirements. According to current estimates, the capital increases and the ongoing cost and crisis management are therefore sufficient to secure the liquidity of the Messe Frankfurt Group despite the scenario that has now partially materialised.

Corporate governance statement

In accordance with the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (Participation Act), the shareholders, the Supervisory Board and the Executive Board are required to set a target figure for the proportion of women serving on the Supervisory Board, the Executive Board and in the two management levels below the Executive Board, as well as a deadline for achieving these targets.

The target figure for the proportion of women on the Supervisory Board and Executive Board of Messe Frankfurt GmbH was set by its shareholders at 14% (Supervisory Board) and 0% (Executive Board), respectively, with the approval of the Supervisory Board. These targets apply for the period up to 30 June 2022.

The Executive Board of Messe Frankfurt GmbH set a target figure for the proportion of women at tier II (Extended Board of Management) and tier III (Vice President) management levels of 17% and 15% respectively.

At 31 December 2021, the target for the Supervisory Board was reached at 28.6%.

At the first level below the Executive Board, the proportion of women at 31 December 2021 was 20.0% and at the second level below the Executive Board 26.7%.

Frankfurt am Main, 9 June 2022

Wolfgang Marzin

Detlef Braun

Uwe Behm

Consolidated financial statements
 Consolidated balance sheet of Messe Frankfurt GmbH,
 Frankfurt am Main,
 at 31 December 2021

Assets		At 31.12.2020	At 31.12.2021	At 31.12.2021
	Notes	in €	in €	in €
A. Fixed assets	(1)			
I. Intangible fixed assets		30,550,659.75	72,551,576.35	
II. Tangible fixed assets		756,039,141.79	784,186,540.80	
III. Long-term financial assets		1,417,280.26	20,451.68	
		788,007,081.80		856,758,568.83
B. Current assets				
I. Inventories	(2)			
1. Raw materials, consumables and supplies		501,576.79	478,662.30	
2. Work in progress - services		0.00	93,724.99	
3. Goods		565,324.94	568,413.66	
4. Prepayments		37,322.73	859.09	
		1,104,224.46		1,141,660.04
II. Receivables and other assets				
1. Trade receivables	(3)	8,399,626.14	14,930,900.47	
2. Receivables from shareholders	(4)	5,180,561.13	1,952,163.63	
3. Other receivables and other assets	(5)	36,179,366.45	26,656,467.40	
		49,759,553.72		43,539,531.50
III. Securities	(6)	64,983,339.89		20,009,829.97
IV. Cash-in-hand, bank balances and cheques	(7)	122,171,951.08		128,226,549.19
		238,019,069.15		192,917,570.70
C. Prepaid expenses	(8)	4,110,006.35		4,681,521.83
		1,030,136,157.30		1,054,357,661.36

Equity and liabilities		At 31.12.2020	At 31.12.2021	At 31.12.2021
		in €	in €	in €
	Notes			
A. Group equity	(9)			
I. Subscribed capital		180,000,000.00	180,000,000.00	
II. Capital reserves		112,196,188.77	112,203,242.29	
III. Revenue reserves				
1. Other revenue reserves		89,183,256.39	85,888,929.63	
IV. Foreign currency translation differences		-12,136,766.35	-7,558,312.99	
V. Retained profits carried forward		212,929,942.30	84,621,419.50	
VI. Consolidated net loss		-128,699,062.05	-	
			141,056,092.49	
VII. Non-controlling interests' item		3,734,920.35	3,280,710.17	
		457,208,479.41		317,379,896.11
B. Negative consolidation difference	(10)	1,562,689.19		1,146,735.38
C. Equity-similar special reserve for subsidies or grants for the acquisition of fixed assets	(11)	10,379,000.00		8,231,600.00
D. Provisions				
1. Provisions for pensions and similar obligations		10,864,140.62	10,489,830.14	
2. Provisions for taxes		19,004,331.91	18,633,403.47	
3. Other provisions	(12)	67,964,085.18	70,886,989.62	
		97,832,557.71		100,010,223.23
E. Liabilities	(13)			
1. Liabilities to banks		346,947,277.11	326,637,244.78	
2. Payments received on account of orders		54,083,521.72	70,433,492.05	
3. Trade payables		17,173,851.47	13,124,487.59	
4. Liabilities to shareholders		1,653.87	90,008,605.04	
5. Other liabilities		25,731,135.44	105,426,018.14	
		443,937,439.61		605,629,847.60
F. Deferred income	(14)	16,230,687.83		12,963,205.52
G. Deferred tax liabilities	(15)	2,985,303.54		8,996,153.52
		1,030,136,157.29		1,054,357,661.36

Consolidated income statement of Messe Frankfurt GmbH, Frankfurt am Main, for the financial year from 1 January 2021 to 31 December 2021

	Notes	2020 €	2020 €	2021 €	2021 €
1. Sales	(18)	256,671,199.02		153,833,706.59	
2. Increase or decrease of work in progress	(19)	-616,744.00		93,724.99	
3. Other operating income	(20)	34,596,596.21		67,268,625.23	
		290,651,051.23			221,196,056.81
4. Event-related expenses	(21)	130,292,594.63		110,283,783.48	
5. Personnel expenses	(22)	132,324,686.21		125,226,067.97	
6. Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	(23)	65,129,099.83		57,751,031.64	
7. Other operating expenses	(24)	76,975,045.73		56,904,973.62	
		404,721,426.40			350,165,856.71
8. Financial result	(25)		-4,977,581.18		-6,828,271.71
9. Taxes on income	(26)		-431,033.00		-311,906.09
10. Earnings after taxes			-		-
			118,616,923.35		135,486,165.52
11. Other taxes	(27)		3,326,322.92		3,717,947.30
12. Consolidated net loss for the year			-		-
			121,943,246.27		139,204,112.82
13. Profit attributable to non-controlling interests			-6,849,152.68		-1,892,029.90
14. Loss attributable to non-controlling interests			93,336.90		40,050.23
15. Consolidated net loss			-		-
			128,699,062.05		141,056,092.49

Explanatory notes to the 2021 consolidated financial statements of Messe Frankfurt GmbH, Frankfurt am Main, for the financial year from 1 January 2021 to 31 December 2021

General disclosures

The parent company, Messe Frankfurt GmbH, Ludwig-Erhard-Anlage 1, 60327 Frankfurt am Main, Germany, with headquarters in Frankfurt am Main, is listed under HRB 6640 in the commercial registry at the district court of Frankfurt am Main.

General disclosures relating to the consolidated balance sheet and the consolidated income statement

The consolidated financial statements of Messe Frankfurt GmbH, Frankfurt am Main, have been prepared in accordance with Sections 290 ff. HGB (Handelsgesetzbuch – German Commercial Code).

The consolidated income statement is prepared in accordance with the total cost (nature of expense) method.

Wherever individual items of the balance sheet and the income statement have been grouped together in the interests of clarity of presentation, these items are shown and explained separately in the notes. For the same reason, disclosures relating to the inclusion in other items and 'of which' information are also included in the notes.

In accordance with Section 311 (1) HGB, the minimum required classification of the balance sheet was further subclassified to include the heading Investments in associates under the line item Long-term financial assets.

The line item Cost of materials was reclassified as Event-related expenses pursuant to Section 265 (6) HGB.

Furthermore, in accordance with Section 312 (4) HGB, the line items in the consolidated income statement were further subclassified to include the heading Result from investments in associates and other long-term equity investments under Financial result.

The figures for the financial year are not comparable with those of the previous year, as the effects of the coronavirus pandemic led to varying degrees to cancellations and postponements of major events.

Group reporting entity

In addition to Messe Frankfurt GmbH as parent, the consolidated financial statements also include the following subsidiaries over which Messe Frankfurt GmbH directly or indirectly has a controlling influence by virtue of the fact that it holds the majority of the voting rights:

Messe Frankfurt Venue GmbH, Frankfurt am Main/Germany
Messe Frankfurt Medien und Service GmbH, Frankfurt am Main/Germany
Accente Gastronomie Service GmbH, Frankfurt am Main/Germany
Messe Frankfurt Exhibition GmbH, Frankfurt am Main/Germany
Messe Frankfurt Middle East GmbH, Frankfurt am Main/Germany
MESAGO Messe Frankfurt GmbH, Stuttgart/Germany
Messe Frankfurt France S. A. S., Paris/France
Messe Frankfurt Italia Srl., Milan/Italy
Messe Frankfurt Istanbul L. S., Istanbul/Turkey
O. O. O. Messe Frankfurt RUS, Moscow/Russia
Messe Frankfurt UK Ltd., Guildford/UK
Messe Frankfurt Asia Holding Ltd., Hong Kong/China

Messe Frankfurt (H.K.) Ltd., Hong Kong/China
 Messe Frankfurt (Shanghai) Co. Ltd., Shanghai/China
 Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China
 Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China
 Messe Frankfurt Shenzhen Co. Ltd., (formerly Messe Frankfurt New Era Advertising) , Shenzhen/China
 Messe Frankfurt Traders-Link (Beijing) Co., Ltd., Beijing/China
 Messe Frankfurt Japan Ltd., Tokyo/Japan
 Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai/India
 Messe Frankfurt Korea Ltd., Seoul/South Korea
 Messe Frankfurt Inc., Atlanta/USA
 Messe Frankfurt México S. de R. L. de C. V., Mexico City/Mexico
 Indexport Messe Frankfurt S. A., Buenos Aires/Argentina
 Messe Frankfurt South Africa (Pty) Ltd., Johannesburg/South Africa

Messe Frankfurt New Era Business Media Ltd., Hong Kong/China, which was still fully consolidated in the previous year, was merged with its parent company Messe Frankfurt (H.K.) Ltd., Hong Kong/China, with effect from 1 January 2021.

In 2020, it was decided to make the company Messe Frankfurt México S. de R. L. de C. V., Mexico City/Mexico, dormant. Its business activities have been taken over by Messe Frankfurt Inc., Atlanta/USA.

With effect from 17 November 2021, Messe Frankfurt Exhibition GmbH acquired 49% of the shares in fairnamic GmbH, Friedrichshafen/Germany. In accordance with joint venture arrangements under company law, the company is included in the consolidated financial statements proportionately to the shares in the capital held as an undertaking that is jointly managed with non-group entities.

In the case of the company Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China, the controlling interest arises from a decisive voting right with a shareholding of 50%.

An adjustment item is disclosed in group equity as Non-controlling interests to indicate shares held by non-controlling shareholders in the equity capital carried in the balance sheet.

In addition, the following companies jointly managed with non-group entities are also included in the consolidated financial statements proportionately to the shares in their capital held:

SMT/ASIC/Hybrid MESAGO Messe & Kongreß GmbH & Co. oHG, Nuremberg/Germany (75%)
 PAACE Automechanika Mexico LLC, Atlanta/USA (50%)
 O. O. O. ITEMF Expo, Moscow/Russia (50%)
 PE Events LLC, Atlanta/USA (50%).

Furthermore, the following company jointly managed with non-group entities is also included in the consolidated financial statements corresponding to the shares in its capital held, applying the equity method of accounting:

nmedia GmbH, Düsseldorf/Germany (20%)

Consolidation principles and currency translation

The balance sheet date for the consolidated financial statements is 31 December 2021.

With the exception of Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai/India, which prepares its financial statements to 31 March of each year and was included in the consolidated annual accounts of the parent on the basis of interim financial statements drawn up at 31 December 2021, all subsidiaries included in the consolidated financial statements have prepared their financial statements as of the balance sheet date of 31 December 2021.

Acquisition accounting used the revaluation method to consolidate subsidiaries. Where the acquisition process occurred in a financial year commencing before 1 January 2010, acquisition accounting used the book-value method to consolidate subsidiaries by eliminating the carrying amounts of the investments against the proportionate equity of the subsidiaries attributable to the parent at the time of acquisition.

Acquisitions or disposals of shares that do not affect the controlling influence were accounted for as equity transactions.

In the case of jointly managed undertakings, all consolidation steps were carried out proportionate to the ownership interest pursuant to Section 310 HGB. In total, this gave rise to € 3.056 million in current assets, € 50.554 million in fixed assets and € 9.220 million in current liabilities, € 6.033 million in expenses and € 4.503 million in income from shares in joint undertakings. No significant off-balance-sheet financial obligations existed.

Associates were carried in the consolidated balance sheet applying the equity method of accounting pursuant to Section 312 HGB. The carrying amount of the investment and treatment of the difference were reported in accordance with Section 312 HGB (equity method).

The difference between the carrying amount and the proportionate share of the associate's equity measured at fair value at the date of the inclusion of the associate in the consolidated financial statements for the first time amounted to € 1.938 million, which also simultaneously represented goodwill. At the balance sheet date, the numerical difference between the carrying amount and the proportionate share of the associate's equity measured at fair value amounted to € 716,000; goodwill, which is amortised on a straight-line basis over a useful life of four years, came to € 646,000. The sum of negative equity values from the adjusted separate computation recognised in the consolidated balance sheet therefore totalled € 681,000. In addition, due to the coronavirus, write-downs of the assets of this equity-method carrying amount were charged in respect of nmedia GmbH, Düsseldorf/Germany, pursuant to Section 253 (3), sentence 6 HGB and all assets were fully written down. The write-downs recognised in the reporting year thus amounted to an additional € 716,000. Reporting of the effect of the change in the equity amount in the consolidated income statement was based on earnings after taxes (net method). The carrying amounts of the assets and liabilities of the associate were not restated to reflect the accounting and measurement policies of the Messe Frankfurt Group. The resulting effect was not material to the consolidated financial statements.

Receivables and liabilities as well as expenses and income items between the companies included in the consolidated financial statements were netted. Provisions relating to intragroup transactions as well as gains and losses arising from intragroup deliveries and services were eliminated.

End-of-year financial statements of the foreign subsidiaries included in the consolidated financial statements prepared in a foreign currency were translated in compliance with Section 308a HGB. All balance sheet items of the included foreign group entities, with the exception of Equity (subscribed capital, reserves, retained profits carried forward), which is carried at historical rates, were translated into euros at the respective middle spot rate at the balance sheet date. Differences arising from the translation of equity as a result of changes in the exchange rate compared to the previous year were recognised directly in equity under Foreign currency translation differences.

Income and expenses for the financial year were translated at the average rate. The net income for the year shown in the translated income statements was carried over into the consolidated balance sheet and recognised directly in equity under Foreign currency translation differences. The average rate was computed from the average of all daily exchange rates of the past year.

The differences arising from currency translation within the scope of consolidation of intragroup balances and the elimination of intragroup profits and losses were also recognised directly in equity under Foreign currency translation differences.

Foreign currency translation of the financial statements of the subsidiary in Argentina, which were prepared in a foreign currency, was carried out in accordance with DRS 25 (German Accounting Standard), taking into account the requirements for high-inflation countries. Inflation was adjusted by indexing the financial statements, which were based on the

acquisition/nominal value principle and prepared in the (highly inflationary) local currency. This did not have any material impact on the consolidated financial statements.

Accounting and measurement policies

The assets and liabilities of the companies included in the consolidated financial statements were measured uniformly using the accounting and measurement principles applicable to the group as a whole.

Purchased intangible fixed assets were recognised at cost, less (where subject to wear and tear) straight-line amortisation over their useful life. Where a permanent impairment loss appeared probable, they were recognised at the lower of cost or market value on the balance sheet date. If the reasons for a probable permanent impairment loss no longer applied, the impairment loss was reversed accordingly.

Where acquisition accounting resulted in goodwill, an expected individual useful life was assumed at the time of initial recognition, in particular with regard to the continuous development and continued existence of the business and customer relations arising from the acquisition of the goodwill. Goodwill was amortised on a straight-line basis over the useful life. In accordance with Section 301 (3) HGB, a negative difference arising on consolidation was included as a separate item on the equity and liabilities side of the balance sheet below shareholders' equity as Negative consolidation difference.

Tangible fixed assets were recognised at cost, less depreciation through use and, where applicable, write-downs. Depreciation through use was calculated on a straight-line basis in accordance with unchanged principles. In the case of technical retrofits of halls already duly depreciated, a useful life of ten years was assumed.

New additions to tangible and intangible fixed assets were depreciated/amortised on a pro rata temporis basis in the year of acquisition.

Low-value assets up to a net value of € 250 per item were expensed in the year of acquisition. Assets with purchase costs above € 250 to € 800 net were fully depreciated/amortised in the year of acquisition, with their immediate disposal being assumed.

Under Long-term financial assets, shareholdings and equity interests were stated at cost or, where a permanent impairment loss was indicated, at the lower of cost or market value. In the case of temporary impairment, the asset may be recognised at cost or the lower market value. If the reasons that led to a probable permanent impairment loss no longer applied, the impairment loss was reversed accordingly.

Inventories were carried at the lower of cost or current market value at the balance sheet date.

Receivables were measured at nominal value on the balance sheet date. Identified individual risks were recognised through valuation allowances. Non-current, non-interest-bearing receivables were discounted using the actuarial interest rate for matching securities published by the Deutsche Bundesbank (central bank of the Federal Republic of Germany).

Other assets were shown in the balance sheet with their nominal amount.

Within the Messe Frankfurt Group, derivative financial instruments are in principle only used to hedge the risks inherent in an underlying transaction. Provided the conditions of Section 254 HGB are met, hedges are applied and, pursuant to Section 254, sentence 1 HGB, in these cases Sections 249 (1), 252 (1), Nos. 3 and 4, 253 (1), sentence 1 and 256a HGB are not applied.

Securities were stated at cost or the lower market value, taking all identifiable risks into account.

Liquid assets were disclosed at their nominal value.

Prepaid expenses related to advance payments made before the balance sheet date that represent an expense to be incurred in a subsequent period.

The market value of the acquired assets was used to determine the revalued equity. The hidden reserves to be disclosed in this context mainly relate to trade fair rights. In addition, any hidden liabilities to be recognised were deducted from any disclosed hidden reserves. The market value was determined using recognised capitalised earnings methods.

The equity-similar special reserve for subsidies or grants for acquisition of fixed assets was set up in financial year 2000 and relates to a grant made by the City of Frankfurt am Main in connection with the construction of the "Rebstock" multi-storey car park. The release of the special reserve was recognised in income, corresponding to the depreciation of the related fixed assets over a useful life of 25 years. Advantage was taken of the possibility to exercise the retention option pursuant to Section 67 (3) EGHGB (Act Introducing the German Commercial Code). Thus the special tax-allowable reserve in accordance with Sections 247 (3) and 273 HGB in the version valid until 28 May 2009 has also been retained for financial statements from 2010.

Provisions were in principle recognised in the amount dictated by prudent business judgement that is required to settle the obligation (i.e. including future cost and price increases). They took into account all identifiable risks and contingent liabilities, as well as anticipated losses from executory contracts.

Provisions with a residual term of more than one year were discounted.

Provisions for pensions and similar obligations for former members of the Executive Board and their surviving dependents were calculated using the projected unit credit method (PUC method) based on the "2018 G actuarial tables" compiled by Prof. Klaus Heubeck. For discounting purposes, as in the previous year the average market interest rate of the past ten financial years of 1.87% (previous year 2.30%) with a residual term of 15 years was applied across the board in accordance with the Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften (Act Implementing the Mortgage Credit Directive and Amending Accounting Rules) of 11 March 2016, applying the simplification rule pursuant to Section 253 (2), sentence 2 HGB. The difference within the meaning of Section 253 (6), sentence 1 HGB between the measurement of pension provisions with the 10-year average interest rate and the 7-year average interest rate amounted to € 349,000 (previous year € 491,000) at the balance sheet date. The difference is subject to a restriction on distribution pursuant to Section 253 (6), sentence 2 HGB. An anticipated rate of pension progression of 2.0% (previous year 2.0%) was assumed.

For Accente Gastronomie Service GmbH, provisions for pensions were recognised in accordance with the entry age normal method on the basis of the "2018 G actuarial tables" compiled by Prof. Klaus Heubeck. For discounting purposes, as in the previous year the average market interest rate of the past ten financial years of 1.87% (previous year 2.30%) with a residual term of 15 years was applied across the board in accordance with the Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften (Act Implementing the Mortgage Credit Directive and Amending Accounting Rules) of 11 March 2016, applying the simplification rule pursuant to Section 253 (2), sentence 2 HGB. The difference within the meaning of Section 253 (6), sentence 1 HGB between the measurement of pension provisions with the 10-year average interest rate and the 7-year average interest rate amounted to € 114,000 (previous year € 155,000) at the balance sheet date. The difference is subject to a restriction on distribution pursuant to Section 253 (6), sentence 2 HGB. Anticipated pay rises of 2.5% (previous year 2.5%) and a rate of pension progression of 2.0% (previous year 2.0%) were assumed. Fluctuation was recognised with a flat rate of 1.8% (previous year 1.8%).

Some employees of the Messe Frankfurt Group at the Frankfurt venue have concluded deferred compensation agreements pursuant to Section 1a (2) BetrAVG (German Company Pensions Act). The level of the pension benefit was calculated pursuant to Section 253 (1), sentence 3 HGB on the basis of the fair value of the reinsurance cover taken out. The fair value of the reinsurance with a value (amortised cost) of € 1.463 million (previous year € 1.501 million) was netted against the settlement amount of the debt.

Deferred compensation agreements are also in place for some employees of Messe Frankfurt Middle East GmbH. Under these arrangements, a portion of the employees' salary plus additional employer contributions are converted into pension benefits. The level of the pension benefits was calculated on the basis of the fair value of the insurance fund taken out for

this purpose. The fair value of the insurance fund thus corresponds to the provision requirement (congruently reinsured insurance fund or pension benefits). The contractual arrangement does not provide for netting.

Provisions for taxes comprised outstanding taxes not yet assessed for the financial year.

Provisions for partial retirement were valued in line with the pronouncements of the IDW RS HFA 3 (accounting methods for partial retirement obligations under IAS and HGB) and the provisions of the German Commercial Code (HGB), based on an interest rate pursuant to Section 253 (2,) sentence 2 HGB of 1.35% (previous year 1.60%). Anticipated pay rises were factored in by applying a salary trend of 2.0% (previous year 2.0%). In respect of social security contributions, taking account of the income thresholds for pension and unemployment insurance (West) and for health and long-term care insurance, a contribution rate of 19.775% (previous year 19.775%) was assumed. When measuring the provision for partial retirement for potential draw-downs, a probability of occurrence of 50% was applied (previous year 100%). Low demand on the part of employees was stated as the reason for this reduction.

Agreements relating to special severance benefits exist for employees of Messe Frankfurt Middle East GmbH depending on their length of service. The amount of these special benefits is based on the obligations accrued as of the balance sheet date, based on the assumption that the employee leaves the company by that date. The measurement method was modified in the reporting year. This did not have any material impact on the consolidated financial statements.

Similar agreements relating to special severance benefits are in place for employees of Messe Frankfurt Italia Srl., Milan/Italy, Messe Frankfurt Istanbul L.S., Istanbul/Turkey, and Messe Frankfurt México S. de R.L. de C.V., Mexico City/Mexico depending on their respective length of service. The amount of these special benefits is based on the obligations accrued as of the balance sheet date, taking into account the expected departure. Since these are long-term obligations, they were measured at the actuarial interest rates published by the Deutsche Bundesbank depending on their residual term.

Anniversary benefits recognised in Other provisions were valued in accordance with the projected unit credit method. Under this method, the amount of the provision is defined as the actuarial present value of all pro rata benefits attributed to employee service up to the balance sheet date. The actuarial interest rate was 1.35% (previous year 1.60%). In addition, the employer's contributions to the statutory pension plan accruing on payment of the anniversary bonus were stated at a flat rate of 14.5% (previous year 14.5%) of the anniversary bonus payments made.

The provision for the retention of business records was calculated on a full-cost basis – with a deduction of 20.0% (previous year 20.0%) for documents kept voluntarily. An inflation rate of 2.0% (previous year 2.0%) and an average retention period (multiplier) of 4.5 years (previous year 4.5 years) were assumed. Discounting was performed for a period of 4.5 years (previous year 4.5 years) at the discount rate of the Deutsche Bundesbank of 0.54% (previous year 0.69%).

Other provisions include, inter alia, possible indemnification claims by commercial agents, taking advantage of the retention option pursuant to Section 67 EGHGB.

Liabilities were carried at their repayment amount.

Deferred income related to income received before the balance sheet date that represents earnings generated in a subsequent period.

Assets and liabilities denominated in foreign currencies were in principle translated at the middle spot rate at the balance sheet date. For assets and liabilities with a residual term of more than one year, the imparity and realisation principle (Section 252 (1), No. 4 HGB) and the purchase cost principle (Section 253, sentence 1 HGB) were applied.

Costs incurred for press, advertising and public relations work for events in subsequent years were posted throughout the group as expenses in the reporting year.

For the recognition of deferred taxes under Section 274 (1) HGB resulting from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their respective tax bases, or resulting from tax loss carryforwards, the amounts of the resulting tax assets and liabilities were determined as in the previous year using the tax rate at the time of the expected reduction of the differences of an underlying 31.9%, and were not discounted.

At 31 December 2021, future tax benefits were recognised due to reduced tax write-downs and adjusting provisions for taxation. Moreover, deferred tax liabilities resulting from accounting and measurement differences were recognised primarily for deferred income, as well as for purchased concessions and industrial property rights. Additional deferred tax liabilities related to land and buildings as well as liabilities and provisions. Deferred tax assets and liabilities were netted. The remaining deferred taxes per entity after netting were not capitalised based on the existing recognition option.

Deferred taxes determined under Section 306 HGB were not netted out in the balance sheet. Where the temporary difference is expected to reverse, the underlying tax rate was 31.9% (previous year 31.9%).

Changes in accounting and measurement policies

With the exception of the areas presented below, the accounting and measurement policies used in the preparation of the consolidated financial statements are consistent with those used in the financial statements for the year ended 31 December 2020:

In the reporting year, the calculation of provisions for statutory entitlements of employees of Messe Frankfurt Middle East GmbH upon leaving the company was adjusted to the statutory minimum requirements. This only affected the employees' entitlements acquired in the reporting year. This adjustment resulted in a lower transfer to the provision in the amount of € 112,000 compared to the previous provision calculation.

Furthermore, the structure of the balance sheet was adjusted and supplemented by the items Receivables from shareholders and Liabilities to shareholders. The previous year's columns were adjusted and the items Trade receivables were corrected by € 4.6 million, Other assets by € 0.6 million and Trade payables by € 2,000 in the previous year's balance sheet.

Notes to the consolidated balance sheet

(Amounts in € '000, unless otherwise stated)

(1) Fixed assets

The classification of the combined fixed asset headings disclosed in the consolidated balance sheet and their development trend in 2021 are presented in the Statement of changes in fixed assets in Appendix I to these notes. A list of shareholdings as per 31 December 2021 has been attached to the notes to the consolidated financial statements in Appendix II.

Prepayments and assets under construction under Tangible fixed assets relate in particular to measures for the new construction of Hall 5.

The average useful life per asset class is structured as follows:

Asset item	Useful life
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	3–5 years
Goodwill	up to 5 years
Land, land rights and buildings, incl. buildings on third-party land	10–40 years
Technical equipment and machinery	5–10 years
Other equipment, operating and office equipment	3–15 years

(2) Inventories

This covers raw materials, consumables and supplies, chargeable input for events in subsequent years, merchandise and prepayments.

(3) Trade receivables

Receivables due after more than one year (up to 2023) are included in this item in the amount of € 2.3 million (previous year € 0.6 million). The receivables were discounted.

(4) Receivables from shareholders

Receivables from shareholders comprise trade receivables due from the shareholder City of Frankfurt am Main. In the previous year, € 4.6 million from the City of Frankfurt am Main was disclosed under Trade receivables and € 0.6 million from the State of Hesse was included in Other assets.

(5) Other assets

	Total		Due after more than one year	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Taxes	10,758	11,698	1,964	2,609
Prepayments	13,871	5,847	666	272
Other	11,550	9,112	637	563
	36,179	26,657	3,267	3,444

Taxes are principally advance income tax payments amounting to € 3.509 million (previous year € 4.220 million) and VAT receivables of € 7.312 million (previous year € 5.749 million). This includes € 692,000 (previous year € 1.016 million) of input tax assets that have not yet legally arisen.

(6) Securities

Securities relate to commercial papers.

(7) Cash-in-hand, bank balances and cheques

	31.12.2020	31.12.2021
Cheques and cash-in-hand	395	333
Bank balances	121,777	127,894
	122,172	128,227

Bank balances include recognition of fixed-term deposits in the amount of € 53.583 million (previous year € 50.130 million), of which € 24.316 million (previous year € 19.051 million) longer than three months.

(8) Prepaid expenses

Prepaid expenses include in particular expenses for the assumption of pro rata investments for an integrated traffic guidance system on the federal motorway, which is made available to Messe Frankfurt by the Federal Government over a period of 15 years. The corresponding expenditure is included in the balance sheet on the assets side as Prepaid expenses over this period of use.

(9) Group equity

The classification of shareholders' equity including non-controlling interests is attached as a component of the consolidated financial statements. The parent company has € 105.1 million (previous year € 225.7 million) potentially available for distribution. Of this potential distribution amount, € 0.5 million (previous year € 0.6 million) is subject to a restriction on distribution.

(10) Negative consolidation difference

Pursuant to Section 301 (3) HGB, the negative consolidation difference arising in 2018 from the acquisition of the 70% stake in Messe Frankfurt Traders-Link (Beijing) Co. Ltd., Beijing/China, in the amount of € 0.3 million was included in the consolidated balance sheet on the equity and liabilities side and recognised in line with DRS (German Accounting Standard – GAS) No. 23,145 as income over the weighted average useful life of five years of the assets acquired or disclosed by applying the revaluation method. In addition to systematic fair value adjustments, a non-systematic fair value adjustment was also made in the reporting year, as the “hidden reserves” on event rights realised as a result of this acquisition were written down. A total of € 121,000 was thus recognised in the income statement. The negative consolidation difference was thus fully reversed.

Pursuant to Section 301 (3) HGB, the negative consolidation difference arising in 2020 from the acquisition of the 50% stake in PE Events LLC, Atlanta/ USA, in the amount of € 1.5 million was included in the consolidated balance sheet on the equity and liabilities side and recognised in line with DRS (German Accounting Standard – GAS) No. 23,145 as income over the weighted average useful life of five years of the assets acquired or disclosed by applying the revaluation method. As a result, an amount of € 299,000 was recognised in the income statement in the reporting year.

At the balance sheet date, the total negative consolidation difference taking currency translation into account was € 1.147 million (previous year € 1.563 million).

Due to opportunistic acquisitions, the difference from the items has/had the character of equity. There is/was no technical negative consolidation difference.

(11) Equity-similar special reserve for subsidies or grants for the acquisition of fixed assets

The special reserve relates to a grant made by the City of Frankfurt am Main in connection with the multi-storey car park at the "Rebstock" site. The release of the special reserve was recognised in the income statement, corresponding to the depreciation of the multi-storey car park over a useful life of 25 years.

(12) Other provisions

Other provisions primarily include contractual repair and renovation obligations, claims from employees, anticipated losses from executory contracts, outstanding purchase invoices, possible claims from commercial agents, as well as expected obligations from the purchase of shares (earn-out).

(13) Liabilities

	Due within one year		Due after one year		Due after more than five years	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Liabilities to banks	23,926	35,494	271,021	236,454	52,000	54,689
Payments received on account of orders	52,137	68,904	1,947	1,529	0	0
Trade payables	16,708	12,803	465	321	0	0
Liabilities to shareholders	2	9	0	0	0	90,000
Other liabilities	25,057	104,425	673	1,001	1	0
– of which taxes	(1,812)	(2,202)	(0)	(0)	(0)	(0)
– of which social security	(585)	(604)	(0)	(0)	(0)	(0)
	117,830	221,635	274,106	239,305	52,001	144,689

Liabilities to banks amount to € 326.637 million. These relate in particular to two loans of € 130.000 million and € 34.200 million taken out in previous years with underwriting banks via the KfW development bank, which were carried at € 71.648 million and € 21.375 million at the balance sheet date. They are due in 2027 and 2024 respectively and will be repaid in the following year with € 14.444 million and € 8.550 million respectively. These loans were used to finance the construction of Hall 12 and the refurbishment of Hall 6.

To secure the liquidity of the Messe Frankfurt corporate group as a result of the coronavirus pandemic, further long-term loans amounting to € 280.000 million were taken out in the previous year. Of this amount, € 230.000 million is made up of long-term loans – a promissory note loan of € 130.000 million with a maturity of € 78.000 million in 2025 as well as € 52.000 million with a maturity in 2027 and another bank loan of € 100.000 million with a maturity in 2025. The instalment repayment of this bank loan will begin in the first quarter of 2022 and will amount to € 3.125 million per quarter. A short-term revolving loan in the amount of € 50.000 million existed during the year and was not utilised as at the balance sheet date.

In addition, the Italian subsidiary took out a bank loan of € 2.689 million in connection with the granting of coronavirus aid, which will be repaid starting in 2024 until 2027.

Messe Frankfurt Asia Holding Ltd., Hong Kong, deposited an amount of HKD 5 million in December 2021 for short-term investment with Messe Frankfurt GmbH until March 2022. In order to hedge the currency risk arising from this underlying transaction, Messe Frankfurt GmbH contracted a foreign exchange swap in the corresponding months with a maturity matching the financial investment (micro hedge). Since the opposing changes in the fair value of the cash flow from the underlying transaction and the forward exchange contract offset each other, Messe Frankfurt GmbH recognised a hedging relationship and, pursuant to Section 254 HGB, opted not to apply Section 249 (1), Section 252 (1), Nos. 3 and 4, Section 253 (1), sentence 1 and Section 256a HGB (net hedge presentation method) in its annual financial statements for the period of the term of the contract. Without these hedges, in line with exchange rate developments liabilities to Messe Frankfurt Asia Holding Ltd., Hong Kong, would have been € 1,000 higher. Due to the consolidation of the underlying transaction and the

positive market values of the derivative financial instrument (€ 1,000), there were no further effects on the consolidated financial statements.

Liabilities to shareholders include, in particular, a shareholder loan of € 150.000 million taken out in the reporting year, of which € 90.000 million was drawn as of the balance sheet date. Of this amount, € 54.000 million relates to the City of Frankfurt am Main and € 36.000 million to the State of Hesse. The loan will be repaid in instalments over a period of 10 years starting from 2031. In the previous year, the liabilities related exclusively to the shareholder City of Frankfurt am Main and were recognised under Trade payables.

Other liabilities include a coronavirus aid package of € 738,000 granted by the US Administration, which is subject to specific utilisation and repayment terms and conditions. Official confirmation that this is a non-repayable grant was still pending as of the balance sheet date. If the requirements and conditions are not met, the aid package will be converted into a loan with regular repayments and a term of up to two years. In addition, Other liabilities are mainly advance payments received for postponed and/or cancelled events in the 2021 financial year that still have to be repaid to customers as well as the recognition of debtors with credit balances.

(14) Deferred income

Deferred income primarily includes one-off payments received in advance in the years 1988, 1992 and 1996 for 31, 35 and 99 years respectively for two heritable building leases as well as a payment for a joint usufruct in parts of buildings, which were disclosed under Liabilities as Deferred income. The three partial deferred income amounts are released on a straight-line basis over the specified terms.

(15) Deferred tax liabilities

Deferred tax liabilities primarily arise from the disclosure of hidden reserves in the context of applying the revaluation method in acquisition accounting and due to temporary differences from the measurement of property.

(16) Other financial obligations and contingent liabilities

Other financial obligations totalled € 301.116 million (previous year € 231.323 million). These are primarily made up of open purchase orders related to investments, obligations arising from rent and lease contracts, obligations relating to the acquisition of additional company shares, ground rents for three heritable building lease contracts, obligations arising from earn-out arrangements as well as other contractual obligations. The probability of the earn-out arrangements being utilised is classed as low for the major part of the amount.

(17) Fiduciary relationships

The company administrates fiduciary accounts for events hosted by guest organisers and the Frankfurt Music Prize Foundation. The balance of the fiduciary accounts at the end of the period was € 41,000.

Notes to the consolidated income statement

(Amounts in € '000, unless otherwise stated)

(18) Sales

According to type	2020	2021
Stand rents	162,560	82,080
Halls, site and other rents	6,749	11,622
Admission fees and participation fees	2,727	757
Services and other income	84,635	59,375
	256,671	153,834

According to region	2020	2021
Germany	152,881	63,178
Europe excl. Germany	15,572	9,991
Asia	86,318	76,094
America	1,704	4,344
Africa	196	227
	256,671	153,834

(19) Increase or decrease of work in progress

This item relates to increases (previous year decreases) in own work capitalised in the 2021 financial year for events in 2022.

(20) Other operating income

This account mainly includes prior-period income (€ 41.435 million; previous year € 6.962 million), in particular from grants, prior-period income from the reversal of provisions (€ 9.120 million; previous year € 10.206 million), income from exchange rate differences (€ 4.890 million; previous year € 11.832 million) and from recoveries on receivables already written off (€ 2.143 million; previous year € 1.176 million) and income from the pro rata temporis release of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (as in the previous year € 2.147 million).

In the previous year, Other operating income included repayment assistance of € 4.185 million granted by the participating banks financed via the KfW development bank.

(21) Event-related expenses

	2020	2021
Cost of raw materials, consumables and supplies, and of purchased merchandise	3,485	3,176
Cost of purchased services	126,808	107,108
	130,293	110,284

Cost of purchased services comprises in particular expenses for hall and site rental, hall fitting, maintenance of the exhibition grounds and expenses for event-related communication.

They include prior-period expenses in the amount of € 173,000 (previous year € 924,000), which are attributable to purchased services.

(22) Personnel expenses/employees

	2020	2021
Wages and salaries	109,032	103,613
Social security, post-employment and other employee benefit costs	23,292	21,613
– of which post-employment	(7,174)	(6,024)
	132,324	125,226

Employees (active, annual average)	2020	2021
Vice presidents	52	49
Salaried employees	2,159	1,974
Wage-earning employees	247	201
	2,458	2,224

The stated number of employees includes 25 employees (salaried) at proportionately consolidated entities pursuant to Section 310 HGB (proportionately: 13 (salaried)).

(23) Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets

Amortisation and write-downs of intangible assets result primarily from rights and licences as well as goodwill. Write-downs were also recognised in the amount of € 1.570 million (previous year € 1.644 million) on brand rights. No write-downs were recognised in respect of goodwill in the reporting year (previous year € 4.915 million).

(24) Other operating expenses

Other operating expenses amounting to € 56.905 million principally include rental and lease expenses and office costs, legal, consulting and auditing costs, interim agency staff, expenses for promotional activities and allowances for bad debts. Expenses from currency translation are also included with € 4.628 million (previous year € 9.266 million), as well as prior-period expenses relating to allowances for bad debts with € 996,000 (previous year € 4.299 million).

(25) Financial result

	2020	2021
Income from investments in associates and other long-term equity investments	-631	-1,396
Other interest and similar income	1,010	872
– of which from discounting	(0)	(113)
Interest and similar expenses	5,400	6,544
– of which from unwinding the discount	(1,536)	(1,215)
Impact of hyperinflation	-43	-240
	-4,978	-6,828

The Income from investments in associates and other long-term equity investments includes gains/losses from adjustment of differences of the investment nmedia GmbH, Düsseldorf with € 196,000, amortisation of the goodwill resulting from this

equity-method carrying amount with € 484,000, as well as Covid-19-related write-downs of the carrying amount and the goodwill of this investment to the temporary lower of cost or market value with € 716,000.

Interest expenses principally relate to loan interest.

(26) Taxes on income

	2020	2021
Taxes on income	883	1,334
Deferred taxes	-1,314	-1,646
	-431	-312

(27) Other taxes

	2020	2021
Other taxes	3,326	3,718
	3,326	3,718

Other taxes primarily relate to property taxes.

Reconciliation of expected income tax expense

	2020	2021
Earnings before taxes (financial accounts)	-122,374	-139,516
Expected income tax expense (group tax rate 31.9%; previous year 31.9%)	-39,068	-44,540
Effect of changes in tax rates	377	43
Tax-free income / trade tax deductions	-1,657	-2,534
Non-deductible business expenses / trade tax additions incl. Section 8 (1) GewStG (German Trade Tax Act)	822	2,003
Taxes attributable to previous years recognised in the reporting period	-1,327	-2,602
Effects of deviating tax rates	389	3,692
Effects of consolidation	6,656	-2,815
Temporary differences and losses for which no deferred taxes were recognised	34,939	45,277
Other effects	-1,562	1,164
Recognised income tax expense	-431	-312
Effective group tax rate (%)	0.4	0.2

Report on post-balance sheet date events

Between the end of the completed financial year and up to the preparation of the consolidated financial statements and group management report, no end to the coronavirus pandemic was in sight. Despite worldwide vaccinations, the crisis could still be aggravated by mutations of the virus. This is shown, among other things, by experience with the Omicron variant, which has been spreading worldwide since the autumn of 2021 and causing a significant rise in the number of infections. There are still travel restrictions or warnings in place as well as restrictions on public life that also affect the event industry.

As a result, the events planned by Messe Frankfurt Exhibition GmbH at the Frankfurt am Main venue for the first quarter of 2022 had to be cancelled for the most part or postponed to a later date in the course of 2022. In January 2022, a cooperation partner of Frankfurt Fashion Week also decided to leave the Frankfurt venue with immediate effect. Worldwide, events continue to be cancelled and/or postponed at all venues and in all regions where the Messe Frankfurt group is represented.

However, there are also first signs of an easing of the pandemic situation, so that in the so-called Bund-Länder-Konferenzen (conferences between the federal chancellor and the 16 state premiers) the course has been set for a gradual lifting of the restrictions. Other (European) countries are also relaxing their pandemic containment measures. Currently, there are no longer any designated pandemic high-risk countries in the world.

In contrast, the war between Russia and Ukraine, which has been going on since February, and the sanctions imposed by the West are leading to renewed uncertainty. These sanctions will have an impact on the participation of Russian and Belarusian trade fair participants at events outside Russia and influence global economic developments. In this context, Messe Frankfurt GmbH has decided to withdraw from the Russian market and sell its shares in the Russian subsidiary.

The Executive Board is therefore cautiously optimistic that events can be held again from the second quarter of 2022.

Despite the losses reported in 2020 and 2021 as a result of the coronavirus pandemic and the continuing and newly added uncertainty regarding the future development of the financial position, financial performance and cash flows, there is no material risk to the company as a going concern.

Messe Frankfurt has introduced extensive measures since 2020 aimed at shoring up the liquidity of the Messe Frankfurt corporate group.

In addition to the borrowing of funds in the amount of € 280 million in autumn 2020, Messe Frankfurt GmbH took out a shareholder loan of € 150 million in summer 2021. € 90 million of the shareholder loan had been drawn down at the balance sheet date. As part of the process of preparing the consolidated financial statements for the Messe Frankfurt group, the shareholders, the City of Frankfurt am Main and the State of Hesse, also resolved capital increases totalling € 240 million, of which € 40 million is earmarked for the financing of an acquisition and has already been received by Messe Frankfurt GmbH. The remaining € 200 million is intended to safeguard solvency. A further resolution to approve an additional € 50 million is conditional upon financial necessity and the strategic development of the Messe Frankfurt corporate group. Furthermore, in the 2nd quarter of 2022 Messe Frankfurt Venue GmbH will sell a plot of land not required for operations for a mid-double-digit million-euro amount. These measures serve to secure the liquidity of the Messe Frankfurt group, as it is currently foreseeable that adherence to the multi-year plan prepared in autumn 2021 and the manageable liquidity risk associated with the multi-year plan cannot be guaranteed.

Other disclosures

Shareholders

60% of the shares in the parent company, Messe Frankfurt GmbH, are held by the City of Frankfurt am Main, 40% by the State of Hesse.

Group affiliation

Messe Frankfurt GmbH (parent), domiciled in Frankfurt am Main, prepares the consolidated financial statements in accordance with the requirements of German commercial law (HGB) for both the largest and the smallest group of companies. The consolidated financial statements and the group management report are submitted to and published in the Bundesanzeiger (Federal Gazette).

Proposal on the appropriation of net income

In light of the net loss reported by Messe Frankfurt GmbH for the financial year, no proposal on the appropriation of net income is necessary.

Disclosures relating to the cash flow statement

Cash funds recognised in the cash flow statement comprise cash-in-hand, current bank balances and fixed-term deposits with a maturity of less than three months.

The difference between cash funds and liquid assets recognised in the consolidated balance sheet in the amount of € 128.227 million (previous year € 122.172 million) is € 24.316 million (previous year € 19.051 million) and results from time deposits having a residual maturity of more than three months at the time of acquisition.

Cash funds include € 2.344 million from proportionately consolidated entities. They are not subject to any restrictions on disposal.

Non-cash income results primarily from amounts released from deferred income for heritable building leases amounting to € 2.099 million, the release of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets amounting to € 2.147 million as well as currency translation differences.

Expenditure of € 13.478 million (previous year € 4.157 million) was recognised in the reporting year for the acquisition of shares in companies to be consolidated, taking into account liquid assets acquired as of the balance sheet date.

No distributions were made to owners of the company in the financial year. Distributions of € 2.757 million were made to non-controlling interests.

Disclosures relating to the consolidated statement of changes in equity

At the reporting date of 31 December 2021, portions of generated group equity subject to a restriction on distribution existed in the amount of € 463,000 (previous year € 646,000). These amounts relate to the measurement of pension provisions.

Supervisory Board of Messe Frankfurt GmbH

Peter Feldmann**(Chairman)**

Executive Mayor, City of Frankfurt am Main,
Frankfurt am Main

Tarek Al-Wazir**(1st Vice Chairman)**

Hessian Minister of Economics, Energy, Transport and
Regional Development, Wiesbaden

Wolfgang Dimmer**(2nd Vice Chairman)**

Chairman of the Works Council of Messe Frankfurt
GmbH, Frankfurt am Main

Uwe Becker (until 17 September 2021)

Mayor and Treasurer (ret'd.) of the City of Frankfurt am
Main,
Frankfurt am Main

Dr Bastian Bergerhoff (from 17 September 2021)

Treasurer of the City of Frankfurt am Main,
Frankfurt am Main

Peter Beuth

Hessian Minister of the Interior and Sports,
Wiesbaden

Michael Boddenberg

Hessian Minister of Finance,
Wiesbaden

Britta Böcher

Organisational consultant Messe Frankfurt GmbH,
Frankfurt am Main

Bernd Ehinger

President (ret'd.) of the Frankfurt-Rhine-Main Chamber of
Crafts,
Frankfurt am Main

**Dr Nargess Eskandari-Grünberg (from 29 September
2021)**

Mayor of the City of Frankfurt am Main,
Frankfurt am Main

Bernd Dombek

Central Purchasing consultant Messe Frankfurt GmbH,
Frankfurt am Main

Markus Frank (until 29 September 2021)

Councillor (ret'd.) of the City of Frankfurt am Main,
Frankfurt am Main

Klaus Gravemann

Treasurer of the Börsenverein des Deutschen
Buchhandels e.V. (German Publishers & Booksellers
Association,
Frankfurt am Main

Dr Isabella-Afra Holst

SVP Strategic Initiatives,
Darmstadt

Mike Josef

Councillor of the City of Frankfurt am Main,
Frankfurt am Main

Andreas Pipperek

Director Project Research Messe Frankfurt GmbH,
Frankfurt am Main

Jessica Purkhardt (until 29 September 2021)

Municipal Councillor (ret'd.) of the City of Frankfurt am
Main,
Frankfurt am Main

Dr Lutz Raettig

Chairman of the Supervisory Board of Morgan Stanley
Bank AG,
Frankfurt am Main

Thomas Rathgeber

Organisational consultant Messe Frankfurt Exhibition
GmbH,
Frankfurt am Main

Christiane Rüdiger

Director SAP Service Management
Messe Frankfurt GmbH,
Frankfurt am Main

Ute Schuchardt

Director Messe Frankfurt GmbH,
Frankfurt am Main

Jürgen Vormann

Chief Executive Officer of
Infraserv GmbH & Co. Höchst KG, Frankfurt am Main

Stephanie Wüst (from 29 September 2021)

Councillor of the City of Frankfurt am Main,
Frankfurt am Main

Hamid Yazdtschi

CEO of Gilde-Handwerk Macrander GmbH & Co. KG,
Bocholt

Auditors' fees

The auditors' fees for the financial year apportionable to Mazars GmbH & Co. KG for the audit of the single-entity and consolidated financial statements amounted to € 291,000 (previous year € 282,000). Furthermore, there were prior-period expenses for the audit of the previous year's single-entity and consolidated financial statements in the amount of € 47,000. An additional € 40,000 was recognised for other services.

Remuneration of the members of the executive bodies of the parent company

The remuneration of the members of the Executive Board comprises a fixed and a variable component. The fixed remuneration is made up of a fixed annual salary and a guaranteed year-end bonus. For the purposes of pension provision, the company pays contributions to insurances. In addition, the individual members of the Executive Board receive non-cash benefits that are individually taxed. These primarily include provision of a company car.

The following table shows the remuneration of the members of the Executive Board in financial year 2021:

in € '000	Fixed remuneration		Variable remuneration 2020	Pension provision	Non-cash benefits	Total
	Fixed annual salary	Guaranteed year-end bonus				
Wolfgang Marzin	323	60	0	70	13	466
	(322)	(60)	(111)	(70)	(13)	(576)
Uwe Behm	276	60	0	70	14	420
	(274)	(60)	(111)	(70)	(14)	(529)
Detlef Braun	274	60	0	70	13	417
	(274)	(60)	(111)	(70)	(11)	(526)
						1,303
						(1,631)

Provisions for the members of the Executive Board amounting to € 26,000 (previous year € 0,000) for variable bonuses were recognised in 2021. Depending on the member of the Executive Board, there are two different schemes for variable remuneration. One takes into account components with a long-term incentive effect and is derived from socio-economic agendas for the Frankfurt venue, as well as from financial targets of the group. The other regulation takes individual targets into account. Due to the coronavirus pandemic, the targets resulting from the long-term incentive scheme were not achieved in both the previous year and the year under review, and therefore no provision was recognised. The recognition of the provision for the reporting year derives from the scheme based on individual targets.

The members of the Executive Board were promised benefits in the event of premature termination of their term of office by the General Meeting without serious cause. A two-year non-competition covenant was also agreed with the Executive Board members in the case of termination of their service, for which a compensation payment was agreed.

No loans or advances were granted to the members of the Executive Board in the 2021 financial year.

Superannuation benefits and retirement annuities, as well as interim payments and indemnifications of € 872,000 (previous year € 876,000) were paid to former members of the Executive Board and surviving dependents. Pension provisions totalling € 8.376 million (previous year € 8.546 million) were recognised for the aforementioned groups of persons at 31 December 2021.

The remuneration and expense allowance paid to members of the Supervisory Board totalled € 45,000 (previous year € 33,000).

Executive Board of the parent

The following were appointed to the Executive Board:

Wolfgang Marzin, Betriebswirt HWF (Graduate in Business Administration, University of Applied Sciences) President and Chief Executive Officer

Uwe Behm, Diplom-Ingenieur / Diplom-Wirtschaftsingenieur (FH) (Graduate in Engineering / Graduate in Industrial Engineering, University of Applied Sciences)

Detlef Braun, Diplom-Betriebswirt (Graduate in Business Administration)

Frankfurt am Main, 9 June 2022

Wolfgang Marzin

Detlef Braun

Uwe Behm

Statement of changes in fixed assets

Appendix to the notes to the consolidated financial statements

Cost										
in € '000	At 1.1.2021	Adjustment for inflation 1.1.2021	Additions to the basis of consolidation	Additions	Disposals	Transfers	Adjustment for inflation	Currency translation differences	At 31.12.2021	
I. Intangible fixed assets										
1	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	174,695	377	104	47,471	238	440	-15	5,280	228,114
2	Goodwill	63,285	0	0	7,625	0	0	0	3,802	74,712
3	Prepayments	2,034	0	0	232	2	-440	0	0	1,824
		240,014	377	104	55,328	240	0	-15	9,082	304,650
II. Tangible fixed assets										
1	Land, land rights and buildings, incl. buildings on third-party land	1,518,799	17	0	4,452	640	0	-17	264	1,522,875
2	Technical equipment and machinery	114,972	0	0	460	0	585	0	0	116,017
3	Other equipment, operating and office equipment	131,420	149	5	1,019	688	0	-50	228	132,083
4	Prepayments and assets under construction	92,557	0	0	66,079	203	-585	0	0	157,848
		1,857,748	166	5	72,010	1,531	0	-67	492	1,928,823
III. Long-term financial assets										
1	Investments in associates	2,399	0	0	0	0	0	0	0	2,399
2	Other long-term equity investments	20	0	0	0	0	0	0	0	20
		2,419	0	0	0	0	0	0	0	2,419
		2,100,181	543	109	127,338	1,771	0	-82	9,574	2,235,892

Depreciation, amortisation and write-downs (cumulative)							Carrying amounts		
At 1.1.2021	Adjust ment for inflation 1.1.2021	Additions	Disposals	Adjustment of the equity- method carrying amount	Ad just ment for infla tion	Cur rency transla tion differ ences	At 31.12.2021	At 31.12.2020	At 31.12.2021
146,177	373	13,874	55	0	-16	4,404	164,757	28,518	63,357
63,285	0	254	0	0	0	3,802	67,341	0	7,371
0	0	0	0	0	0	0	0	2,034	1,824
209,462	373	14,128	55	0	-16	8,206	232,098	30,552	72,552
894,757	17	34,221	595	0	-17	235	928,618	624,042	594,257
94,843	0	3,014	0	0	0	3	97,860	20,129	18,157
112,109	119	6,388	590	0	-51	183	118,158	19,311	13,925
0	0	0	0	0	0	0	0	92,557	157,848
1,101,709	136	43,623	1,185	0	-68	421	1,144,636	756,039	784,187
1,002	0	0	0	-1,397	0	0	2,399	1,397	0
0	0	0	0	0	0	0	0	20	20
1,002	0	0	0	-1,397	0	0	2,399	1,417	20
1,312,173	509	57,751	1,240	-1,397	-84	8,627	1,379,133	788,008	856,759

Shareholdings in affiliated companies *)	Equity**) in € '000	Earnings**) in € '000	Share holding
Messe Frankfurt Venue GmbH, Frankfurt am Main/Germany ¹⁾²⁾	402,862	-70,069	100%
Messe Frankfurt Medien und Service GmbH, Frankfurt am Main/Germany ¹⁾²⁾	3,503	-5,786	100%
Accente Gastronomie Service GmbH, Frankfurt am Main/Germany ¹⁾²⁾	260	-2,409	100%
Messe Frankfurt Exhibition GmbH, Frankfurt am Main/Germany ¹⁾²⁾	46,637	-49,387	100%
Messe Frankfurt Middle East GmbH, Frankfurt am Main/Germany ¹⁾	-2,793	-1,473	100%
MESAGO Messe Frankfurt GmbH, Stuttgart/Germany ¹⁾²⁾	2,862	-8,727	100%
SMT/ASIC/Hybrid MESAGO Messe & Kongreß GmbH & Co. oHG, Nuremberg/Germany ¹⁾²⁾	113	0	75%
fairmamic GmbH, Friedrichshafen/Germany ¹⁾⁶⁾	-71	-251	49%
Messe Frankfurt France S. A. S., Paris/France ³⁾	1,171	-1,681	100%
Messe Frankfurt Italia Srl., Milan/Italy ³⁾	-157	209	100%
Messe Frankfurt Istanbul L. S., Istanbul/Turkey ³⁾	1,565	482	100%
O. O. O. Messe Frankfurt RUS, Moscow/Russia ³⁾	3,096	-268	100%
O. O. O. ITEMF Expo., Moscow/Russia ³⁾	218	467	50%
Messe Frankfurt UK Ltd., Guildford, UK ³⁾	-2,542	-1,600	100%
Messe Frankfurt Asia Holding Ltd., Hong Kong/China ³⁾	79,493	-2,735	100%
Messe Frankfurt (H. K.) Ltd., Hong Kong/China ³⁾	5,693	-11,560	100%
Messe Frankfurt (Shanghai) Co. Ltd., Shanghai/China ³⁾	-4,106	-4,314	100%
Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China ³⁾	9,482	5,208	50%
Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China ³⁾	2,222	1,803	55%
Messe Frankfurt New Era Business Media Ltd., Hong Kong/China ⁷⁾	0	0	100%
Messe Frankfurt Shenzhen Co. Ltd., Shenzhen/China ³⁾	971	-53	100%
Messe Frankfurt Traders-Link (Beijing) Co., Ltd., Beijing/China ³⁾	-445	-1,358	70%
Messe Frankfurt Japan Ltd., Tokyo/Japan ³⁾	2,374	1,490	100%
Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai/India ³⁾	7,860	-886	100%
Messe Frankfurt Korea Ltd., Seoul/South Korea ³⁾	269	-325	80%
Messe Frankfurt Inc., Atlanta/USA ³⁾	-6,501	-3,643	100%
PAACE Automechanika Mexico LLC, Atlanta/USA ³⁾⁴⁾	1	36	50%
PE Events LLC, Atlanta/USA ³⁾⁵⁾	9,155	105	50%
Messe Frankfurt México S. de R. L. de C. V., Mexico City/Mexico ³⁾	43	-60	100%
Indexport Messe Frankfurt S. A., Buenos Aires/Argentina ³⁾	-385	-267	85%
Messe Frankfurt South Africa (Pty) Ltd., Johannesburg/South Africa ³⁾	-2,104	-1,102	100%

*) Parent/subsidiary relationships are shown by indentations

**) Equity was translated at historical exchange rates or the corresponding average rates, depending on the item, and expenses and income were translated at the average rates.

1) Data from the audited annual financial statements as at 31.12.2021.

2) Before profit/loss transfer.

3) Equity and earnings were derived from the HB II Reporting Package (financial statements adjusted to conform with uniform group accounting policies)

4) The company is a joint venture between Messe Frankfurt Inc., Atlanta/USA, and the American cooperation partners for the purpose of holding PAACE Automechanika Mexico.

5) The company is a joint venture between Messe Frankfurt Inc., Atlanta/USA, and the American cooperation partner for the purpose of holding the PE events.

- 6) A 49% shareholding in the company was acquired in the reporting year. The company is a joint venture between Messe Frankfurt Exhibition GmbH and Messe Friedrichshafen.
- 7) The company was merged with Messe Frankfurt (H. K.) Limited, Hong Kong/China as at 1.1.2021.

Consolidated financial statements

Consolidated cash flow statement of Messe Frankfurt GmbH, Frankfurt am Main, for the financial year from 1 January 2021 to 31 December 2021

in € '000	2020	2021
Consolidated net income/consolidated net loss for the financial year	-121,943	-139,204
Depreciation, amortisation and write-downs (+) / reversal of write-downs (-) of fixed assets	65,129	57,751
Increase (+) / decrease (-) in provisions	-46,758	-4,211
Other non-cash expenses (+) and income (-)	-7,416	-1,988
Increase (-) / decrease (+) in inventories	772	-37
Increase (-) / decrease (+) in trade receivables and other assets not attributable to investing or financing activities	21,985	5,764
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-170,891	63,045
Proceeds (-) / expense (+) from disposal of fixed assets	327	227
Interest expense (+) / interest income (-)	4,390	5,672
Other investment income (-)	-1	-1
Interest received (+) / paid (-)	-1,268	-899
Income tax expense (+) / income tax income (-)	-431	-312
Income taxes paid	-1,038	-2,012
Cash flows from operating activities	-257,143	-16,205
Intangible fixed assets / tangible fixed assets		
– Capital expenditure	-81,950	-72,802
– Proceeds from disposal of fixed assets	19,982	303
Payments for acquisition of consolidated companies	-4,157	-13,478
Balance between cash inflows (+) / outflows (-) from financial investments (securities held as current assets)	70,909	39,709
Interest received (+)	61	10
Dividends received (+)	1	1
Cash flows from investing activities	4,846	-46,257
Cash payments (-) to the owners of Messe Frankfurt GmbH and non-controlling interests	-5,210	-2,757
Cash repayments (-) of bank loans	-22,909	-47,999
Cash proceeds (+) from bank borrowings	230,681	27,689
Cash proceeds(+) from bank borrowings by shareholders	0	90,000
Interest paid (-)	-1,646	-3,681
Cash flows from financing activities	200,916	63,252
Net change in cash funds	-51,381	790
Cash funds at beginning of period	154,502	103,121
Cash funds at end of period	103,121	103,911

Consolidated financial statements

Consolidated statement of changes in equity of Messe Frankfurt GmbH, Frankfurt am Main, for the financial year from 1 January 2021 to 31 December 2021

	Equity of the parent							Total
	Subscribed capital	Capital reserves	Revenue reserves	Total reserves	Currency translation difference recognised in equity	Profit brought forward	Consolidated net income for the financial year (attributable to parent)	
At 31.12.2020	180,000	112,196	89,183	201,379	-12,137	84,231	0	453,473
Allocations to reserves	0	0	-453	-453	0	453	0	0
Dividends paid	0	0	0	0	0	0	0	0
Currency translation	0	0	0	0	4,579	0	0	4,579
Other changes	0	7	-2,841	-2,834	0	-63	0	-2,897
Changes in the basis of consolidation	0	0	0	0	0	0	0	0
Consolidated net income / consolidated net loss	0	0	0	0	0	0	-141,056	-141,056
At 31.12.2021	180,000	112,203	85,889	198,092	-7,558	84,621	-141,056	314,099

Non-controlling interests				Group equity	
Before currency translation difference recognised in equity	Currency translation difference recognised in equity attributable thereto	Profit attributable thereto	Total	Total	Total
4,320	-585	0	3,735		457,208
0	0	0	0	0	0
-2,757	0	0	-	2,757	-2,757
0	442	0	442		5,021
9	0	0	9		-2,888
0	0	0	0	0	0
0	0	1,852	1,852		-139,204
1,572	-143	1,852	3,281		317,380

Independent auditor's report

To Messe Frankfurt GmbH, Frankfurt am Main

Audit opinions

We have audited the annual financial statements of Messe Frankfurt GmbH and its subsidiaries (the group) – which comprise the consolidated balance sheet at 31 December 2021, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2021 to 31 December 2021, and the notes to the consolidated financial statements, including the recognition and measurement policies presented therein.

In addition, we have audited the group management report of Messe Frankfurt GmbH for the financial year from 1 January 2021 to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Section 289f (4) HGB [Handelsgesetzbuch – German Commercial Code] (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the group's assets, liabilities and financial position as at 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the parts of the group management report specified in Appendix 6.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 audit opinions on the consolidated financial statements and on the group management report.

Other information

The members of the Executive Board are responsible for the other information (Annual Report of Messe Frankfurt GmbH).

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the consolidated financial statements and the group management report

The members of the Executive Board are responsible for preparing consolidated financial statements that comply in all material respects with the applicable provisions of German commercial law and present a true and fair view of the group's assets, liabilities, financial position and financial performance in accordance with German Legally Required Accounting Principles. In addition, the members of the Executive Board are responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined 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 members of the Executive Board are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the members of the Executive Board are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the members of the Executive Board are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

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 whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the members of the Executive Board and the reasonableness of accounting estimates made by the members of the Executive Board and related disclosures.
- Conclude on the appropriateness of the Executive Board members' 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group, in compliance with German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial accounting information of the businesses or business activities within the group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with the German law and the view of group's position it provides.
- Perform audit procedures on the prospective information presented by the members of the Executive Board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the members of the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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.

Frankfurt am Main, 10 June 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jörg Maas
Public Auditor

Marco Bergmann
Public Auditor