

STIFTELSEN NORGES VAREMESSE

Board of Directors' Annual Report 2021

Our business in brief

Stiftelsen Norges Varemesse is a corporate foundation dating back to 1920. Our core purpose is to work in support of business, cultural life and civil society. We are headquartered in Lillestrøm with a mandate to create positive meeting places that enhance trade, knowledge sharing and inspiration.

The foundation owns and manages the NOVA Spektrum (former Norges Varemesse) complex in Lillestrøm and Oslo Spektrum in Oslo, which are among Norway's largest arenas for trade fairs and exhibitions, congresses, concerts, sports and cultural events, corporate events and independent happenings. Oslo Spektrum is primarily rented out to external parties, while most events at NOVA Spektrum are organized in-house or in partnership with different industry organizations.

The parent company and its subsidiaries were strongly influenced by the Covid-19 pandemic during 2021. Concerts and events were postponed or cancelled for much of the year until the autumn, when activities resumed for a short period before a new lockdown in December. The group suffered significant loss of event and rental income as a result. Cost-saving measures were put into effect during the entire year in order to limit losses, including temporary layoffs. The subsidiaries applied for financial support from government compensation schemes.

NOVA Spektrum, Lillestrøm

Normal activity was planned to resume during the second half of 2021. Autumn started well with various industry fairs and public shows going ahead, as well as a handful of smaller conferences. Thirteen events were held in total during the autumn, many with record-high attendance. The Oslo Motor Show scored its best-ever year with over 47,000 visitors. During times of reduced activity, the arena rented out space for vaccination stations, film/advertising production, offices and examinations.

NOVA Spektrum has maintained its focus on innovation development and strengthening of existing events. Given the upheavals and restrictions caused by the pandemic, the ability to adapt to new market demands has been more important than ever.

Oslo Spektrum, Oslo

Normal activity was also planned to resume at Oslo Spektrum during the second half of 2021. A total of 14 events attracting 24,000 visitors were held during the autumn, before new restrictions were imposed in December. Events at the arena in a normal year cover a wide spectrum of concerts, musicals, sports events, trade fairs, private functions and corporate events.

A key vision of the foundation is to enhance Oslo's attractiveness as an international congress destination, and we are actively working to develop a new congress hall – able to accommodate up to 3,000 delegates with supplementary meeting room capacity – adjacent to the arena. Oslo today has no facilities of this size, which limits its ability to compete in the market. A new dedicated congress hall would be a positive impulse for the entire city, not least the hotel and restaurant sector. In 2022 we anticipate realigning office space to facilitate collaboration with an external partner in advancing the project. Its realization depends on political support and we realistically expect planning permission to be granted during 2022.

The pandemic highlighted that the need for physical meeting places, providing a unique experience for every visitor, is more important than ever. Everyone looks forward to meeting face to face again, and both industries and their customers need suitable venues. High public attendance at events at Oslo Spektrum during autumn 2021 confirms the need and desire for such meeting places.

Profit development

The pandemic and lockdown made 2021 a very challenging year for The foundation Norges Varemesse, with the entire first half adversely affected.

Total group operating income was MNOK 245 versus MNOK 198 in 2020, which was also affected by the pandemic and lockdowns.

Group operating income before depreciation (EBITDA) shows a profit of MNOK 8.1 as against MNOK 34.3 in 2020.

The group operating result after depreciation shows a deficit of MNOK 39.9 versus negative MNOK 11.6 in 2020.

Net financial items amounted to MNOK 5.3 versus MNOK 7.5 in 2020.

Group ordinary profit before tax amounted to a deficit of MNOK 45.2 compared to negative MNOK 19.1 in 2020. The annual result after tax was negative MNOK 36.8 versus a MNOK 13.6 deficit in 2020.

Group cash flow from operational activities was positive. Net cash holdings as of 31 December 2021 amounted to MNOK 194 (of which restricted funds comprise MNOK 122) as against MNOK 73 in 2020.

The parent company logged operating profit before tax of negative MNOK 1.7 versus a deficit before tax of MNOK 1.6 in 2020, as well as a deficit after tax of MNOK 2.1 in 2021 compared to a deficit after tax of MNOK 2.4 in 2020.

Allocation of net profit for the year

The Board proposes that the 2021 deficit after tax of MNOK 2.1 for the parent company is covered through transfer from other equity. After this, total equity for the parent company will amount to MNOK 786.6.

As of 31 December 2021, equity for The foundation Norges Varemesses amounted to (NOK 1,000):

| | |
|-----------------|---------|
| Primary capital | 4,000 |
| Other equity | 745,298 |
| Total equity | 749,298 |

Balance

It is very important for the group to have a solid basis from which to drive innovation and further develop the business.

Group equity as of 31 December 2021 amounted to MNOK 749.3, equating to an equity ratio of 55%. The Board is of the opinion that the equity position, although affected by two challenging pandemic years, remains satisfactory.

Group liquidity has historically been good, but was hit by the pandemic. The subsidiaries have a group account arrangement with an overdraft facility of MNOK 50 to ensure sufficient liquidity within the group.

The group's short-term debt consists of advance payments from customers for fairs and concerts scheduled for 2022, as well as supplier accounts payable and fees and taxes payable to the authorities. In addition, the group's long-term debt of MNOK 307 has been reclassified as short-term debt until such time as a renegotiated loan agreement is in place.

Investments

Investments in real estate and fixed assets amounted to MNOK 31.6 in total in 2021, including facilities under construction and changes in the inventory of operational assets for rental.

Information regarding financial risk

In the opinion of the Board, market and loss risk is limited given the group's broad and varied customer base. The group has low exposure to receivables and liabilities in foreign currencies, and it is the Board's view that currency risk is minimal.

The group has a low debt ratio and the Board believes financial-market risk is also low given an overall evaluation of assets, liabilities, financial position and result. The group's strategy is to avoid being exposed to significant financial risk, and that items that could be affected should not be of a size where changes in exchange rates/interest rates could have a significant effect.

Assumptions regarding continued operations

The annual accounts are compiled on the basis of continued operations and, in the Board's opinion, they present a realistic assessment of the parent company and group assets and liabilities, financial position and results. The Board is of the view that no circumstances have arisen since the end of the accounting year that are of significance for assessing the parent company and group accounts as of 31 December 2021. Continued operations are assumed in the presentation of the annual accounts.

The Board, organization and working environment

In view of the pandemic and the need for continuity, it was decided that Board Chairman Jan Halstensen will continue in post until new elections in 2023. Pål Harv was elected as Deputy Chairman, in addition to Board Members Nina Solli, Hilde Merethe Kristoffersen and Live Skudal Hansteen. Board Member Ole Anders Engebretsen was re-elected. Robert Funkqvist and Svein Solberg were nominated by staff as employee representatives.

In connection with the March 2020 lockdown, approximately 70% of staff were furloughed. As part of staff care and to retain valuable experience and competence, they were taken back during spring 2021 even though normal operations had not resumed. Historically, the working environment in the group has been good with motivated colleagues who perform well. Openness, cooperation and trust are important factors and we are actively implementing measures to maintain a positive and inclusive working environment. Short-term absence was 1.4% in 2021 and the sum total of absence was 4.7%. We are taking active measures to reduce sick leave. No accidents were registered in the group during 2021.

We strive to achieve gender balance across the group. Of our 124 full-time employees in 2021, including eight on long-term contracts, 50 (40%) are women and 74 (60%) men. The Board comprises three women and five men. Three women and five men make up the leadership team. We plan for and work decisively in pursuit of equality. Personal qualifications are prioritized above gender in recruitment both internal and external. Women and men are given similar opportunities, and there is no significant variation in remuneration between male and female employees in equivalent positions.

The group works to promote the aims of the Anti-Discrimination Act within our sphere of operation. This applies to recruitment, salary and working terms and conditions, promotion, development possibilities and measures to avoid harassment. Please refer to our activity reporting and reporting obligations on our website.

Liability insurance has been taken out to cover our Board Members and Managing Director in case of potential liabilities to the company, its subsidiaries and third parties.

Environment and social responsibility

It is a foundation goal to use our combined knowledge and resources to contribute to economic, social and environmental development and for the group to conduct itself responsibly in accordance with our own and internationally recognized social responsibility and sustainability principles.

NOVA Spektrum has been Miljøfyrtårn (Eco-Lighthouse) certified since 2012. Miljøfyrtårn is Norway's most popular certification for organizations wishing to document environmental efforts and social responsibility engagement. Certified organizations must satisfy the criteria that measures are implemented on an ongoing basis in pursuit of more environmentally friendly operations and a good working environment.

Through our group operations and arrangements at NOVA Spektrum and Oslo Spektrum we of course influence the external environment. However, we work hard to ensure this influence is as limited as possible, for example through energy-efficiency measures in operations and responsible waste management.

Looking forward

The group continued to be affected by the pandemic in the first quarter of 2022, however given that restrictions and infection control measures have been lifted we fully expect to return to almost normal during spring 2022. We expect wholly normal activity to return rapidly with scheduled events going ahead as expected provided controls are not reimposed. NOVA Spektrum and Oslo Spektrum are among Norway's top arenas and we are seeing good demand and interest for both venues. 2022 therefore looks like being overall a busy year for events.

The foundation continues to prioritize investing in innovation, developing new concepts and strengthening existing events. Our primary goal in this long-term and challenging work is to maintain our position as a leading market player in facilitating meeting places that help to increase trade, knowledge exchange and inspiration.

Even though the pandemic threw some hard punches, as a group we have a solid foundation and the Board sees significant potential for NOVA Spektrum and Oslo Spektrum in future. In the longer term, it is the Board's aim that further development of both arenas will reinforce positive growth not only for the group, but also for wider business and society. Against this background the Board maintains a positive outlook for future possibilities for the group in the years to come.

The Board extends its thanks to all our employees and leaders for their conscientious and constructive cooperation in 2021.

Lillestrøm, 31 March 2022

Jan Halstensen
Chair of the Board
(electronic signature)

Pål Harv
Board Member
(electronic signature)

Nina Solli
Board Member
(electronic signature)

Ole Anders Engebretsen
Board Member
(elektronisk sign)

Hilde Merethe Kristoffersen
Board Member
(elektronisk sign)

Liv Kari Skudal Hansteen
Board Member
(electronic signature)

Robert Funkqvist
Board Member
(electronic signature)

Svein Solberg
Board Member
(electronic signature)

Gunn Helen Hagen
Managing Director
(electronic signature)