

Interim Report Q1 2020

Self Storage Group ASA



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Highlights

The company experienced limited business impact from the COVID-19 situation in the first quarter of 2020 and has a solid platform for further profitable growth and expansion.

- Revenues of NOK 70.8 million, up from NOK 61.6 million in Q1 2019
- Adjusted EBITDA¹ of NOK 41.5 million, up from NOK 34.4 million in Q1 2019
- Change in fair value of freehold investment property of NOK 5.7 million in Q1 2020, up from NOK 0.4 million in Q1 2019. Total value of freehold investment property end March 2020 of NOK 1 184 million
- Adjusted profit before tax¹ of NOK 19.2 million, up from NOK 13.3 million in Q1 2019
- Average occupancy in Q1 2020 for sites with more than 12 months of operation was 82% (84%) with an average rent per m² of NOK 2 303 per year (NOK 2 353)
- Like-for-like occupancy in Q1 2020 was 84% (82%) with average rent per m² of NOK 2 371 (NOK 2 359)
- Total number of facilities end of Q1 2020 is 113, up from 102 facilities at the end of Q1 2019
- Current lettable area end of March 2020 was 140 300 m², up from 117 500 m² end of March 2019
- Acquisition of two properties in Oslo and Trondheim with a total potential lettable area of 4 600 m²
- Cash position end March 2020 of NOK 121.0 million
- Loan to value of freehold investment property is 35% as of end March 2020

Key Figures¹

(Amounts in NOK million)	Q1 2020	Q1 2019	Full year 2019
Revenue	70.8	61.6	266.5
Lease expenses	3.0	3.1	11.8
Total other operating expenses	27.8	24.6	103.3
Total adjustments	1.5	0.5	4.7
Adjusted EBITDA	41.5	34.4	156.0
Adjusted EBIT	38.4	32.0	67.9
Change in fair value of freehold investment property	5.7	0.4	38.2
Change in fair value of leasehold investment property	- 15.4	- 13.2	-
Adjusted Profit before tax	19.2	13.3	80.3
Adjusted Net Profit	15.7	11.0	61.0
Current lettable area (in thousands m2)	140.3	117.5	137.5
Lettable area under development (in thousands m2)	23.3	13.5	21.3

Subsequent events

- On 11 May 2020 proceeds from borrowings of a new loan facility amounting to NOK 100 million was received

¹Non-GAAP measures are defined on page 23

Financial development

Due to the COVID-19 pandemic, Norway went into a partial lockdown from 12 March 2020. Self Storage Group has implemented measures to safeguard customers and employees following the novel corona-virus (COVID-19). The Group is continuously monitoring the latest developments and evaluates the implemented measures on a day to day basis. As of Q1 2020 the Group experiences limited business impact, and the financial development shows stable growth. All self-storage facilities are expected to continue to be open as usual for both existing and new customers. Our self-serviced and digitalised offering is by nature a safe and flexible solution for our customers.

Revenue

Revenue for Q1 2020 was NOK 70.8 million, an increase of NOK 9.2 million from Q1 2019. The increase in revenue is related to the acquisition of Eurobox, which was consolidated from 1 July 2019, growth in lettable area through opening of new facilities and expansions, growth in occupancy for facilities opened the last years, and increased revenue from mature sites with higher average rent per m². Increased self-storage revenue from the CSS-segment amounts to NOK 8.3 million, of which NOK 5.9 million is related to revenue from Eurobox. The currency-effect in Q1 2020 compared to Q1 2019 is NOK 1.3 million. Increased self-storage revenue from the OKM-segment amounts to NOK 1.8 million. Other revenue was NOK 5.4 million in Q1 2020 and decreased with NOK 0.9 million compared with Q1 2019. Other revenue consists of revenue from insurance, ancillary services, rent income from other segments than self-storage and other income. The income from office tenants fluctuates due to when contracts expire and office-space is converted to self-storage.

Lease expenses

Lease expenses were NOK 3.0 million for Q1 2020, down from NOK 3.1 million in Q1 2019. According to IFRS 16 long-term leasehold agreements are treated as financial leases. Lease expenses thus only consist leasehold-contracts classified as short-term.

At the end of March 2020, 37% of the current lettable area in SSG is freehold, compared to 30% at the end of March 2019. 20% of current lettable area in the City Self-Storage segment is freehold, while 60% of current lettable area in OK Minilager is freehold. The share of freehold property is increasing in both segments.

Property-related expenses

Property-related expenses consist of maintenance, electricity, cleaning, security, insurance, property tax and other operating costs related to the facilities.

Property-related expenses in Q1 2020 were NOK 8.1 million, an increase of NOK 1.1 million compared to Q1 2019. The increase is related to Eurobox and the properties acquired in 2019. Lettable area in SSG has increased with 22 800 m² (19%) since March 2019, and the number of facilities has increased by eleven to 113 facilities as of end March 2020. There are also property-related expenses incurred by the new large properties that are in the process of being converted to self-storage, but do not generate income yet.

Salary and other employee benefits

Salary and other employee benefits in Q1 2020 were NOK 11.0 million, an increase of NOK 1.3 million from Q1 2019. NOK 0.5 million of the increase is related to severance packages due to a restructuring of the organisation and is classified as non-recurring. The increase in salary and other employee benefits adjusted for severance packages is NOK 0.8 million, and is related to new employees following the Eurobox-acquisition, annual wage increase and some new roles at the HQ given the growth of the Group.

The number of full time equivalents (FTE) has increased from 64 FTE in March 2019 to 66 FTE in March 2020.

Depreciation

Depreciation in Q1 2020 was NOK 3.1 million, an increase of NOK 0.6 million from Q1 2019. The depreciation is mainly related to fitout and other equipment for new facilities and expansions. Maintenance is posted as property-related expenses.

Other operating expenses

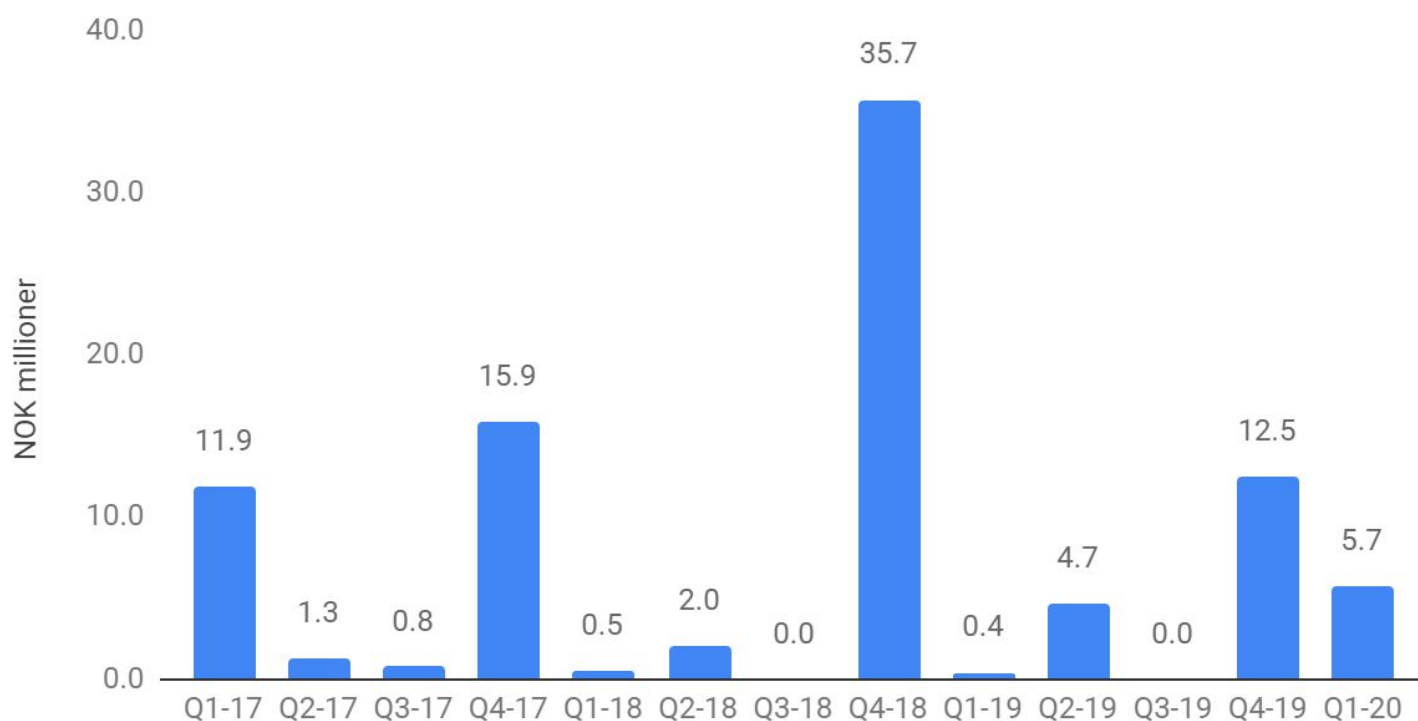
Other operating expenses consist of IT and related costs, sales and advertising, and other administrative expenses. In Q1 2020 other operating expenses were NOK 8.8 million, an increase of NOK 0.9 million from Q1 2019. There were NOK 0.9 million classified as non-recurring costs in Q1 2020. The non-recurring costs were related to acquisition of investment properties. Adjustments for non-recurring costs in Q1 2019 were NOK 0.5 million. Adjusted for non-recurring costs, other operating expenses have increased by NOK 0.4 million compared with Q1 2019. The increase is mainly related to increased costs to sales and marketing given the growth in revenue. Sales- and marketing costs constitute 3,5% of the revenue.

(NOK 1 000)	Q1 2020	Q1 2019	Full year 2019
Adjustments			
Acquisition costs	923	500	4 653
Severance packages	538	-	-
Total adjustments	1 461	500	4 653

Change in fair value of investment property

The fair value of freehold investment property is based on independent valuations, with internal lease contracts between the 100% owned company OK Property and the operating companies at market terms as basic principle. Annual CPI-adjustment of the leases and changes in area with lease-agreements will impact the fair value.

In Q1 2020 the change in fair value of freehold investment property recognised in P&L was NOK 5.7 million. The change is related to a higher external valuation than allocated value to the assets and liabilities at the date of the purchase of two properties acquired in Q1 2020. This is an increase of NOK 5.3 million compared to Q1 2019, where the change in fair value of freehold investment property recognised in P&L was NOK 0.4 million. The diagram below shows the change in fair value recognised in P&L from Q1 2017 to Q1 2020.



Change in fair value of leasehold investment property recognised in P&L in Q1 2020 was NOK -15.4 million, compared to NOK 13.2 million recognised in P&L in Q1 2019. Change in fair value of leasehold investment property is related to IFRS 16 and value adjustment due to passage of time of recognised leases.

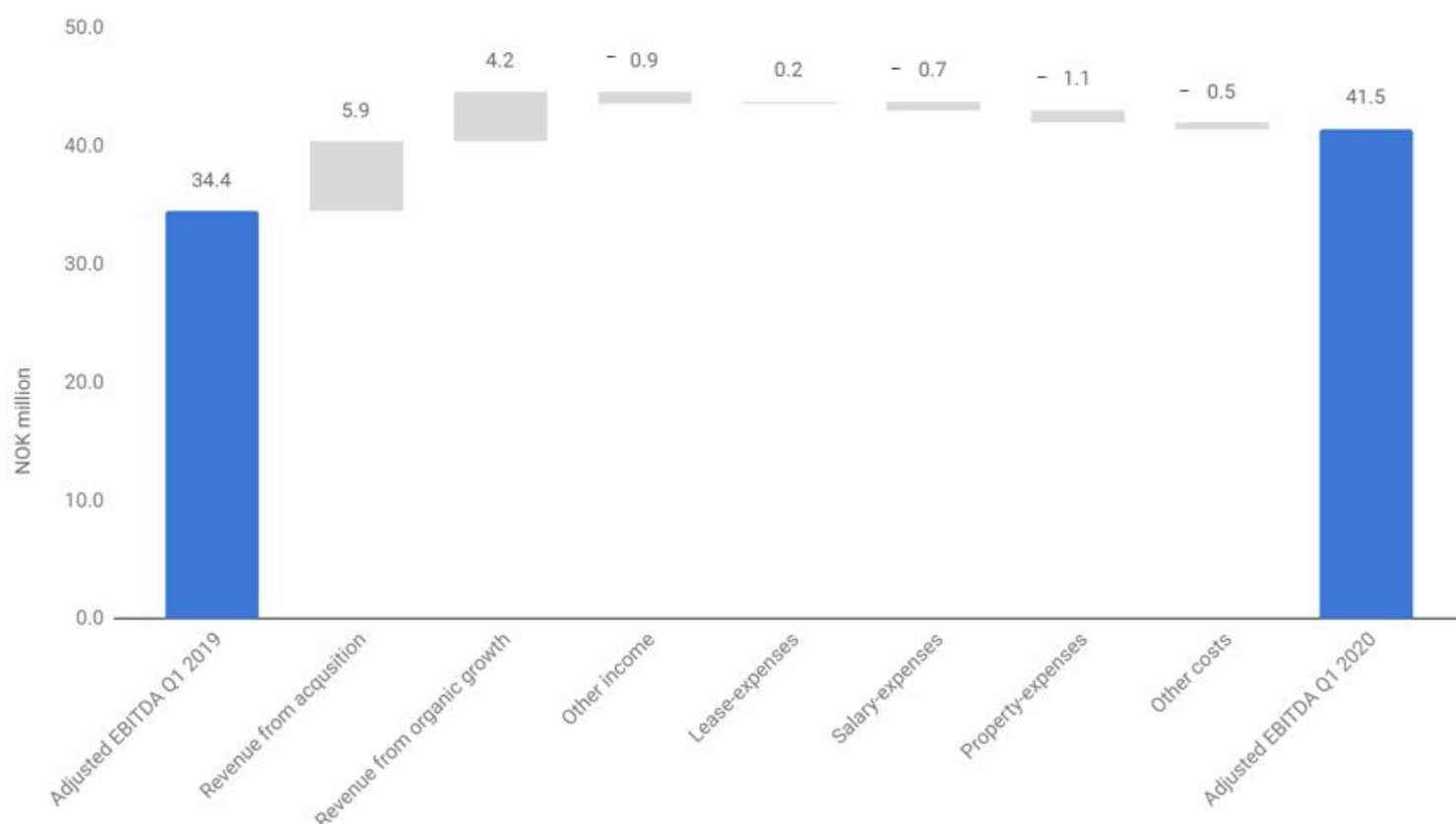
Fair value of freehold investment property was NOK 1 184 million and fair value of leasehold investment property was NOK 497.1 million at 31 March 2020. Fair value of freehold investment property at 31 December 2019 was NOK 1 075 million, while fair value of leasehold investment property was NOK 489.1 million.

EBITDA and profit before tax

EBITDA in Q1 2020 was NOK 40.0 million, an increase of NOK 6.1 million since Q1 2019. EBITDA adjusted for non-recurring costs was NOK 41.5 million, which is an increase of NOK 7.0 million from Q1 2019. There is a positive currency-effect in Q1 2020 compared to Q1 2019 for revenue, but for EBITDA the currency-effect is not significant.

The financial development in Q1 2020 was solid with an adjusted EBITDA-growth of 20% compared with Q1 2019. The adjusted EBITDA-margin of the growth is 77%.

Adjusted EBITDA for Q1 2019 vs Q1 2020 is visualised below.



Profit before tax in Q1 2020 was NOK 17.8 million, an increase of NOK 5.0 million from Q1 2019. Adjusted profit before tax in Q1 2020 was NOK 19.2 million, an increase of NOK 5.9 million.

Statement of financial position

Total assets were NOK 2 164 million as of 31 March 2020, compared to NOK 2 004 million at 31 December 2019, an increase of NOK 159.7 million. Freehold investment property has increased with NOK 109.2 million from 31 December 2019 to NOK 1 184 million as of 31 March 2020, mainly due to the acquisition of two properties during the first quarter. Leasehold investment property was NOK 497.1 million at 31 March 2020, an increase of NOK 8.1 million from 31 December 2019. The increase is related to translation differences on leasehold investment property in Denmark and Sweden, partly offset by change in fair value of leasehold investment property in the first quarter of 2020. The COVID-19 pandemic gives higher uncertainty than normal related to the valuation of investment properties as of 31 March 2020. The Groups independent external party performing valuation of investment properties, has however not seen transactions in the market after the pandemic that indicates a drop in the market or changed prices, and retained their valuation.

Cash and bank deposits have increased with NOK 32.9 million to NOK 121.0 million at the end of March 2020 from December 2019. The change is mainly attributable to new borrowings drawn up under the existing loan facility amounted to NOK 80 million, and net outflow on acquisition of subsidiaries and freehold investment property.

SSG has a loan facility for purchase of freehold investment property with Handelsbanken up to 60% of the freehold investment property value. Interest-bearing debt¹ amounts to NOK 416.6 million at the end of

¹Non-GAAP measures are defined on page 23

March 2020, an increase of NOK 74.3 million from December 2019. Loan to value of freehold investment property is 35% as of end March 2020, compared to 32% at the end of December 2019. The loan facility has several covenants. As of 31 March 2020, the Group is not in breach of any of the covenants.

At the end of March 2020 cash minus interest-bearing debt was negative with NOK 295.6 million.

SSG invoices the customers in advance, which reduces credit risks and provides stable working capital. Current liabilities consist mainly of prepaid income.

Total equity at the end of March 2020 was NOK 1 070 million, an increase of NOK 64.7 million from December 2019. The increase is mainly attributable to the issuance of consideration shares in connection with the closing of the transaction to acquire Ulven P28 AS in February 2020. Obligations under financial lease at the end of March 2020 was NOK 516.9 million, an increase of NOK 14.1 million compared to end of December 2019. The increase is related to translation differences on lease liabilities in Denmark and Sweden, partly offset by lease payments in first quarter 2020. The equity ratio decreased to 49% at the end of March 2020 from 50% at the end of December 2019.

Cash flow

SSG has a strong cash flow with invoicing of customers in advance and predictable and stable costs. Net cash flow from operating activities during Q1 2020 was NOK 36.6 million, compared to NOK 39.2 million during Q1 2019. Income tax paid was NOK 3.7 million in Q1 2020, an increase of NOK 3.0 million from Q1 2019 when taxable losses utilised in 2018 affected the calculated prepaid tax. The remaining decrease in net cash flow from operating activities for the first quarter of 2020 is mainly related to increase in prepaid expenses and timing differences for payments.

Net cash flow from investing activities during Q1 2020 was NOK -61.5 million compared to NOK -12.4 million at the end of Q1 2019. Payments for investment property includes additions to existing properties and acquisition of new properties. Payments for property, plant and equipment consists mainly of new fit-out. Net cash outflow for acquisition of subsidiaries includes business acquisition and acquisition accounted for as asset acquisition if completed in the quarter. These investing activities are in line with the Group's strategy.

Net cash flow from financing activities was NOK 55.9 million at the end of Q1 2020, compared to NOK -19.0 million at the end of Q1 2019. Net cash flow from financial activities was affected by new borrowings drawn up under the existing loan facility amounted to NOK 80 million and repayment of loan amounted to NOK 5.8 million in Q1 2020. Net payment of lease liabilities and payments of lease classified as interests amounted to NOK -15.5 million in Q1 2020 compared to -15.2 million in Q1 2019.

SSG's cash balance at the end of March 2020 was NOK 121.0 million.

Strategy

SSG engages in the business of renting out self-storage units to both private individuals and businesses. The Group is a leading provider of self-storage services with facilities in Norway, Sweden and Denmark. The business model of the Group is to operate self-storage facilities in Scandinavia with a strong focus on cost effective operations, competitive rent levels and industry leading customer service. In order to achieve this, the Group is constantly working hard in order to increase the level of automation in all parts of the value chain. The Group's vision is to be a leading and preferred self-storage provider to individuals and businesses.

The Group is operating under two separate brands: OK Minilager and City Self-Storage. These two brands focus on different market segments and provide a strong platform serving customers with different preferences and needs.

The Group offers self-storage solutions in all Scandinavian countries, with a primary focus on the major cities through City Self-Storage, and a nationwide presence in Norway through OK Minilager. All City Self-Storage facilities are climate controlled, while OK Minilager offers both climate controlled and container based storage facilities.

The strategy is to develop the Group further and to expand the total lettable area by investing in new and preferably freehold facilities. The Group seeks to strengthen its nationwide presence in Norway while at the same time optimising current facilities in Denmark and Sweden and search for profitable expansion opportunities. Going forward, new facilities will primarily be established as freehold properties to ensure long-term access to attractive locations at a lower running cost. In identifying such properties the Group will focus on factors such as location, capex and conversion time. Freehold investment properties are gathered in the 100% owned company OK Property AS, and leased to the operating companies in the Group.



Business concepts

The Group is operating under both the OK Minilager and City Self-Storage brand and will continue to do so as the two concepts target different market segments.

OK Minilager

is a nationwide self-storage concept offered in the Norwegian market and the strategy is to continue to increase its presence in all major regions and communities in Norway. The planned expansion will mainly be composed of freehold properties, including a combination of purpose-built facilities and conversion of existing buildings. At the same time OK Minilager will have a strong focus on retaining its position as the most cost-effective player in the Norwegian market by continuously looking for innovative solutions to increase the customer experience and to increase operating efficiency.

City Self-Storage

is SSG's "urban concept", targeting the population in the major cities, currently serving Oslo, Stavanger, Stockholm and Copenhagen. The strategy is to strengthen the market position in the major cities in Norway by establishing more facilities at attractive locations, while at the same time continuing the ongoing cost reduction initiatives and optimising the organisation. City Self-Storage is planning to open two facilities in Trondheim in 2020/2021. Eurobox, which was acquired in July 2019, will be rebranded to CSS during 2020.

In the other Scandinavian countries, the goal is to improve operating efficiency at existing facilities through cost reductions, upgrades and increased visibility and market awareness. City Self-Storage will however act opportunistically about potential mergers and acquisitions, both with regards to single facilities and other self-storage providers with a complementary portfolio of facilities. As with OK Minilager, the goal for City Self-Storage going forward is to increase the share of freehold facilities.

Competitive strengths

The Group is confident that it has multiple competitive strengths that separates SSG from other self-storage providers. These strengths have enabled the Group to achieve high historical growth and to establish a strong market position in all markets in which it operates. Through leveraging on these competitive strengths, SSG expects to continue to grow and to confirm its position as one of Scandinavia's leading self-storage providers.

Market leading position

The Group is one of the leading self-storage providers in Scandinavia with a particularly strong position in the Norwegian market. SSG has a high market share, both in the Greater Oslo area and on a country wide basis. City Self-Storage and OK Minilager are on a stand-alone basis the two largest self-storage providers in the Norwegian market. This position has been built through careful planning and a dedicated focus on selecting the right type of facilities. With the acquisition of Eurobox in 2019 the leading position in the Norwegian market was solidified. SSG entered the Swedish and the Danish market through the acquisition of City Self-Storage. Self Storage Group is the largest self-storage provider in Scandinavia and one of the largest operators in Europe measured by the total number of facilities. The group has a particularly strong position in Norway as the largest provider of self-storage and holds a solid platform for growth as the fourth largest provider in Stockholm and Copenhagen.

Strong platform for future growth

The combination of a countrywide presence in the “early stage” Norwegian market and a strong position in the more developed markets in Stockholm and Copenhagen provides a strong foundation for future expansion and growth. The Group can act opportunistically with regards to setting up new facilities while leveraging its strong brand recognition, customer base and knowledge in the respective markets.

Track record of rapid and profitable growth

Both OK Minilager and City Self-Storage have displayed solid financial track records with increasing revenues and continuously improving EBITDA margins. The Group has an ambitious growth plan and the management team has demonstrated the ability to handle rapid growth without jeopardising profitability. SSG has succeeded in attracting investors and raising capital, and is in a good position for executing the strategy.

Corporate developments

On 14 January 2020 the operating company Eurobox Minilager AS was merged with City Self-Storage Norge AS. The real-estate companies of the Eurobox acquisition were merged with OK Property 6 February 2020, as the last step in the integration of the companies.

On 17 January 2020 FEOK AS and Ferncliff TIH AS, companies controlled by Øystein Stray Spetalen, sold all their shares, corresponding to 22.24% in Self Storage Group ASA. The shares were acquired by Zeon Lux S.à r.l., an entity managed by affiliates of Centerbridge Partners, L.P. Martin Nes resigned as chairman with immediate effect as a consequence of the sales.

On 23 January 2020 the Board elected board member Runar Vatne as new chairman.

On 31 January 2020 the Board decided to commence a strategic review to explore all available options to maximise shareholder value and ensure equal treatment of shareholders.

Acquisitions

The acquisition of one property in Trondheim with a total potential lettable area of 2 100 m² was successfully completed on 15 January 2020. On 4 February 2020 the company entered into an agreement to acquire one property in Oslo with a total potential lettable area of 2 500 m² by acquire 100% of the shares in Ulven P28 AS to an enterprise value of NOK 47 million. 1 711 358 consideration shares were issued 12 February 2020 to the selling shareholder of Ulven P28 AS, as settlement of the acquisition.

Risks and uncertainty factors

SSG is exposed to risk and uncertainty factors, which may affect some or all of the company's activities. SSG has financial risk, market risk as well as operational risk and risk related to the current and future products.

The effects of the COVID-19 pandemic and the changes in the oil price seen in the end of the first quarter of 2020 are not included in the risk factors in the Annual Report of 2019. Potential impacts related to the corona-virus on the Group's financial resultants are as follows;

- The Group expects to see increased risk for bankruptcy in the business segment, but this segment only constitutes approximately 20% of the revenue. At the same time there is a potential for increased demand from business customers due to downsizing or restructuring of their sale process because of COVID-19.
- With increased unemployment in the Scandinavian countries there is an increased risk for bad debt for private customers, but this risk is minimised by the standard credit rating of new customers, invoicing in advance and closely monitoring and following up on bad debt.
- A decline in the housing-market may reduce the need for self-storage, but historically changes in customers life create demand for self-storage, also in times with recession.
- The planned growth in lettable area may be impacted by reduced supplies of fit-out from foreign suppliers

The Group is exposed to interest rate risk, and in Q1 2020 SSG has entered into a five year agreement to secure NOK 150 million of the interest-bearing debt with a fixed rate of 1.08%. Subsequently in April, a agreement to secure additionally NOK 150 million of the interest-bearing debt at a fixed rate of 0.79% was entered. These agreements will reduce the risk of high volatility in future interest payments.

Since end of 2019 there has been a weakness of NOK. In Denmark and Sweden both revenue and costs are in local currency, and purchases in EUR and GBP are mostly related to fit-out activated in the balance sheet. The table in note 5 the Annual Report for 2019 showing currency effects on the Groups profit if the exchange rate fluctuate is still valid.

With the exception of the above mentioned changes there are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2019.

Outlook

Self Storage Group is a leading self-storage provider in Scandinavia with two strong brands and concepts; OK Minilager and City Self-Storage. As of 31 March 2020, the Group operates 113 facilities across Scandinavia with a total lettable area of 165 500 m² and current lettable area of 140 300 m².

There is a large untapped potential for self-storage in Scandinavia as urbanisation and smaller living spaces cause increasing need for external storage solutions. To enhance these opportunities, Self Storage Group has established a solid platform for future growth with prime locations in all Scandinavian capitals as well as in cities across Norway. The platform for future growth is further strengthened through the acquisition of Eurobox.

The Company has a proven track-record to develop and operate this attractive portfolio of self-storage facilities, leveraging on a lean and operationally focused organisation to increase margins and targeting additional growth, mainly through freehold properties.

The Group has built up and acquired new storage capacity and is continuously phasing the new capacity into the market. Self Storage Group is experiencing a satisfactory demand for its solutions and is filling up new storage facilities while at the same time achieving attractive rent levels. SSG has also identified additional opportunities through already acquired development projects and low-cost expansion within existing facilities.

In 2020 we have seen the advent of the novel coronavirus (COVID-19), which is currently affecting the whole society and economy. The impact of COVID-19 remains uncertain and is dependent on future developments that cannot be predicted at time being. The Group record investment property at fair value, and changes in the economic environment including long-term assumptions could potentially have impact on the financial results. The last weeks we have seen that the partial lockdown slowly are on return and that funding from the Nordic Governments are paid out to support the Nordic economics. SSG is entering the second quarter in 2020 with a solid balance sheet, and is well positioned to endure the challenges ahead, and also to seize opportunities which will arise. This sets the foundation for a great future for the Group.

Oslo, 11 May 2020

Board of Directors, Self Storage Group ASA

Financials

Self Storage Group Condensed consolidated statement of comprehensive income

(Amounts in NOK 1 000)

	Note	Unaudited For the three months ended 31 March 2020	Unaudited For the three months ended 31 March 2019	Audited For the twelve months ended 31 December 2019
Revenue	3	70 817	61 637	266 453
Lease expenses	2,3	2 954	3 108	11 813
Property-related expenses	3	8 083	6 974	28 975
Salary and other employee benefits	3	11 007	9 750	39 566
Depreciation		3 059	2 467	12 108
Other operating expenses	3	8 757	7 857	34 730
Operating profit before fair value adjustments		36 957	31 481	139 261
Change in fair value of freehold investment property	5	5 705	406	17 523
Change in fair value of leasehold investment property	2,5	-15 443	-13 181	-55 204
Operating profit after fair value adjustments		27 219	18 706	101 580
Finance income		129	158	1 283
Finance expense	2	9 577	6 059	27 260
Profit before tax		17 771	12 805	75 603
Income tax expense		3 247	2 213	13 870
Profit for the period		14 524	10 592	61 733
Total comprehensive income for the year attributable to parent company shareholders		14 524	10 592	61 733
Total comprehensive income for the year attributable to non-controlling interests		-	-	-
Earnings per share				
Basic (NOK)	4	0.17	0.16	0.83
Diluted (NOK)	4	0.17	0.16	0.83
Other comprehensive income, net of income tax				
Items that may be reclassified subsequently to profit or loss				
- currency translation difference		3 815	- 650	- 383
Other comprehensive income for the period, net of income tax		3 815	- 650	- 383
Total comprehensive income for the period		18 339	9 942	61 350
Total comprehensive income for the year attributable to parent company shareholders		18 339	9 942	61 350
		-	-	-

Self Storage Group

Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

		Unaudited 31 March 2020	Audited 31 December 2019
ASSETS			
Non-current assets	Note		
Freehold investment property	5	1 183 639	1 074 457
Leasehold investment property	2,5	497 133	489 062
Property, plant and equipment		116 429	112 595
Goodwill		184 478	184 828
Financial instruments		24 750	24 750
Other intangible assets		1 835	1 839
Total non-current assets		2 008 264	1 887 531
Current assets			
Inventories		1 672	1 617
Trade and other receivables		16 478	15 928
Other current assets		16 912	11 410
Cash and bank deposits		120 999	88 117
Total current assets		156 061	117 072
TOTAL ASSETS		2 164 325	2 004 603
EQUITY AND LIABILITIES			
Equity			
Issued share capital	6	8 432	8 261
Share premium		791 594	744 853
Other reserves		3 210	- 93
Retained earnings		266 556	252 032
Total equity		1 069 792	1 005 053
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing debt	7	310 562	239 057
Long-term obligations under finance leases	2,7	462 455	450 642
Other financial liabilities		708	454
Deferred tax liabilities		90 713	91 053
Total non-current liabilities		864 438	781 206
Current liabilities			
Short-term interest-bearing debt	7	105 993	103 223
Short-term obligations under finance leases	2,7	54 460	52 190
Trade and other payables		13 363	7 115
Income tax payable		7 792	9 309
Other taxes and withholdings		5 079	5 276
Other current liabilities		43 408	41 231
Total current liabilities		230 095	218 344
Total liabilities		1 094 533	999 550
TOTAL EQUITY AND LIABILITIES		2 164 325	2 004 603

Self Storage Group

Condensed consolidated statement of Changes in Equity

(Amounts in NOK 1 000)

	Issued Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2019	6 573	427 889	290	190 299	625 051
Profit (loss) for the period	-	-	-	10 592	10 592
Other comprehensive income (loss) for the period net of income tax	-	-	- 650	-	- 650
Total comprehensive income for the period	-	-	- 650	10 592	9 942
Issue of ordinary shares, net of transaction costs	-	-	-	-	-
Balance at 31 March 2019	6 573	427 889	- 360	200 891	634 993

Balance at 1 January 2020	8 261	744 853	- 93	252 032	1 005 053
Profit (loss) for the period	-	-	-	14 524	14 524
Other comprehensive income (loss) for the period net of income tax	-	-	3 303	-	3 303
Total comprehensive income for the period	-	-	3 303	14 524	17 827
Issue of ordinary shares, net of transaction costs	171	46 741	-	-	46 912
Balance at 31 March 2020 (Unaudited)	8 432	791 594	3 210	266 556	1 069 792

Self Storage Group

Condensed consolidated statement of Cash flows

		Unaudited	Unaudited	Audited
(Amounts in NOK 1 000)	Note	For the three months ended 31 March 2020	For the three months ended 31 March 2019	For the year ended 31 December 2019
Cash flow from operating activities				
Profit before tax		17 771	12 805	75 603
Income tax paid		- 3 730	- 723	- 10 720
Interest expense	2	8 296	5 238	24 602
Depreciation		3 059	2 467	12 108
Gain/loss on disposal of property, plant and equipment		-	41	-
Change in fair value of freehold investment property	5	- 5 705	- 406	- 17 523
Change in fair value of leasehold investment property	2,5	15 443	13 181	55 204
Change in trade and other receivables		- 551	- 603	- 703
Change in trade and other payables		3 723	- 3 512	- 5 497
Change in other current assets		- 3 097	809	6 332
Change in other current liabilities		1 356	9 899	6 107
Net cash flow from operating activities		36 565	39 196	145 513
Cash flow from investing activities				
Payments for freehold investment property		- 17 169	- 6 107	- 42 753
Payments for property, plant and equipment		- 5 640	- 6 267	- 28 497
Net cash outflow on acquisition of subsidiaries		- 38 693	21	- 489 962
Net cash flow from investing activities		- 61 502	- 12 353	- 561 212
Cash flow from financing activities				
Net proceeds from issue of equity instruments of the Company	6	-	-	241 862
Proceeds from borrowing	7	80 000	-	228 000
Repayment of borrowings	7	- 5 788	- 2 938	- 15 950
Payments of lease liabilities	2,7	- 10 322	- 10 643	- 47 442
Payments of leases classified as interest	2,7	- 5 131	- 4 561	- 18 417
Interest paid	7	- 2 849	- 827	- 6 148
Net cash flow from financing activities		55 910	- 18 969	381 905
Net change in cash and cash equivalents		30 973	7 874	- 33 794
Cash and cash equivalents at beginning of the period		88 117	122 228	122 228
Effect of foreign currency rate changes on cash and cash equivalents		1 909	- 580	- 317
Cash and equivalents at end of the period		120 999	129 522	88 117

Note 1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property, which is measured at fair value with gains and losses recognised in profit or loss. The interim financial statements were approved by the Board of Directors on 11 May 2020.

Note 2 Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2019. The Group has not early adopted any standard, interpretation or amendment with effective date after 1 January 2020. There are no new standards or amendments in short term perspective which have been issued, but are not yet effective, that are considered to have an impact on the Group. The Group intends to adopt these standards, if applicable, when they become effective. The interim financial statements are unaudited.

Note 3 Segment information

Management has determined the operating segments based on reports reviewed by the CEO and management team and Board of Directors, which are used to make strategic and resource allocation decisions. The Group reports management information based on the two concepts offered by the Group, City Self-Storage (CSS) and OK Minilager (OKM), in addition to the Group's property business in the Property segment and Self Storage Group ASA (SSG ASA) in separate segments. Other/elimination includes eliminations of intercompany transactions and the remainder of the Group's activities not attributable to the other operating segments. In the tables below, reconciliation from EBITDA to Profit before tax is presented on an aggregated level. The Group reports management information excluded IFRS 16 impacts.

The operating entity from the Eurobox acquisition is reported as part of the CSS segment and the three property entities are reported as part of the Property segment.

The total of Sales income and Other income in the segment reporting corresponds with the line item Revenue as recognised under IFRS.

The Group's reportable segments are as follows:

OK Minilager (OKM)	Nationwide presence in Norway offering climate controlled storage units and container based storage.
City Self-Storage (CSS)	Climate controlled facilities in all Scandinavian countries, with a primary focus on the capital cities of Oslo, Stockholm and Copenhagen.
Property	The ownership and development of property. Internal lease agreements with the operating companies in the group, in addition to external lease agreements. The internal income and expenses are eliminated on Group level.
SSG ASA	SSG ASA includes administration and management activities.
Other/eliminations	Elimination and the remainder of the Group's activities not attributable to the operating segments described above.

For the three months ended 31 March 2020	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	46 975	18 409	-	-	-	-	65 384
Other income	3 336	1 085	15 279	-	- 14 267	-	5 433
Lease expenses	- 24 957	- 9 119	-	- 240	13 309	18 053	- 2 954
Other operating costs	- 17 346	- 5 842	- 3 766	- 1 851	958	-	- 27 847
EBITDA	8 008	4 533	11 513	- 2 091	-	18 053	40 016
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 059
Change in fair value of freehold investment property							5 705
Change in fair value of leasehold investment property							- 15 443
Finance income							129
Finance expense							- 9 577
Profit before tax							17 771

For the three months ended 31 March 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	38 610	16 648	-	-	-	-	55 258
Other income	5 753	844	8 744	-	- 8 962	-	6 379
Lease expenses	- 17 710	- 8 543	-	- 195	8 179	15 161	- 3 108
Other operating costs	- 16 307	- 6 408	- 1 158	- 1 491	783	-	- 24 581
EBITDA	10 346	2 541	7 586	- 1 686	-	15 161	33 948
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 2 467
Change in fair value of freehold investment property							406
Change in fair value of leasehold investment property							- 13 181
Finance income							158
Finance expense							- 6 059
Profit before tax							12 805

For the year ended 31 December 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	172 676	71 957	-	-	-	-	244 633
Other income	15 864	4 079	43 796	-	- 41 919	-	21 820
Lease expenses	- 78 608	- 33 650	-	- 854	38 413	62 886	- 11 813
Operating costs	- 67 280	- 25 295	- 6 518	- 7 684	3 506	-	- 103 271
EBITDA	42 652	16 295	37 278	- 8 538	-	62 886	151 369
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 12 108
Change in fair value of freehold investment property							17 523
Change in fair value of leasehold investment property							- 55 204
Finance income							1 283
Finance expense							- 27 260
Profit before tax							75 603

Note 4 Earnings per share

(Amounts in NOK)

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Profit (loss) for the period	14 524 000	10 592 000
Weighted average number of outstanding shares during the period (basic)	83 519 920	65 734 111
Weighted average number of outstanding shares during the period (diluted)	83 519 920	65 734 111
Earnings (loss) per share - basic in NOK	0.17	0.16
Earnings (loss) per share - diluted in NOK	0.17	0.16

See also note 6

Note 5 Investment property

(Amounts in NOK 1 000)

During the three month period ended 31 March 2020, the following changes have occurred in the Group's portfolio of investment properties:

	Leasehold investment property	Freehold investment property	Total
Balance as at 31 December 2019	489 062	1 074 457	1 563 519
Value adjustment due to passage of time	- 15 443	-	-15 443
Additions and disposals leasehold investment property in the year	183	-	183
Company acquired as asset acquisition	-	86 308	86 308
Additions to existing properties	-	17 169	17 169
Fair value adjustments recognised in profit or loss	-	5 705	5 705
Other/translation differences	23 331	-	23 331
Balance as at 31 March 2020	497 133	1 183 639	1 680 772

Note 6 Changes in shareholders' equity

	Date	Number of shares issued	Total number of shares	Total share capital	Value per share
Ordinary shares at 31 December 2019			82 617 226	8 261 723	0.10
Issue of ordinary shares as settlement to the selling shareholder of Ulven P28 AS	12 February 2020	1 711 358	84 328 584	8 432 858	0.10
Ordinary shares at 31 March 2020			84 328 584	8 432 858	0.10

At the General Meeting in 2019 the Board of Directors was authorised to increase the share capital with up to NOK 3 286 705.50 through one or several share capital increases. The authorisation may be used to provide the Company with financial flexibility, including in connection with investments, merger and acquisitions. The Board's authorisation is valid until the annual General Meeting in 2020.

Note 7 Interest bearing liabilities

(Amounts in NOK 1 000)

Interest bearing liabilities are carried at amortized cost. The carrying amounts approximate fair value as at 31 March 2020.

As at 31 March 2020	Amounts due in		Total
	less than 1 year*	1-5 years	
Debt to financial institutions (NOK, Handelsbanken)	105 993	310 562	416 555
Changes in liabilities arising from financing activities	Interest bearing borrowings	Lease liabilities	Total financing activities
Balance as at 31 December 2019	342 280	502 832	845 112
Additions and disposals of leasehold investment property in the year	-	183	183
Additions and disposals of other leases in the year	-	- 9	- 9
Repayments of borrowings/Payments of lease	-5 788	-10 322	-16 110
Proceeds from borrowings	80 000	-	80 000
Interests expenses of borrowings	2 912	-	2 912
Interests paid of borrowings	-2 849	-	-2 849
Other/translation differences	-	24 231	24 231
Balance as at 31 March 2020	416 555	516 915	933 470

* Of the debt to financial institutions due in less than 1 year, NOK 83.6 million is planned refinanced in 2020

The new borrowings drawn up under the existing loan facility i Q1 2020 amounted to NOK 80 million and is with the same premisses as existing loans.

In Q1 2020 SSG has entered into a five year agreement to secure NOK 150 million of the interest-bearing debt with a fixed rate of 1.08%. Subsequently in April, a agreement to secure additionally NOK 150 million of the interest-bearing debt at a fixed rate of 0.79% was entered.

Note 8 Subsequent events

- On 11 May 2020 proceeds from borrowings of a new loan facility amounting to NOK 100 million was received

Alternative performance measures (APMs)

Self Storage Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, management provides alternative performance measures that are regularly reviewed by management to permit for a more complete and comprehensive analysis of the Group's operating performance relative to other companies and across periods in addition to the financial information prepared in accordance with IFRS. Companies comparable to the Group vary with regards to, inter alia, capital structure and mix of leasehold and freehold properties. Non-IFRS financial measures, such as EBITDA, can assist the Company and investors in comparing performance on a more consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods, mix of freehold and leasehold properties or based on non-operating factors. Also, some of the non-IFRS financial measures presented herein adjust for one-time costs or costs that are not considered to be a part of regular operations.

The non-IFRS financial measures presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The non-IFRS financial measures may be presented on a basis that is different from other companies.

Operating profit before fair value adjustments

Presenting operating profit before fair value adjustments is useful to Self Storage Group as it provides a measure of profit before taking into account the movement in fair value of freehold investment property and leasehold investment property and is useful to the Group for assessing operating performance.

Adjustments

Identified costs not likely to occur in the normal course of business in Self Storage Group are defined as non-recurring costs. Examples of non-recurring costs are acquisition costs, restructuring and severance packages. The exclusion of non-recurring costs is useful to Self Storage Group as it provides a measure for assessing underlying operating performance.

Definition of SSG's financial APMs

- Interest bearing debt: Defined as long-term interest-bearing debt plus short-term interest-bearing debt. The figure does not include obligations under finance leases
- Total other operating expenses: property-related expenses + salary and other employee benefits + other operating expenses
- EBIT: Operating profit before fair value adjustments
- Adjusted EBIT: EBIT +/- identified items to be excluded from adjusted EBIT as described below
- EBITDA: EBIT + depreciation, amortisation and impairments

- Adjusted EBITDA: EBITDA +/- identified items to be excluded from adjusted EBITDA as described below
- Adjusted Profit before tax: Adjusted EBIT +/- change in fair value of investment properties and leasehold properties +/- net finance
- Adjusted Net Profit : Adjusted Profit before tax +/- tax expense

SSG's non-financial APMs

- Current lettable area (CLA): Net area (m²) available for customers to rent for self-storage
- Total lettable area: Net area (m²) in the portfolio included area not yet lettable to self-storage

Reconciliation of APMs used in the Interim Report

(Amounts in NOK 1 000)

	31 March 2020	31 December 2019
Interest-bearing debt		
Long-term interest-bearing debt	310 562	239 057
Short-term interest-bearing debt	105 993	103 223
Total interest-bearing debt	416 555	342 280

(Amounts in NOK 1 000)

	Q1 2020	Q1 2019	Full year 2019
Property-related expenses	8 083	6 974	25 425
Salary and other employee benefits	11 007	9 750	37 403
Other operating expenses	8 757	7 857	30 311
Total other operating expenses	27 847	24 581	93 139
Operating profit before fair value adjustments	36 957	31 481	63 244
EBIT	36 957	31 481	63 244
Total adjustments	1 461	500	4 653
Adjusted EBIT	38 418	31 981	67 897
Change in fair value of freehold investment property	5 705	406	38 223
Change in fair value of leasehold investment property	-15 443	-13 181	-
Adjusted Profit before tax	19 232	13 305	80 256
Tax	3 514	2 299	19 228
Adjusted Net profit	15 718	11 006	61 028
Operating profit before fair value adjustments	36 957	31 481	63 244
Depreciation	3 059	2 467	12 108
EBITDA	40 016	33 948	75 352
Total adjustments	1 461	500	4 653
Adjusted EBITDA	41 477	34 448	80 005
Adjustments			
Acquisition costs	923	500	4 653
Severance packages	538	-	-
Total adjustments	1 461	500	4 653