

# Interim Report Q3 2020

Self Storage Group ASA



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# Highlights

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

## Q3 2020

- All time high revenues of NOK 75.0 million, up from NOK 71.9 million in Q3 2019
- All time high adjusted EBITDA<sup>1</sup> of NOK 48.0 million, up from NOK 44.1 million in Q3 2019
- Average occupancy in Q3 2020 for sites with more than 12 months of operation was 85.2% (85.6%) with an average rent per m<sup>2</sup> of NOK 2 320 per year (NOK 2 370)
- Like-for-like occupancy was 86.6% (86.8%) with average rent per m<sup>2</sup> of NOK 2 392 (NOK 2 436)
- Net finance of NOK -7.0 million, compared to NOK -6.7 million in Q3 2019
- Adjusted profit before tax of NOK 24.6 million, up from NOK 20.3 million in Q3 2019
- Total number of facilities end of September 2020 was 115, up from 110 facilities at the end of September 2019
- Current lettable area end of September 2020 was 146 200 m<sup>2</sup>, up from 134 900 m<sup>2</sup> end of September 2019
- Cash position end of September 2020 of NOK 232.5 million, up from NOK 88.1 million end of December 2019
- Total value of freehold investment property end of September 2020 of NOK 1 250 million, up from NOK 1 074 million end of December 2019
- Loan to value of freehold investment property is 44% as of end September 2020, compared to 32% as of end December 2019

## Key Figures<sup>1</sup>

(Amounts in NOK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Revenue	75.0	71.9	217.4	194.6	266.5
Lease expenses	1.6	4.0	7.4	10.3	11.8
Total other operating expenses	25.3	24.9	79.1	74.2	103.3
Total adjustments	-	1.0	1.5	4.0	4.7
Adjusted EBITDA	48.0	44.1	132.4	114.1	156.0
Adjusted EBIT	44.2	40.8	121.7	105.9	143.9
Change in fair value of freehold investment property	3.6	-	9.6	5.1	17.5
Change in fair value of leasehold investment property	- 16.3	- 13.8	- 47.5	- 40.5	- 55.2
Net finance	- 7.0	- 6.7	- 30.4	- 18.3	- 26.0
Adjusted Profit before tax	24.6	20.3	53.4	52.2	80.3
Adjusted Net Profit	20.0	16.4	43.6	41.4	65.5
Current lettable area (in thousands m <sup>2</sup> )	146.2	134.9	146.2	134.9	137.5
Lettable area under development (in thousands m <sup>2</sup> )	28.8	23.7	28.8	23.7	21.3

<sup>1</sup>Non-GAAP measures are defined on page 25

# Financial development

Due to the COVID-19 pandemic, Norway went into a partial lockdown from 12 March 2020. Self Storage Group implemented measures to safeguard customers and employees following the novel corona-virus (COVID-19), but all self-storage facilities continued 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.

The Group has experienced limited business impact due to COVID-19 as of September 2020. The move-in rates in the CSS segment were slightly lower for a period of time after mid-march impacting occupancy growth, and more extensive entry-offer campaigns were implemented to attract customers. We have seen a strong development in move-ins since June, and development in occupancy has been satisfactory in the quarter. SSG expects to increase the current lettable area by 10 000 m<sup>2</sup> during 2020 as planned.

## Revenue

Revenue for Q3 2020 was NOK 75.0 million, an increase of NOK 3.0 million from Q3 2019. The increase in revenue is related to growth in lettable area through opening of new facilities and expansions, and growth in occupancy for facilities opened the last years. Average occupancy in Q3 2020 for sites with more than 12 months of operation was 85.2% (85.6%) with an average rent per m<sup>2</sup> of NOK 2 320 per year (NOK 2 370).

Rental income from self-storage services was NOK 69.8 million in Q3 2020, an increase of NOK 3.6 million from Q3 2019. Increased self-storage revenue from the CSS-segment amounts to NOK 1.8 million. Increased self-storage revenue from the OKM-segment also amounts to NOK 1.8 million. Income from rental of containers amounts to approximately 10% of the Groups self-storage revenue.

Other revenue was NOK 5.2 million in Q3 2020, a decrease of NOK 0.6 million compared with Q3 2019. Other revenue consists of revenue from distribution of insurance, ancillary services, rent income from other segments than self-storage and other income. Rent from office tenants amounted to NOK 1.4 million in Q3 2020. The income from office tenants fluctuates due to when contracts expire and office-space is converted to self-storage.

NOK 1.8 million of the increased revenue Q3 2020 compared to Q3 2019 is attributable to a positive currency-effect.

## Lease expenses

Lease expenses were NOK 1.6 million in Q3 2020, down from NOK 4.0 million in Q3 2019. The decrease relates to four lease contracts renegotiated from short-term to long-term after Q3 2019. According to IFRS 16 long-term leasehold agreements are treated as financial leases. Lease expenses thus only consist of leasehold-contracts classified as short-term.

At the end of September 2020, 39% of the current lettable area in SSG is freehold, compared to 35% at the end of September 2019. 24% 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 Q3 2020 were NOK 9.7 million, an increase of NOK 2.4 million compared to Q3 2019. The increase in cost is related to properties acquired since Q3 2019, in addition to some large maintenance projects. Maintenance is posted as operational cost and is not capitalized.

Lettable area in SSG has increased with 11 300 m<sup>2</sup> (8%) since September 2019, and the number of facilities has increased by five to 115 facilities as of end September 2020. There are also property-related expenses incurred by new 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 Q3 2020 were NOK 9.0 million, an increase of NOK 0.1 million from Q3 2019.

The number of full time equivalents (FTE) has decreased from 70 FTE in September 2019 to 60 FTE in September 2020. During the first half of 2020 a restructuring of the organization was implemented, reducing the number of employees. The background for the restructuring was to optimize staff in CSS Norway following the acquisition of Eurobox in 2019, and a strategic decision not to have internal construction workers, but to purchase the services from external partners. The reduced number of employees has limited impact on the salary costs, since most of the salary costs for construction workers who have been working with establishment of new facilities have been capitalized and not expensed under salary and other employee benefits.

## Depreciation

Depreciation in Q3 2020 was NOK 3.8 million, an increase of NOK 0.5 million from Q3 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 Q3 2020 other operating expenses were NOK 6.6 million, a decrease of NOK 2.0 million from Q3 2019. There were no non-recurring costs in Q3 2020, but in Q3 2019 costs of NOK 1.0 million related to acquisition of investment properties were classified as non-recurring. Adjusted for non-recurring costs in Q3 2019, other operating expenses in Q3 2020 have decreased by NOK 1.0 million compared with Q3 2019.

Sales- and marketing costs constitute 3.9% of the revenue in Q3 2020.

## Adjustments

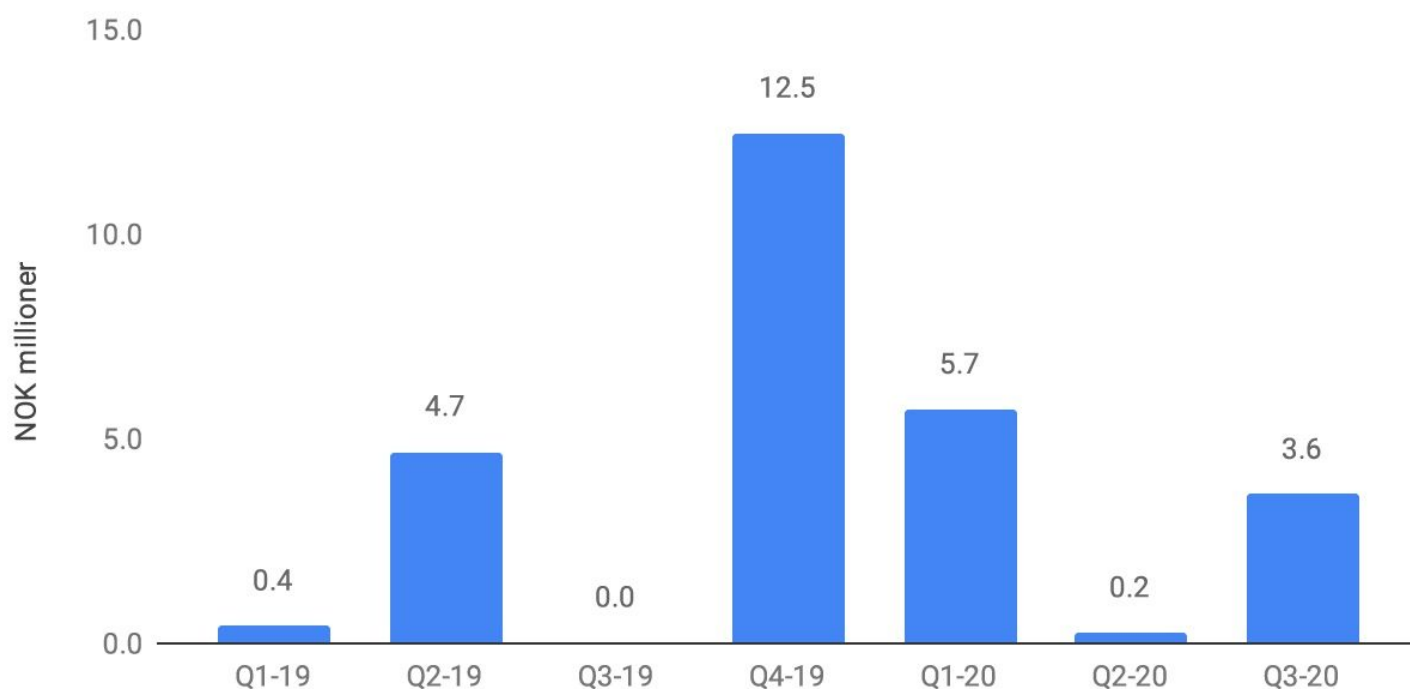
Identified costs not likely to occur in the normal course of business in Self Storage Group are defined as non-recurring costs. There were no non-recurring costs in Q3 2020, but in Q3 2019 there were non-recurring costs related to acquisitions. The exclusion of non-recurring costs is useful to Self Storage Group as it provides a measure for assessing underlying operating performance.

(NOK 1 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
<b>Adjustments</b>					
Acquisition costs	-	997	923	3 986	4 653
Severance packages	-	-	538	-	-
<b>Total adjustments</b>	<b>-</b>	<b>997</b>	<b>1 461</b>	<b>3 986</b>	<b>4 653</b>

## 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 areas with lease-agreements will impact the fair value.

In Q3 2020 the change in fair value of freehold investment property recognised in P&L was NOK 3.6 million related to newly acquired properties appraised in this quarter. There was no change in fair value of freehold investment property recognised in P&L in Q3 2019. The diagram below shows the change in fair value recognised in P&L since Q1 2019.



Change in fair value of leasehold investment property recognised in P&L in Q3 2020 was NOK -16.3 million, compared to NOK -13.8 million recognised in P&L in Q3 2019. The increase relates to four lease contracts renegotiated from short-term to long-term after Q3 2019 and CPI adjustments on existing lease contracts.



Change in fair value of leasehold investment property is related to IFRS 16 and value adjustment due to passage of time of recognised leases.

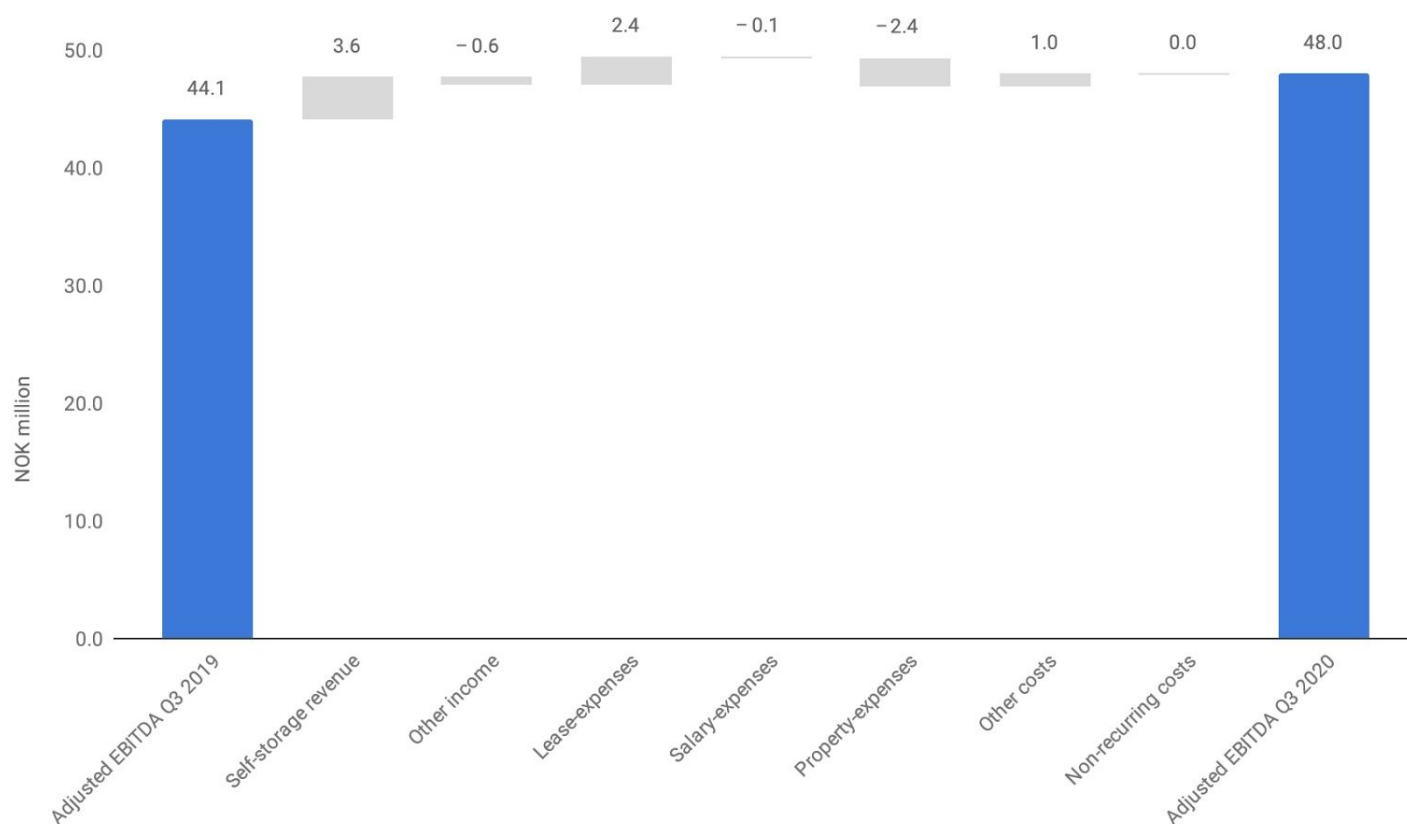
Fair value of freehold investment property was NOK 1 250 million and fair value of leasehold investment property was NOK 547.3 million at 30 September 2020. Fair value of freehold investment property at 31 December 2019 was NOK 1 075 million, while the fair value of leasehold investment property was NOK 489.1 million.

## EBITDA and profit before tax

EBITDA in Q3 2020 was NOK 48.0 million, an increase of NOK 4.9 million since Q3 2019. There were no non-recurring costs in Q3 2020, but in Q3 2019 costs of NOK 1.0 million related to acquisition of investment properties were classified as no-recurring. The increase in EBITDA adjusted for non-recurring costs in Q3 2019 was NOK 3.9 million. There is a positive currency-effect in Q3 2020 compared to Q3 2019 for revenue, but the positive effect is offset by a negative currency-effect on expenses. The currency-effect on EBITDA is not significant.

The financial development in Q3 2020 was solid with an adjusted EBITDA-growth of 9% compared with Q3 2019.

Adjusted EBITDA for Q3 2019 vs Q3 2020 is visualised below.



Net finance amounted to NOK -7.0 million in Q3 2020, an increased expense of NOK 0.3 million compared to Q3 2019. In Q1 2020 and Q2 2020 SSG entered into two five-years interest rate swaps to secure interest-bearing debt. These agreements are measured at fair value according to IFRS. Gains and losses that

arise entail a change in the fair value and are included in the profit or loss in the period in which they arise. In Q3 2020 NIBOR has decreased some due to COVID-19, and this has increased the fair value of the interest liability. A loss of NOK 0.2 million related to hedging of interests is included in the finance expense for Q3 2020. The remaining part of the increase in financial expense is mainly related to increased borrowings compared to Q3 2019.

Profit before tax in Q3 2020 was NOK 24.6 million, an increase of NOK 5.3 million from Q3 2019.

## Statement of financial position

Total assets were NOK 2 392 million as of 30 September 2020, compared to NOK 2 005 million at 31 December 2019, an increase of NOK 387.7 million. Freehold investment property has increased with NOK 175.5 million from 31 December 2019 to NOK 1 250 million as of 30 September 2020. This is mainly due to the acquisition of four properties during the first nine months of 2020, several development projects and significant conversion projects. Leasehold investment property was NOK 547.3 million at 30 September 2020, an increase of NOK 58.2 million from 31 December 2019. The increase is mainly related to two options assessed reasonably certain to exercise and four renegotiated leasehold contracts from short-term till long-term, in addition to currency differences on leasehold investment property in Denmark and Sweden. The increase is partly offset by change in fair value of leasehold investment property in the first nine months of 2020 due to passage of time. The Groups independent external party performing valuation of investment properties, has not observed effects from COVID-19 or transactions in the market in the first nine months of 2020 that indicates a drop in the market or changed prices. A small change in the price will not affect the valuation significantly since most all freehold investment properties have long internal lease contracts.

Cash and bank deposits have increased with NOK 144.4 million to NOK 232.5 million at the end of September 2020 from December 2019. The change is attributable to three borrowings drawn up in the first nine months of 2020 amounted to a total of NOK 311 million, repayments of loans amounted to NOK 102 million and net outflow on acquisition of subsidiaries and additions to 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 debt<sup>1</sup> amounts to NOK 551.7 million at the end of September 2020, an increase of NOK 209.5 million from December 2019. Loan to value of freehold investment property is 44% as of end September 2020, compared to 32% at the end of December 2019. The loan facility has several covenants. The covenants are based on ex. IFRS 16 figures, and will be renegotiated during the fourth quarter of 2020. As of 30 September 2020, the Group is not in breach of any of the covenants, and does not expect to breach these the next 12 months either.

At the end of September 2020 cash less interest-bearing debt was negative with NOK 319.2 million. The interest-bearing debt is used for investments in freehold facilities, expansion of lettable area and development of the Group.

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

<sup>1</sup>Non-GAAP measures are defined on page 25



Total equity at the end of September 2020 was NOK 1 098 million, an increase of NOK 92.6 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 and profit during the period. Obligations under financial lease at the end of September 2020 was NOK 567.7 million, an increase of NOK 64.9 million compared to the end of December 2019. The increase is related to two options assessed reasonably certain to exercise and four renegotiated leasehold contracts from short-term till long-term, in addition to currency differences on leasehold investment property in Denmark and Sweden. The increase is partly offset by lease payments in the first nine months of 2020 due to passage of time. The equity ratio decreased to 46% at the end of September 2020, from 50% at the end of December 2019.

## Cash flow

SSG has a strong cash flow, as customers are invoiced in advance and costs are predictable and stable. Net cash flow from operating activities during Q3 2020 was NOK 57.8 million, compared to NOK 36.3 million during Q3 2019. The increase in net cash flow from operating activities for the third quarter of 2020 is related to increased revenue, relatively stable costs and high focus on working capital. Net cash flow from operating activities for the first nine months of 2020 was NOK 134.0 million, compared to NOK 109.6 million a year earlier. Income tax paid was NOK 7.5 million in the first nine months of 2020, an increase of NOK 6.0 million from a year earlier when taxable losses utilised in 2018 affected the calculated prepaid tax. The increase in net cash flow from operating activities for the first nine months of 2020 is related to increased revenue, relatively stable costs and high focus on working capital.

Net cash flow from investing activities during Q3 2020 was NOK -49.7 million compared to NOK -451.3 million at the end of Q3 2019. Net cash flow from investing activities for the first nine months of 2020 was NOK -135.1 million compared to NOK -537.3 million a year earlier. Payments for investment property includes development of properties, 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 19.3 million at the end of Q3 2020, compared to NOK 94.3 million at the end of Q3 2019. Net cash flow from financial activities was affected by additional borrowing drawn up on a new loan facility amounted to NOK 131 million and repayment of loan amounted to NOK 89.2 million in Q3 2020. Net payment of lease liabilities and payments of lease classified as interests amounted to NOK -20.3 million in Q3 2020 compared to -18.5 million in Q3 2019. Net cash flow from financing activities for the first nine months of 2020 was NOK 143.8 million, compared to NOK 408.8 million a year earlier.

SSG's cash balance at the end of September 2020 was NOK 232.5 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, Trondheim, 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 continue to extract synergies of economies of scale.

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 Alta Lux Holdco S.a.r.l., an entity managed by affiliates of Centerbridge Partners. 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.

On 25 May 2020 the annual general meeting of Self Storage Group ASA was held. All proposals set out in the notice to the general meeting were approved. Steven Skaar (chairman), Gustav Søbak, Yvonne Litsheim Sandvold and Ingrid Elvira Leisner were elected to the Board of Directors. Steven Skaar is representing Alta Lux Holdco S.a.r.l., an entity managed by affiliates of Centerbridge Partners, that owns 19 230 909 shares in the Company.

On 17 August 2020 the Board decided to end the strategic review. After exploring a variety of opportunities, the Board concluded that what is likely to serve shareholders best at present is to continue SSG's growth strategy as an independent and listed company. In addition to ongoing projects and organic growth in existing locations, SSG will continue to actively consider acquisition growth opportunities that can create value for the shareholders. A further strengthening of SSG's position in Norway remains a key priority, while the company simultaneously will review opportunities for growth in the Nordics.

## Acquisitions

On 15 January 2020 the acquisition of one property in Trondheim with a total potential lettable area of 2 100 m<sup>2</sup> was successfully completed.

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 m<sup>2</sup> by acquiring 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.

On 5 June 2020 the company acquired a neighboring property of an existing facility in Stavanger with a total potential lettable area of 300 m<sup>2</sup>.

On 2 July 2020 and 10 August 2020 SSG entered into agreements to acquire three properties in Norway in Kongsberg, Hønsfoss and Nordre Follo with a total estimated lettable area of 2 400 m<sup>2</sup>.

On 5 August 2020 the acquisition of one property in Bodø with a total potential lettable area of 1 000 m<sup>2</sup> was completed.

Planning applications for the following buildings have been granted:

- On 7 May 2020 the building permit on Bjørnerudveien 10 in Oslo with an estimated lettable area of 2 500 m<sup>2</sup> was received.
- On 6 June 2020 the building permit on John Aaes vei in Trondheim with an estimated lettable area of 3 100 m<sup>2</sup> was received.
- On 1 July 2020 the building permit on Breivollveien 25B in Oslo with an estimated lettable area of 4 900 m<sup>2</sup> was received.

## 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 seen in the first nine months of 2020 are not included in the risk factors in the Annual Report of 2019. The Group has identified some potential impacts related to the corona-virus on the Group's financial resultants, but the business impact as of September 2020 has been limited. The identified risk factors are as follows;

- The Group expects to see increased risk for bankruptcy in the business segment. 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. 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. Historically changes in customers' circumstances 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 entered into a five-year interest rate swap to secure NOK 150 million of the interest-bearing debt with a fixed rate of 1.08%. In Q2 2020, a five-year interest rate swap 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 the end of 2019 there has been a weakening in the exchange rate 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 30 September 2020, the Group operates 115 facilities across Scandinavia with a total lettable area of 175 000 m<sup>2</sup> and current lettable area of 146 200 m<sup>2</sup>.

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 was further strengthened through the acquisition of Eurobox in 2019.

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 property acquisitions and M&A. 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. The company has had an organic growth rate of opening approximately 10 000 lettable m<sup>2</sup> per year, but plans to open 12 000 -14 000 lettable m<sup>2</sup> in 2021 due to opening of several larger 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 records investment property at fair value, and changes in the economic environment including long-term assumptions could potentially have impact on the financial results, but no such observations are made in the first nine months of 2020. SSG is entering the fourth quarter in 2020 with a solid balance sheet and it is well positioned to leverage on our scalable growth platform, setting the foundation for a great future for the Group.

Oslo, 2 November 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 30 September 2020	Unaudited For the three months ended 30 September 2019	Unaudited For the nine months ended 30 September 2020	Unaudited For the nine months ended 30 September 2019	Audited For the twelve months ended 31 December 2019
Revenue	3	74 950	71 909	217 424	194 569	266 453
Lease expenses	3	1 600	3 952	7 372	10 275	11 813
Property-related expenses	3	9 705	7 292	25 493	20 279	28 975
Salary and other employee benefits	3	9 000	8 913	29 944	28 396	39 566
Depreciation		3 819	3 298	10 748	8 259	12 108
Other operating expenses	3	6 626	8 666	23 647	25 493	34 730
<b>Operating profit before fair value adjustments</b>		<b>44 200</b>	<b>39 788</b>	<b>120 220</b>	<b>101 867</b>	<b>139 261</b>
Change in fair value of freehold investment property	5	3 620	-	9 565	5 073	17 523
Change in fair value of leasehold investment property	5	-16 261	-13 825	-47 513	-40 478	-55 204
<b>Operating profit after fair value adjustments</b>		<b>31 559</b>	<b>25 963</b>	<b>82 272</b>	<b>66 462</b>	<b>101 580</b>
Finance income		124	374	510	657	1 283
Finance expense	7	7 114	7 056	30 881	18 947	27 260
<b>Profit before tax</b>		<b>24 569</b>	<b>19 281</b>	<b>51 901</b>	<b>48 172</b>	<b>75 603</b>
Income tax expense		4 585	3 718	9 522	9 921	13 870
<b>Profit for the period</b>		<b>19 984</b>	<b>15 563</b>	<b>42 379</b>	<b>38 251</b>	<b>61 733</b>
Total comprehensive income for the year attributable to parent company shareholders		19 984	15 563	42 379	38 251	61 733
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-	-
<b>Earnings per share</b>						
Basic (NOK)	4	0.24	0.19	0.50	0.53	0.83
Diluted (NOK)	4	0.24	0.19	0.50	0.53	0.83
<b>Other comprehensive income, net of income tax</b>						
Items that may be reclassified subsequently to profit or loss						
- currency translation difference		148	138	3 267	- 512	- 383
<b>Other comprehensive income for the period, net of income tax</b>		<b>148</b>	<b>138</b>	<b>3 267</b>	<b>- 512</b>	<b>- 383</b>
<b>Total comprehensive income for the period</b>		<b>20 132</b>	<b>15 701</b>	<b>45 646</b>	<b>37 739</b>	<b>61 350</b>
Total comprehensive income for the year attributable to parent company shareholders		20 132	15 701	45 646	37 739	61 350
		-	-	-	-	-

# Self Storage Group

## Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

		Unaudited 30 September 2020	Audited 31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>Note</b>		
Freehold investment property	5	1 249 952	1 074 457
Leasehold investment property	5	547 284	489 062
Property, plant and equipment		119 925	112 595
Goodwill		184 569	184 828
Financial instruments		24 750	24 750
Other intangible assets		1 710	1 839
<b>Total non-current assets</b>		<b>2 128 190</b>	<b>1 887 531</b>
<b>Current assets</b>			
Inventories		1 664	1 617
Trade and other receivables		15 741	15 928
Other current assets		14 170	11 410
Cash and bank deposits		232 539	88 117
<b>Total current assets</b>		<b>264 114</b>	<b>117 072</b>
<b>TOTAL ASSETS</b>		<b>2 392 304</b>	<b>2 004 603</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued share capital	6	8 432	8 261
Share premium		791 594	744 853
Other reserves		3 174	- 93
Retained earnings		294 411	252 032
<b>Total equity</b>		<b>1 097 611</b>	<b>1 005 053</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term interest-bearing debt	7	423 814	239 057
Long-term obligations under finance leases	7	514 491	450 642
Other financial liabilities		6 231	454
Deferred tax liabilities		90 025	91 053
<b>Total non-current liabilities</b>		<b>1 034 561</b>	<b>781 206</b>
<b>Current liabilities</b>			
Short-term interest-bearing debt	7	127 927	103 223
Short-term obligations under finance leases	7	53 235	52 190
Trade and other payables		21 408	7 115
Income tax payable		10 426	9 309
Other taxes and withholdings		6 629	5 276
Other current liabilities		40 507	41 231
<b>Total current liabilities</b>		<b>260 132</b>	<b>218 344</b>
<b>Total liabilities</b>		<b>1 294 693</b>	<b>999 550</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 392 304</b>	<b>2 004 603</b>

# 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
<b>Balance at 1 January 2019</b>	<b>6 573</b>	<b>427 889</b>	<b>290</b>	<b>190 299</b>	<b>625 051</b>
Profit (loss) for the period	-	-	-	38 251	38 251
Other comprehensive income (loss) for the period net of income tax	-	-	- 512	-	- 512
Total comprehensive income for the period	-	-	- 512	38 251	37 739
Issue of ordinary shares, net of transaction costs	1 688	315 980	-	-	317 668
<b>Balance at 30 September 2019 (Unaudited)</b>	<b>8 261</b>	<b>743 869</b>	<b>- 222</b>	<b>228 550</b>	<b>980 458</b>

<b>Balance at 1 January 2020</b>	<b>8 261</b>	<b>744 853</b>	<b>- 93</b>	<b>252 032</b>	<b>1 005 053</b>
Profit (loss) for the period	-	-	-	42 379	42 379
Other comprehensive income (loss) for the period net of income tax	-	-	3 267	-	3 267
Total comprehensive income for the period	-	-	3 267	42 379	45 646
Issue of ordinary shares, net of transaction costs	171	46 741	-	-	46 912
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>8 432</b>	<b>791 594</b>	<b>3 174</b>	<b>294 411</b>	<b>1 097 611</b>

# Self Storage Group

## Condensed consolidated statement of Cash flows

		Unaudited	Unaudited	Unaudited	Unaudited	Audited
(Amounts in NOK 1 000)	Note	For the three months ended 30 September 2020	For the three months ended 30 September 2019	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019	For the year ended 31 December 2019
<b>Cash flow from operating activities</b>						
Profit before tax		24 569	19 281	51 901	48 172	75 603
Income tax paid		- 3 668	-	- 7 460	- 1 446	- 10 720
Interest expense		7 753	6 225	29 666	16 699	24 602
Depreciation		3 819	3 298	10 748	8 259	12 108
Gain/loss on disposal of property, plant and equipment		- 208	-	- 208	-	-
Change in fair value of freehold investment property	5	- 3 620	-	- 9 565	- 5 073	- 17 523
Change in fair value of leasehold investment property	5	16 261	13 825	47 513	40 478	55 204
Change in trade and other receivables		- 523	351	187	- 1 131	- 703
Change in trade and other payables		8 976	- 7 770	14 095	- 7 161	- 5 497
Change in other current assets		3 980	- 1 171	- 2 634	765	6 332
Change in other current liabilities		459	2 301	- 280	10 060	6 107
<b>Net cash flow from operating activities</b>		<b>57 798</b>	<b>36 340</b>	<b>133 963</b>	<b>109 622</b>	<b>145 513</b>
<b>Cash flow from investing activities</b>						
Payments for freehold investment property		- 32 129	- 4 610	- 63 838	- 27 022	- 42 753
Payments for property, plant and equipment		- 7 151	- 4 918	- 16 915	- 20 149	- 28 497
Proceeds from disposal of property, plant and equipment		251	-	251	-	-
Net cash outflow on acquisition of subsidiaries		- 10 652	- 441 774	- 54 573	- 490 130	- 489 962
<b>Net cash flow from investing activities</b>		<b>- 49 681</b>	<b>- 451 302</b>	<b>- 135 075</b>	<b>- 537 301</b>	<b>- 561 212</b>
<b>Cash flow from financing activities</b>						
Net proceeds from issue of equity instruments of the Company	6	-	- 1 236	-	242 668	241 862
Proceeds from borrowings	7	131 000	120 000	311 000	228 000	228 000
Repayment of borrowings	7	- 89 205	- 4 288	- 101 780	- 10 163	- 15 950
Payments of lease liabilities	5	- 15 088	- 14 028	- 41 827	- 34 772	- 47 442
Payments of leases classified as interest	7	- 5 223	- 4 454	- 15 509	- 13 498	- 18 417
Interest paid	7	- 2 210	- 1 720	- 8 139	- 3 403	- 6 148
<b>Net cash flow from financing activities</b>		<b>19 274</b>	<b>94 274</b>	<b>143 745</b>	<b>408 832</b>	<b>381 905</b>
Net change in cash and cash equivalents		27 391	- 320 688	142 633	- 18 847	- 33 794
Cash and cash equivalents at beginning of the period		204 931	423 391	88 117	122 228	122 228
Effect of foreign currency rate changes on cash and cash equivalents		217	182	1 789	- 496	- 317
<b>Cash and equivalents at end of the period</b>		<b>232 539</b>	<b>102 885</b>	<b>232 539</b>	<b>102 885</b>	<b>88 117</b>

## 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 2 November 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.

The Group assess indicators of impairment of property, plant and equipment, intangible assets and financial investments continuously. As of 30 September 2020 no indicators of impairment are identified.



## 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 excluding 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 30 September 2020	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	49 043	20 747	-	-	-	-	69 790
Other income	3 521	221	16 214	31	- 14 827	-	5 160
Lease expenses	- 26 615	- 8 548	-	- 331	14 827	19 067	- 1 600
Other operating costs	- 16 628	- 4 587	- 4 170	- 108	-	162	- 25 331
<b>EBITDA</b>	<b>9 321</b>	<b>7 833</b>	<b>12 044</b>	<b>- 408</b>	<b>-</b>	<b>19 229</b>	<b>48 019</b>
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 819
Change in fair value of freehold investment property							3 620
Change in fair value of leasehold investment property							- 16 261
Finance income							124
Finance expense							- 7 114
<b>Profit before tax</b>							<b>24 569</b>

For the three months ended 30 September 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	47 216	18 984	-	-	-	-	66 200
Other income	3 711	876	13 006	-	- 11 884	-	5 709
Lease expenses	- 21 766	- 8 671	-	- 333	11 146	15 672	- 3 952
Other operating costs	- 17 350	- 5 502	- 1 616	- 1 141	738	-	- 24 871
<b>EBITDA</b>	<b>11 811</b>	<b>5 687</b>	<b>11 390</b>	<b>- 1 474</b>	<b>-</b>	<b>15 672</b>	<b>43 086</b>
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 298
Change in fair value of freehold investment property							-
Change in fair value of leasehold investment property							- 13 825
Finance income							374
Finance expense							- 7 056
<b>Profit before tax</b>							<b>19 281</b>

For the nine months ended 30 September 2020	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	143 429	58 235	-	-	-	-	201 664
Other income	10 215	2 015	47 561	85	- 44 116	-	15 760
Lease expenses	- 78 208	- 26 617	-	- 903	42 701	55 655	- 7 372
Other operating costs*	- 51 008	- 15 897	- 11 454	- 2 302	1 415	162	- 79 084
<b>EBITDA</b>	<b>24 428</b>	<b>17 736</b>	<b>36 107</b>	<b>- 3 120</b>	<b>-</b>	<b>55 817</b>	<b>130 968</b>
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 10 748
Change in fair value of freehold investment property							9 565
Change in fair value of leasehold investment property							- 47 513
Finance income							510
Finance expense							- 30 881
<b>Profit before tax</b>							<b>51 901</b>

For the nine months ended 30 September 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	125 525	53 236	-	-	-	-	178 761
Other income	12 132	2 916	30 956	-	- 30 196	-	15 808
Lease expenses	- 56 602	- 25 930	-	- 864	27 707	45 414	- 10 275
Other operating costs	- 48 505	- 18 032	- 4 206	- 5 914	2 489	-	- 74 168
<b>EBITDA</b>	<b>32 550</b>	<b>12 190</b>	<b>26 750</b>	<b>- 6 778</b>	<b>-</b>	<b>45 414</b>	<b>110 126</b>
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 8 259
Change in fair value of freehold investment property							5 073
Change in fair value of leasehold investment property							- 40 478
Finance income							657
Finance expense							- 18 947
<b>Profit before tax</b>							<b>48 172</b>

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
<b>EBITDA</b>	<b>42 652</b>	<b>16 295</b>	<b>37 278</b>	<b>- 8 538</b>	<b>-</b>	<b>62 886</b>	<b>151 369</b>
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
<b>Profit before tax</b>							<b>75 603</b>

## Note 4 Earnings per share

(Amounts in NOK)

	For the three months ended 30 September 2020	For the three months ended 30 September 2019	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019
Profit (loss) for the period	19 984 000	15 563 000	42 379 000	38 251 000
Weighted average number of outstanding shares during the period (basic)	84 328 584	82 574 877	84 060 013	71 668 984
Weighted average number of outstanding shares during the period (diluted)	84 328 584	82 617 226	84 060 013	71 754 928
Earnings (loss) per share - basic in NOK	0.24	0.19	0.50	0.53
Earnings (loss) per share - diluted in NOK	0.24	0.19	0.50	0.53

See also note 6

## Note 5 Investment property

(Amounts in NOK 1 000)

During the nine months period ended 30 September 2020, the following changes have occurred in the Group's portfolio of investment properties:

	Leasehold investment property	Freehold investment property	Total
<b>Balance as at 31 December 2019</b>	<b>489 062</b>	<b>1 074 457</b>	<b>1 563 519</b>
Value adjustment due to passage of time	- 47 513	-	-47 513
Additions and disposals leasehold investment property in the year	86 774	-	86 774
Company acquired as asset acquisition	-	102 092	102 092
Additions to existing properties	-	63 838	63 838
Fair value adjustments recognised in profit or loss	-	9 565	9 565
Other/translation differences	18 961	-	18 961
<b>Balance as at 30 September 2020</b>	<b>547 284</b>	<b>1 249 952</b>	<b>1 797 236</b>

## Note 6 Changes in shareholders' equity

	Date	Number of shares issued	Total number of shares	Total share capital	Value per share
<b>Ordinary shares at 31 December 2019</b>			<b>82 617 226</b>	<b>8 261 723</b>	<b>0.10</b>
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
<b>Ordinary shares at 30 September 2020</b>			<b>84 328 584</b>	<b>8 432 858</b>	<b>0.10</b>

At the General Meeting in 2020 the Board of Directors was authorised to increase the share capital with up to NOK 4 216 429.20 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 2021.

## 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 30 September 2020.

As at 30 September 2020	Amounts due in		Total
	less than 1 year*	1-5 years	
Debt to financial institutions (NOK, Handelsbanken)	127 927	423 814	551 741
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	-	86 013	86 013
Additions and disposals of other leases in the year	-	- 9	- 9
Repayments of borrowings/Payments of lease	-101 780	-41 827	-143 607
Proceeds from borrowings	311 000	-	311 000
Interests expenses of borrowings	8 380	-	8 380
Interests paid of borrowings	-8 139	-	-8 139
Other/translation differences	-	20 717	20 717
Balance as at 30 September 2020	551 741	567 726	1 119 467

\* Of the debt to financial institutions due in less than 1 year, NOK 99.0 million is planned refinanced in 2021

In the first nine months of 2020 two additional borrowings were drawn up under the existing loan facility and one new loan facility was received. In January 2020 a borrowing agreement amounted to NOK 80 million with the same premises as existing loans were signed, and in May 2020 a borrowing agreement amounted to NOK 100 million with one year due date and slightly higher interest were signed. In July 2020 existing loans amounting to NOK 82.4 million due were refinanced and proceeds from borrowings of a new loan facility amounting to NOK 50 million was received.

In Q1 2020 SSG entered into a five year interest rate swap to secure NOK 150 million of the interest-bearing debt with a fixed rate of 1.08%. In Q2 2020 a five year interest rate swap to secure additionally NOK 150 million of the interest-bearing debt at a fixed rate of 0.79% was entered. There are no margin calls related to the interest rate swaps.

These instruments are recorded at fair value through profit and loss. A loss of NOK 0.2 million for Q3 2020 and a loss of NOK 5.8 million for the first nine months of 2020 related to hedging of interests is included in the finance expense.

## Note 8 Subsequent events

- On 28 October 2020 SSG entered into an agreement to acquire Pindsleveien 8c in Sandefjord with a total estimated lettable area of 1 800 m<sup>2</sup>

# 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 (m<sup>2</sup>) available for customers to rent for self-storage
- Total lettable area: Net area (m<sup>2</sup>) in the portfolio included area not yet lettable to self-storage

## Reconciliation of APMs used in the Interim Report

(Amounts in NOK 1 000)

	30 September 2020	31 December 2019
<b>Interest-bearing debt</b>		
Long-term interest-bearing debt	423 814	239 057
Short-term interest-bearing debt	127 927	103 223
<b>Total interest-bearing debt</b>	<b>551 741</b>	<b>342 280</b>

(Amounts in NOK 1 000)

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Property-related expenses	9 705	7 292	25 493	20 279	28 975
Salary and other employee benefits	9 000	8 913	29 944	28 396	39 566
Other operating expenses	6 626	8 666	23 647	25 493	34 730
<b>Total other operating expenses</b>	<b>25 331</b>	<b>24 871</b>	<b>79 084</b>	<b>74 168</b>	<b>103 271</b>
Operating profit before fair value adjustments	44 200	39 788	120 220	101 867	139 261
EBIT	44 200	39 788	120 220	101 867	139 261
Total adjustments	-	997	1 461	3 986	4 653
Adjusted EBIT	44 200	40 785	121 681	105 853	143 914
Change in fair value of freehold investment property	3 620	-	9 565	5 073	17 523
Change in fair value of leasehold investment property	-16 261	-13 825	-47 513	-40 478	-55 204
Adjusted Profit before tax	24 569	20 278	53 362	52 158	80 256
Tax	4 585	3 910	9 790	10 742	14 724
<b>Adjusted Net profit</b>	<b>19 984</b>	<b>16 368</b>	<b>43 572</b>	<b>41 416</b>	<b>65 532</b>
Operating profit before fair value adjustments	44 200	39 788	120 220	101 867	139 261
Depreciation	3 819	3 298	10 748	8 259	12 108
EBITDA	48 019	43 086	130 968	110 126	151 369
Total adjustments	-	997	1 461	3 986	4 653
<b>Adjusted EBITDA</b>	<b>48 019</b>	<b>44 083</b>	<b>132 429</b>	<b>114 112</b>	<b>156 022</b>
<b>Adjustments</b>					
Acquisition costs	-	997	923	3 986	4 653
Severance packages	-	-	538	-	-
<b>Total adjustments</b>	<b>-</b>	<b>997</b>	<b>1 461</b>	<b>3 986</b>	<b>4 653</b>