

Interim Report Q4 2020

Self Storage Group ASA

 SELF STORAGE
GROUP



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Highlights

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The fourth quarter ended a positive and busy year with solid organic revenue- and EBITDA-growth, development of new facilities and acquisition of new properties. The company experienced limited business impact from COVID-19 in 2020 and has a solid platform for further profitable growth and expansion.

Q4 2020

- All time high revenues of NOK 75.9 million, up from NOK 71.9 million in Q4 2019
- Adjusted EBITDA¹ of NOK 44.7 million, up from NOK 41.9 million in Q4 2019
- Change in fair value of freehold investment property of NOK 83.4 million (NOK 12.5 million)
- All time high adjusted profit before tax of NOK 94.2 million, up from NOK 28.1 million in Q4 2019
- Average occupancy in Q4 2020 for sites with more than 12 months of operation was 85.6% (82.8%) with an average rent per m² of NOK 2 319 per year (NOK 2 375)
- Like-for-like occupancy was 86.9% (82.1%) with average rent per m² of NOK 2 404 (NOK 2 398)

Full year 2020

- All time high revenues of NOK 293.3 million, up from NOK 266.5 million in full year 2019
- All time high adjusted EBITDA¹ of NOK 177.1 million, up from NOK 156.0 million in full year 2019
- All time high adjusted profit before tax of NOK 147.5 million (NOK 80.3 million)
- Total value of freehold investment property of NOK 1 457 million (NOK 1 074 million)
- Loan to value of freehold investment property of 46% as of end December 2020 (32%)
- Cash position of NOK 246.8 million, up from NOK 88.1 million end of December 2019

Subsequent events

- Acquisition of Adamstuen Garasjer AS in Oslo, an investment property with a total estimated lettable area of 8 100 m². SSG, through City Self-Storage, has an existing leasehold agreement on the premises and has currently a lettable area of 4 300 m² (CLA) in operation
- Signed a term-sheet for a bank facility loan with Handelsbanken and Danske Bank. The bank facility refinances the existing bank loans, and gives the Company flexibility for future growth

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(Amounts in NOK million)				
Revenue	75.9	71.9	293.3	266.5
Lease expenses ¹	2.1	1.5	9.4	11.8
Total other operating expenses	29.4	29.1	108.5	103.3
Total adjustments	0.3	0.7	1.7	4.7
Adjusted EBITDA	44.7	41.9	177.1	156.0
Adjusted EBIT	41.0	38.1	162.7	143.9
Change in fair value of freehold investment property	83.4	12.5	92.9	17.5
Change in fair value of leasehold investment property	- 15.5	- 14.7	- 63.0	- 55.2
Net finance ¹	- 14.7	- 7.7	- 45.1	- 26.0
Adjusted Profit before tax	94.2	28.1	147.5	80.3
Adjusted Net Profit	70.8	24.1	114.3	65.5
Current lettable area (in thousands m2)	148.2	137.5	148.2	137.5
Lettable area under development (in thousands m2)	30.4	21.3	30.4	21.3
Number of facilities	116	111	116	111

¹Non-GAAP measures are defined on page 27



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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 December 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 the development in occupancy has been satisfactory since then. Average prices have been impacted by more extensive entry-offer campaigns, but have been stable since June. The current lettable area was increased with 10 700 m² during 2020 as planned.

The value of the freehold portfolio has increased with NOK 382.1 million during 2020. The increase from acquisitions and expansions amounts to NOK 289.1 million and the increase from change in fair value amounts to NOK 92.9 million. All freehold investment properties were appraised during the fourth quarter.

Revenue

Revenue for Q4 2020 was NOK 75.9 million, an increase of NOK 4.0 million from Q4 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 Q4 2020 for sites with more than 12 months of operation was 85.6% (82.8%) with an average rent per m² of NOK 2 319 per year (NOK 2 375).

Rental income from self-storage services was NOK 70.8 million in Q4 2020, an increase of NOK 4.9 million from Q4 2019. Increased self-storage revenue from the CSS-segment amounts to NOK 3.2 million. Increased self-storage revenue from the OKM-segment amounts to NOK 1.7 million. Income from rental of containers amounts to approximately 9.5% of the Groups self-storage revenue.

Other revenue was NOK 5.1 million in Q4 2020, a decrease of NOK 0.9 million compared with Q4 2019. Other revenue consists of revenue from distribution of 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.

NOK 1.6 million of the increased revenue in Q4 2020 compared to Q4 2019 is attributable to the foreign exchange effect of rental income in SEK and DKK.

Revenue for full year 2020 increased by NOK 26.9 million to NOK 293.3 million compared with full year 2019. NOK 272.5 million is income from the rental of self-storage. Income from self-storage increased by NOK 27.8 million compared with full year 2019. The increase is related to organic growth due to opening of new facilities and expansions, increased occupancy and prices for facilities opened the last years, and increased revenue from mature sites with higher average rent per m² than a year earlier. NOK 7.0 million of the increased revenue in full year 2020 compared to full year 2019 is attributable to the foreign exchange effect of rental income in SEK and DKK.



Lease expenses

Lease expenses were NOK 2.1 million in Q4 2020, up from NOK 1.5 million in Q4 2019. The increase relates to some lease reductions in Q4 2019 and CPI adjustment on existing lease contracts, partly offset by two lease contracts renegotiated from short-term to long-term after Q4 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.

For full year 2020 lease expenses were NOK 9.4 million, down from NOK 11.8 million in 2019. The decrease relates to several lease contracts renegotiated from short-term to long-term after 2019, partly offset by CPI adjustment on existing lease contracts and some lease reductions in 2019.

At the end of December 2020, 43% of the current lettable area in SSG is freehold, compared to 36% at the end of December 2019. 29% of current lettable area in the City Self-Storage segment is freehold, while 63% 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 Q4 2020 were NOK 10.6 million, an increase of NOK 1.9 million compared to Q4 2019. The increase in cost is related to properties acquired since Q4 2019, in addition to some maintenance projects. Maintenance is posted as operational cost and is not capitalized.

Property-related expenses for full year 2020 were NOK 36.1 million, an increase of NOK 7.2 million compared to 2019.

Lettable area in SSG has increased with 10 700 m² (8%) since December 2019, and the number of facilities has increased by five to 116 facilities as of end December 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 Q4 2020 were NOK 10.3 million, a decrease of NOK 0.9 million from Q4 2019. Salary and other employee benefits for full year 2020 were NOK 40.2 million, an increase of NOK 0.6 million from 2019.

The number of full time equivalents (FTE) has decreased from 69 FTE in December 2019 to 58 FTE in December 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. In Q4 2020 internal project management costs related to the development projects were capitalized.

Depreciation

Depreciation in Q4 2020 was NOK 3.7 million, a decrease of NOK 0.1 million from Q4 2019. Depreciation for full year 2020 was NOK 14.5 million, an increase of NOK 2.4 million from 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 Q4 2020 other operating expenses were NOK 8.5 million, a decrease of NOK 0.7 million from Q4 2019. There were non-recurring costs of NOK 0.3 million in Q4 2020, compared to non-recurring costs of NOK 0.7 million in Q4 2019. The costs defined as non-recurring were related to acquisition of investment properties. Adjusted for non-recurring costs, other operating expenses in Q4 2020 have decreased by NOK 0.3 million compared with Q4 2019.

Other operating expenses for full year 2020 were NOK 32.1 million, a decrease of NOK 2.6 million from full year 2019. Adjusted for non-recurring costs, other operating expenses for full year 2020 have increased by NOK 0.3 million compared with full year 2019.

The level for other operating expenses has been stable despite the growth of the company, and is expected to remain quite stable going forward when adjusting for costs related to acquisitions. Sales and advertising will however increase as revenue increases, since sales costs are related to online advertising. Sales- and marketing costs constitute 4.1% (3.5%) of the revenue in Q4 2020 and 3.8% (3.1%) for full year 2020. The company outsourced some marketing activities during 2019, which impacts the comparable figures in 2019.

Adjustments

Identified costs not likely to occur in the normal course of business in Self Storage Group are defined as non-recurring costs. 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)	2020	2019	2020	2019
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Acquisition costs	254	667	1 177	4 653
Severance packages	-	-	538	-
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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

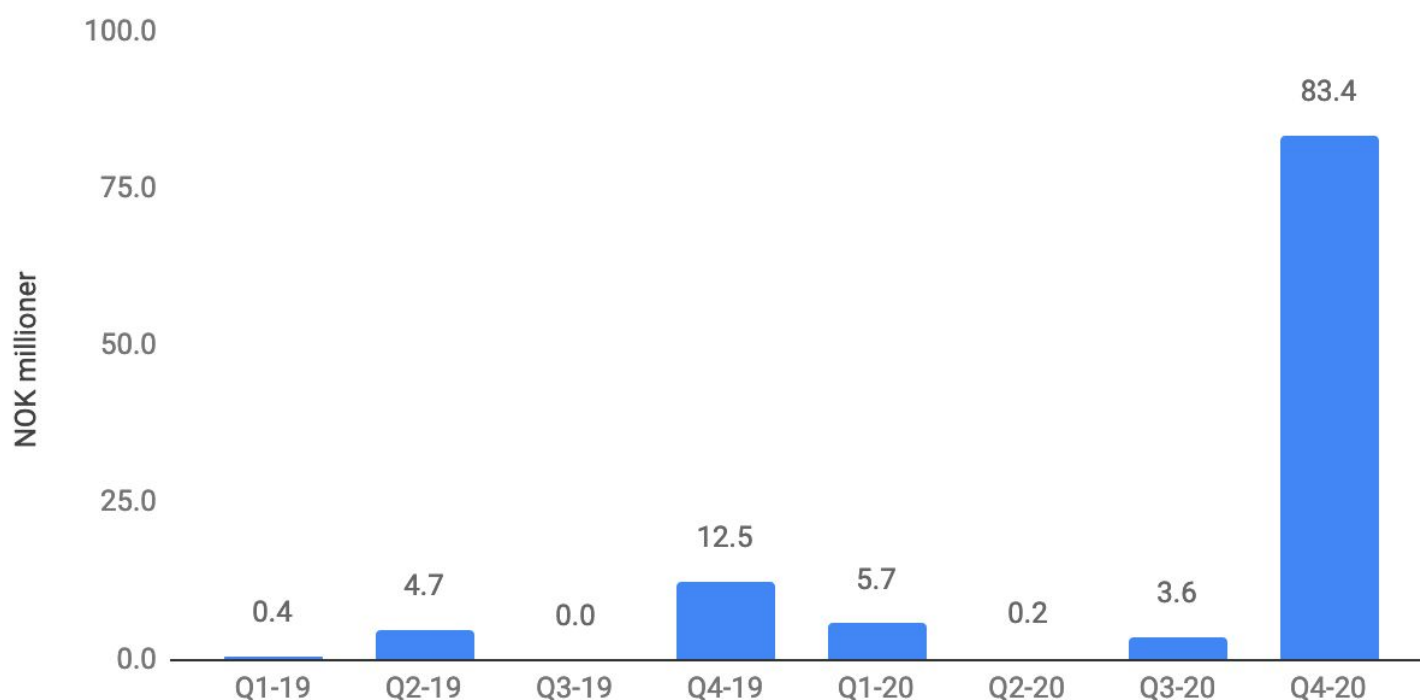


basic principle. Annual CPI-adjustment of the leases and changes in areas with lease-agreements will impact the fair value.

In Q4 2020 the change in fair value of freehold investment property recognised in P&L was NOK 83.4 million, compared to the change in fair value of freehold investment property recognised in P&L in Q4 2019 of NOK 12.5 million. All freehold properties were appraised during the fourth quarter. In addition to the impact of annual CPI-adjustment of internal leases, the increase is mainly related to some of the development properties.

In full year 2020 the change in fair value of freehold investment property recognised in P&L was NOK 92.9 million, compared to NOK 17.5 million in full year 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 is related to IFRS 16 and value adjustment due to passage of time of recognised leases. Change in fair value of leasehold investment property recognised in P&L in Q4 2020 was NOK -15.5 million, compared to NOK -14.7 million recognised in P&L in Q4 2019. The increase relates to two lease contracts renegotiated from short-term to long-term after Q4 2019, some lease reductions in Q4 2019, changes in exchange rate and CPI adjustment on existing lease contracts.

Change in fair value of leasehold investment property recognised in P&L in full year 2020 was NOK -63.0 million, compared to NOK -55.2 million recognised in P&L in full year 2019. The increase relates to several lease contracts renegotiated from short-term to long-term after 2019, some lease reductions in 2019, changes in exchange rate and CPI adjustment on existing lease contracts.

Fair value of freehold investment property was NOK 1 457 million and fair value of leasehold investment property was NOK 515.2 million at 31 December 2020. Fair value of freehold investment property at 31

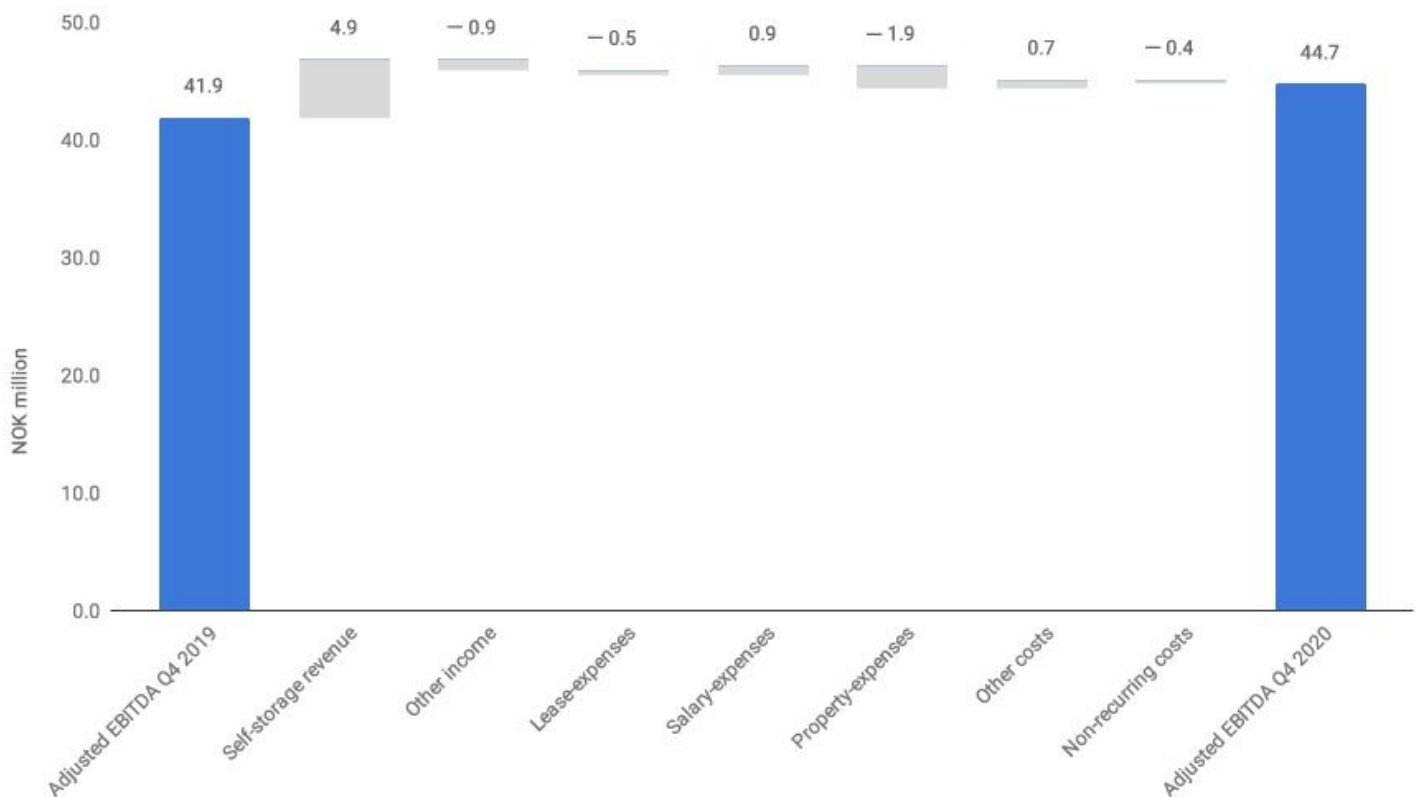


December 2019 was NOK 1 075 million, while the fair value of leasehold investment property was NOK 489.1 million.

EBITDA and profit before tax

EBITDA in Q4 2020 was NOK 44.5 million, an increase of NOK 3.2 million since Q4 2019. There were non-recurring costs of NOK 0.3 million in Q4 2020, compared to NOK 0.7 million in Q4 2019. The increase in EBITDA adjusted for non-recurring costs in Q4 2019 was NOK 2.8 million. There is a positive currency-effect in Q4 2020 compared to Q4 2019 for revenue, but the positive effect is offset by a negative currency-effect on expenses. The currency-effect on EBITDA amounts to NOK 0.2 million for Q4 2020 compared to Q4 2019. The financial development in Q4 2020 had an adjusted EBITDA-growth of 7% compared with Q4 2019.

Adjusted EBITDA for Q4 2019 vs Q4 2020 is visualised below.



Adjusted EBITDA for full year 2020 was NOK 177.1 million, up from NOK 156.0 million for full year 2019. The currency-effect on EBITDA amounts to NOK 1.1 million for full year 2020 compared to full year 2019. The adjusted EBITDA-growth was solid with an adjusted EBITDA-growth of 14 % compared with full year 2019.

Net finance amounted to NOK -14.7 million in Q4 2020, a decrease of NOK 7.0 million compared to Q4 2019. The decrease is related to increased financial expenses of NOK 8.5 million partly offset by increased financial income of NOK 1.5 million. Financial expenses are impacted by the weakness in NOK on lease liabilities in SEK and DKK of NOK -12.5 million. This is offset by the weakness in NOK on the assets leasehold and freehold investment properties in Sweden and Denmark impacting other comprehensive income with NOK 12.4 million. The remaining part of the development in financial expenses is related to increased interest under



IFRS 16, interest paid on bank loans and other financial expenses. The increase in financial expenses is partly offset by a gain of NOK 4.5 million related to hedging of interests.

Net finance for full year 2020 amounted to NOK -45.1 million, a decrease of NOK 19.1 million compared to full year 2019. Financial expenses are impacted by the weakness in NOK on lease liabilities in SEK and DKK of NOK -12.5 million. This is offset by the weakness in NOK on the assets leasehold and freehold investment properties in Sweden and Denmark impacting other comprehensive income with NOK 12.4 million. The remaining part of the increase in financial expenses is attributable to a loss of NOK -1.3 million related to hedging of interests, increased interest under IFRS 16 of NOK -2.2 million and increased interest paid on bank loans of NOK 4.4 million. Financial income increased by NOK 1.3 million in the periode.

Profit before tax in Q4 2020 was NOK 93.9 million, an increase of NOK 66.5 million from Q4 2019.

Profit before tax for full year 2020 was NOK 145.8 million, an increase of NOK 70.2 million from full year 2019.

Statement of financial position

Total assets were NOK 2 582 million as of 31 December 2020, compared to NOK 2 005 million at 31 December 2019, an increase of NOK 577.8 million. Freehold investment property has increased with NOK 382.1 million from 31 December 2019 to NOK 1 457 million as of 31 December 2020. This is mainly due to the acquisition of nine properties during 2020, several development projects and significant conversion projects. Leasehold investment property was NOK 515.2 million at 31 December 2020, an increase of NOK 26.2 million from 31 December 2019. The increase is mainly related to two options assessed reasonably certain to exercise and several renegotiated leasehold contracts from short-term till long-term in 2020, 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 during 2020 due to passage of time. All freehold properties were appraised during the fourth quarter. r

Cash and bank deposits have increased with NOK 158.7 million to NOK 246.8 million at the end of December 2020 from December 2019. The change is attributable to four borrowings drawn up in 2020 amounted to a total of NOK 441.0 million, repayments of loans amounted to NOK 110.2 million and net cash outflow on acquisition of investment property 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 debt¹ amounts to NOK 673.1 million at the end of December 2020, an increase of NOK 330.8 million from December 2019. Loan to value¹ of freehold investment property is 46% as of end December 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 first quarter of 2021. As of 31 December 2020, the Group is not in breach of any of the covenants, and does not expect any breaches the next 12 months.

At the end of December 2020 cash less interest-bearing debt was negative with NOK 426.3 million. The interest-bearing debt is used for investments in freehold facilities, expansion of lettable area and development of the Group.

¹Non-GAAP measures are defined on page 27



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

Total equity at the end of December 2020 was NOK 1 178 million, an increase of NOK 172.8 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 December 2020 was NOK 537.1 million, an increase of NOK 34.3 million compared to the end of December 2019. The increase is related to two options assessed reasonably certain to exercise and several renegotiated leasehold contracts from short-term till long-term in 2020, in addition to currency differences on leasehold investment property in Denmark and Sweden. The increase is partly offset by lease payments in 2020 due to passage of time. The equity ratio decreased to 46% at the end of December 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 Q4 2020 was NOK 42.6 million, compared to NOK 35.9 million during Q4 2019. The increase in net cash flow from operating activities for the fourth 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 full year 2020 was NOK 176.6 million, compared to NOK 145.5 million a year earlier. Income tax paid was NOK 7.5 million for the full year 2020, a decrease of NOK 3.3 million from a year earlier. The increase in net cash flow from operating activities for the full year 2020 is related to increased revenue, relatively stable costs and high focus on working capital.

Net cash flow from investing activities during Q4 2020 was NOK -128.7 million compared to NOK -23.9 million at the end of Q4 2019. Net cash flow from investing activities for the full year 2020 was NOK -263.8 million compared to NOK -561.2 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 100.8 million at the end of Q4 2020, compared to NOK -26.9 million at the end of Q4 2019. Net cash flow from financial activities was affected by additional borrowing drawn up on a new loan facility amounted to NOK 130 million and repayment of loan amounted to NOK 8.4 million in Q4 2020. Net payment of lease liabilities and payments of lease classified as interests amounted to NOK -18.4 million in Q4 2020 compared to -17.6 million in Q4 2019. Net cash flow from financing activities for the full year 2020 was NOK 244.5 million, compared to NOK 381.9 million a year earlier.

SSG's cash balance at the end of December 2020 was NOK 246.8 million.





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.

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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.

Subsequent to the year-end 2020, SSG signed a term-sheet for a bank facility loan with Handelsbanken and Danske Bank. The bank facility refinances the existing bank loans, and gives the Company flexibility for future growth.



Acquisitions

On 15 January 2020, the acquisition of one property in Trondheim with a total potential lettable area of 2 100 m² 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 m² 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 m².

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 m².

On 5 August 2020, the acquisition of one property in Bodø with a total potential lettable area of 1 000 m² was completed.

On 4 November 2020, the acquisition of one property in Sandefjord with a total potential lettable area of 1 800 m² was completed.

On 23 November 2020, the acquisition of one property in Haugesund with a total potential lettable area of 950 m² was completed.

On 1 December 2020, the acquisition of two existing leasehold properties was completed, one at Hvidovre in Copenhagen with a total potential lettable area of 2 600 m² and one at Lillestrøm close to Oslo with a potential lettable area of 930 m². The same date the acquisition of the property in Kongsberg with a total potential lettable area of 550 m² was successfully completed.

On 8 December 2020, SSG entered into agreement to acquire one property in Sandnes with a total potential lettable area of 1 300 m².

Subsequent to the year-end 2020, the acquisition of one property in Sandnes with a total potential lettable area of 1 300 m² was successfully completed 4 January 2021. On 21 January 2021, SSG entered into an agreement to acquire Adamstuen Garasjer AS in Oslo, an investment property with a total estimated lettable area of 8 100 m². SSG, through City Self-Storage, has an existing leasehold agreement on the premises and has currently a lettable area of 4 300 m² (CLA) in operation

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 m² was received.

On 6 June 2020 the building permit on John Aaes vei in Trondheim with an estimated lettable area of 3 100 m² was received.

On 1 July 2020 the building permit on Breivollveien 25B in Oslo with an estimated lettable area of 4 900 m² was received.



6 Risk 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 full year 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 December 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.

6 Self-storage

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 December 2020, the Group operates 116 facilities across Scandinavia with a total lettable area of 178 600 m² and current lettable area of 148 200 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. SSG is also exploring the opportunities to grow the freehold portfolio through the acquisition of existing leasehold interests, a strategy which has been executed on two properties in 2020.



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 m² per year, but plans to accelerate growth by opening 12 000 -14 000 lettable m² during 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 full year 2020. SSG is entering 2021 with a solid financial position and it is well positioned to leverage on our scalable growth platform, setting the foundation for a great future for the Group.

Oslo, 15 February 2021
Board of Directors, Self Storage Group ASA



Self Storage Group

Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

		Unaudited	Audited
		31.12.2020	31.12.19
Assets			
Non-current assets			
Freehold investment property	5	1 456 522	1 074 457
Leasehold investment property	5,8	515 227	489 062
Property, plant and equipment	8	122 477	112 595
Goodwill		184 628	184 828
Financial instruments		-	24 750
Other intangible assets		1 626	1 839
Non-current assets			
Current assets			
Inventories		1 611	1 617
Trade and other receivables		15 629	15 928
Financial instruments		24 750	-
Other current assets		13 162	11 410
Cash and bank deposits		246 804	88 117
Current assets			
Assets			
Equity and liabilities			
Equity			
Issued share capital	6	8 432	8 261
Share premium		791 594	744 853
Other reserves		12 839	- 93
Retained earnings		365 000	252 032
Equity			
Liabilities			
Non-current liabilities			
Long-term interest-bearing debt	7	519 429	239 057
Long-term obligations under finance leases	7,8	487 887	450 642
Other financial liabilities		2 018	454
Deferred tax liabilities		114 624	91 053
Non-current liabilities			
Current liabilities			
Short-term interest-bearing debt	7	153 699	103 223
Short-term obligations under finance leases	7,8	49 216	52 190
Trade and other payables		15 777	7 115
Income tax payable		11 994	9 309
Other taxes and withholdings		5 862	5 276
Other current liabilities		44 065	41 231
Current liabilities			
Liabilities			
Equity and liabilities			



Self Storage Group

Condensed consolidated statement of Changes in Equity

(Amounts in NOK 1 000)

	2020	2019	2020	2019
Profit (loss) for the period	-	-	-	61 733
Other comprehensive income (loss) for the period net of income tax	-	-	- 383	-
Total comprehensive income for the period	-	-	- 383	61 733
Issue of ordinary shares, net of transaction costs	1 688	316 964	-	-
Profit (loss) for the period	-	-	-	112 968
Other comprehensive income (loss) for the period net of income tax	-	-	12 932	-
Total comprehensive income for the period	-	-	12 932	112 968
Issue of ordinary shares, net of transaction costs	171	46 741	-	-



Self Storage Group

Condensed consolidated statement of Cash flows

(Amounts in NOK 1 000)		Unaudited	Unaudited	Unaudited	Audited
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Profit before tax		93 918	27 431	145 821	75 603
Income tax paid		-	-9 274	-7 460	-10 720
Interest expense		14 727	7 903	44 393	24 602
Depreciation		3 728	3 849	14 476	12 108
Gain/loss on disposal of property, plant and equipment		-	-	-208	-
Change in fair value of freehold investment property	5	-83 364	-12 451	-92 929	-17 523
Change in fair value of leasehold investment property	5,8	15 497	14 726	63 010	55 204
Change in trade and other receivables		112	428	299	-703
Change in trade and other payables		-5 633	1 664	8 462	-5 497
Change in other current assets		1 299	5 567	-1 335	6 332
Change in other current liabilities		2 309	-3 952	2 029	6 107
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Payments for freehold investment property		-100 685	-15 731	-164 523	-42 753
Payments for property, plant and equipment		-6 385	-8 348	-23 300	-28 497
Proceeds from disposal of property, plant and equipment		-	-	251	-
Net cash outflow on acquisition of subsidiaries		-21 629	168	-76 202	-489 962
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Net proceeds from issue of equity instruments of the Company	6	-	-806	-	241 862
Proceeds from borrowings	7	130 000	-	441 000	228 000
Repayment of borrowings	7	-8 378	-5 787	-110 158	-15 950
Payments of lease liabilities	7,8	-13 242	-12 670	-55 069	-47 442
Payments of interest on lease liabilities	7,8	-5 157	-4 919	-20 666	-18 417
Interest paid	7	-2 433	-2 745	-10 572	-6 148
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Net change in cash and cash equivalents		14 684	-14 947	157 319	-33 794
Cash and cash equivalents at beginning of the period		232 539	102 885	88 117	122 228
Effect of foreign currency rate changes on cash and cash equivalents		-419	179	1 368	-317
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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 15 February 2021.

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 31 December 2020 no indicators of impairment are identified.



Note 4 Earnings per share

(Amounts in NOK)

	1st quarter 2020	2nd quarter 2020	3rd quarter 2020	4th quarter 2020
Profit (loss) for the period	70 587 000	23 482 000	112 968 000	61 733 000
Weighted average number of outstanding shares during the period (basic)	84 328 584	82 617 226	84 127 523	74 436 122
Weighted average number of outstanding shares during the period (diluted)	84 328 584	82 617 226	84 127 523	74 500 344
Earnings (loss) per share - basic in NOK	0.84	0.28	1.34	0.83
Earnings (loss) per share - diluted in NOK	0.84	0.28	1.34	0.83

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Note 5 Investment property

(Amounts in NOK 1 000)

During the full year 2020, the following changes have occurred in the Group's portfolio of investment properties:

	1st quarter 2020	2nd quarter 2020	3rd quarter 2020	4th quarter 2020
Value adjustment due to passage of time	- 63 010	-	-	- 63 010
Additions and disposals leasehold investment property in the year	76 302	-	-	76 302
Asset acquisition in Property segment	-	51 188	-	51 188
Company acquired as asset acquisition	-	124 613	-	124 613
Additions to existing properties	-	113 335	-	113 335
Fair value adjustments recognised in profit or loss	-	92 929	-	92 929
Other/translation differences	12 873	-	-	12 873

Investment property is measured at fair value. Gains and losses arising from a change in the fair value of investment property are included in profit or loss in the period in which they arise. The Company's valuation process is based on valuations performed by an independent external party, supplemented by internal analysis and assessments. The valuations are reviewed on a quarterly basis.

Properties are valued by discounting future cash flows. Both contractual and expected future cash flows are included in the calculations. Fair value assessments depend largely on assumptions related to market rent, discount rates and inflation. Market rent is based on individual assessments for each property.

All freehold properties were appraised during the fourth quarter. In addition to the impact of annual CPI-adjustment of internal leases, the increase is mainly related to some of the development properties.



Note 6 Changes in shareholders' equity

		Balance at 1 January 2020	Change during the period	Balance at 31 December 2020	Balance at 1 January 2020
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

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 31 December 2020.

Description	31 December 2020		
	Carrying amount	Amortized cost	Fair value
Debt to financial institutions (NOK, Handelsbanken)	153 699	519 429	673 128
Leasehold investment property			
Additions and disposals of leasehold investment property in the year	-	77 436	77 436
Additions and disposals of other leases in the year	-	161	161
Repayments of borrowings/Payments of lease	-110 158	-55 069	-165 227
Proceeds from borrowings	441 000	-	441 000
Interests expenses of borrowings	10 578	-	10 578
Interests paid of borrowings	-10 572	-	-10 572
Other/translation differences	-	11 743	11 743

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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 July 2020 and NOK 130 million was received in November 2020.

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 gain of NOK 4.2 million for Q4 2020 and a loss of NOK 1.6 million for the full year 2020 related to hedging of interests is included in the finance expense.

Note 8 Leases

The Group as a lessee leases certain leasehold properties that are classified as leasehold investment property. These leases have lease terms between 3 months and 20 years. The Group applies the short-term lease recognition exemptions for leases with lease terms below one year. Leased properties classified as leasehold investment property are used to provide self-storage services to customers throughout Norway, Sweden and Denmark.

The Group has a lease contract for use of office space, with a lease term of five years. The Group has the option to lease the assets for an additional term of three years. The lease is classified as property, plant and equipment. Property, plant and equipment also include leased trailers and containers with average lease terms of three years. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

(Amounts in NOK 1 000)

8. Leases	2020	2019	2018
Additions and disposals of leases for leasehold investment property in the year	77 436	76 302	-
Additions and disposals of other leases in the year	161	-	211
Payments of lease	-55 069	-	-
Change in fair value of leasehold investment properties	-	-63 010	-
Depreciation	-	-	-1 304
Other/translation differences	11 743	12 873	-

5. Expenses relating to short-term leases	2020
Expenses relating to short-term leases (included in lease expenses)	-9 432
Change in fair value of leasehold properties	-63 010
Depreciation expense of leased assets classified as property, plant and equipment	-1 304
Interest expense on lease liabilities (included in finance expenses)	-20 666



The Group experienced limited business impact from COVID-19 in 2020 and has no indications of impairment on leased assets. The Group had no reduced lease payment due to COVID-19 in 2020.

In Q4 2020 an agreement to acquire the leasehold property at Hvidovre in Copenhagen was made and the purchase agreement was included in the value of leasehold investment property. On 1 December 2020 the agreement was completed.

Total cash outflows for leases of NOK 75.7 million in 2020.

The Group has certain lease contracts related to leasehold investment property that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see note 4 in the Annual Report for 2019). Two options to extend not yet committed to are included in the balance sheet in 2020 when they are assessed reasonably certain to be exercised. Options to extend not yet committed amounts to NOK 54.3 million as of 31 December 2019, with periods ranging between one and ten years.

The Group has not committed to any future leases as of 31 December 2020.

Note 9 Subsequent events

On 4 January 2021, the acquisition of one property in Sandnes with a total potential lettable area of 1 300 m² was successfully completed

On 21 January 2021, SSG entered into an agreement to acquire Adamstuen Garasjer AS in Oslo, an investment property with a total estimated lettable area of 8 100 m². SSG, through City Self-Storage, has an existing leasehold agreement on the premises and has currently a lettable area of 4 300 m² (CLA) in operation

On 21 January 2021, SSG signed a term-sheet for a bank facility loan with Handelsbanken and Danske Bank. The bank facility refinances the existing bank loans, and gives the Company flexibility for future growth



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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

Loan to value: Interest bearing debt / freehold investment property

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 tax: Tax expense +/- tax on adjustments

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)

	2020	2019
Long-term interest-bearing debt	519 429	239 057
Short-term interest-bearing debt	153 699	103 223
Adjusted debt		

(Amounts in NOK 1 000)

	2020	2019	2020	2019
Property-related expenses	10 642	8 696	36 135	28 975
Salary and other employee benefits	10 266	11 169	40 209	39 566
Other operating expenses	8 491	9 239	32 138	34 730
Adjusted operating expenses				
Operating profit before fair value adjustments	40 737	37 393	160 958	139 261
EBIT	40 737	37 393	160 958	139 261
Total adjustments	254	667	1 715	4 653
Adjusted EBIT	40 991	38 060	162 673	143 914
Change in fair value of freehold investment property	83 364	12 451	92 929	17 523
Change in fair value of leasehold investment property	-15 497	-14 726	-63 010	-55 204
Adjusted Profit before tax	94 172	28 098	147 536	80 256
Adjusted tax	23 394	4 045	33 239	14 724
Adjusted profit				
Operating profit before fair value adjustments	40 737	37 393	160 958	139 261
Depreciation	3 728	3 849	14 476	12 108
EBITDA	44 465	41 242	175 434	151 369
Total adjustments	254	667	1 715	4 653
Adjusted EBITDA				
Acquisition costs	254	667	1 177	4 653
Severance packages	-	-	538	-
Adjusted EBITDA				

