

Interim Report Q2 2021

Self Storage Group ASA



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Highlights

The second quarter and first half year 2021 showed solid organic revenue- and EBITDA-growth, in addition to the acquisition of Dit Pulterkammer on 14 April 2021, development of facilities and the acquisition of new properties. There is a strong demand for SSG's services and the company has a solid platform for further profitable growth and expansion.

Q2 2021

- All time high revenues of NOK 85.9 million, up 20% from NOK 71.7 million in Q2 2020
- All time high adjusted EBITDA¹ of NOK 54.5 million, up 27% from NOK 42.9 million in Q2 2020
- Adjusted profit before tax¹ of NOK 21.0 million, up 119% from NOK 9.6 million in Q2 2020
- Average occupancy for sites with more than 12 months of operation was 89.2% (82.3%) with an average rent per m² of NOK 2 264 per year (NOK 2 349)

First half year 2021

- All time high revenues of NOK 162.6 million, up 14% from NOK 142.5 million in the first half year 2020
- All time high adjusted EBITDA¹ of NOK 99.6 million, up 18% from NOK 84.4 million in the first half year 2020
- Adjusted profit before tax¹ of NOK 75.2 million, up 161% from NOK 28.8 million in the first half year 2020
- Acquisition of Dit Pulterkammer Holding A/S, a Danish regional self-storage operator with five facilities with a current lettable area of approximately 9 400 m², and acquisition of four properties in Norway
- Total value of freehold investment property of NOK 1 990 million as of June 2021, up from NOK 1 457 million end of December 2020

Key Figures¹

(Amounts in NOK million)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Revenue	85.9	71.7	162.6	142.5	293.3
Lease expenses	- 2.9	- 2.8	- 5.2	- 5.8	- 9.4
Total other operating expenses	- 30.8	- 25.9	- 61.2	- 53.8	- 108.5
Total adjustments	2.3	-	3.4	1.5	1.7
Adjusted EBITDA	54.5	42.9	99.6	84.4	177.1
Adjusted EBIT	50.0	39.1	91.9	77.5	162.7
Change in fair value of freehold investment property	- 0.4	0.2	15.9	5.9	92.9
Change in fair value of leasehold investment property	- 12.5	- 15.8	- 22.0	- 31.3	- 63.0
Net finance	- 16.0	- 13.9	- 10.6	- 23.4	- 45.1
Adjusted Profit before tax	21.0	9.6	75.2	28.8	147.5
Adjusted Net Profit	15.5	7.9	60.3	23.6	114.3
Current lettable area (in thousands m ²)	163.3	142.1	163.3	142.1	148.2
Lettable area under development (in thousands m ²)	36.7	29.7	36.7	29.7	30.4
Number of facilities	124	113	124	113	116

¹Non-GAAP measures are defined on page 33

Financial development

Self Storage Group implemented measures to safeguard customers and employees following the COVID-19 outbreak, but all self-storage facilities have been open as usual for both existing and new customers during the pandemic. 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 June 2021. Demand is strong and occupancy has been all time high in the second quarter of 2021. Average prices are impacted by entry-offer campaigns, as filling up capacity is prioritized. Current lettable area increased by 15 100 m² during the first half year of 2021 and consisted of 5 700 m² from organic growth and 9 400 m² from the acquisition of Dit Pulterkammer which was closed on 14 April 2021. The Group plans to open between 12 000 and 14 000 m² organically during 2021.

The value of the freehold portfolio has increased by NOK 533.3 million in the first half year of 2021. The increase from business combinations, acquisitions and expansions amounts to NOK 517.3 million, the increase from change in fair value amounts to NOK 15.9 million and the increase from positive currency differences amounts to NOK 0.1 million.

Revenue

Revenue for Q2 2021 was NOK 85.9 million, an increase of NOK 14.3 million from Q2 2020.

Rental income from self-storage services was NOK 78.9 million in Q2 2021, an increase of NOK 12.4 million from Q2 2020. NOK 8.3 million of the increase is related to growth in lettable area through opening of new facilities and expansions, and growth in occupancy for facilities opened in recent years. Average occupancy in Q2 2021 for sites with more than 12 months of operation was 89.2% (82.3%) with an average rent per m² of NOK 2 264 per year (NOK 2 349). The remainder of the increase (NOK 4.1 million) is related to new self-storage revenue from Dit Pulterkammer, which is consolidated with SSG from 14 April 2021. Dit Pulterkammer is reported as part of the CSS-segment. Increased self-storage revenue from the CSS-segment amounts to NOK 9.2 million while increased self-storage revenue from the OKM-segment amounts to NOK 3.2 million compared to Q2 2020. Income from rental of containers amounts to approximately 9.0% of the Group's self-storage revenue.

Other revenue was NOK 7.0 million in Q2 2021, an increase of NOK 1.9 million compared with Q2 2020. NOK 0.5 million of the increase in other revenue is related to Dit Pulterkammer. Other revenue consists of revenue from distribution of insurance, ancillary services, rental income from segments other than self-storage and other income. The income from office tenants fluctuates due to contracts expiring and office-space being converted to self-storage. There is a non-recurring revenue of NOK 0.5 million related to the release of a liability from a historical acquisition included in Other revenue in Q2 2021.

There is a negative foreign exchange effect attributable to rental income in SEK and DKK of NOK 1.9 million when comparing Q2 2021 and Q2 2020.

Revenue for the first half year of 2021 was NOK 162.6 million, an increase of NOK 20.1 million from the first half year of 2020. Rental income from self-storage services increased with NOK 18.6 million including NOK 4.1 million in self-storage revenue from Dit Pulterkammer for the period 14 April 2021 to 30 June 2021. Other revenue increased with NOK 1.5 million including NOK 0.5 million related to the release of a liability from a historical acquisition included in Other revenue in Q2 2021.

Lease expenses

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. Lease expenses were NOK 2.9 million in Q2 2021, up from NOK 2.8 million in Q2 2020. Lease expenses were NOK 5.2 million in the first half year of 2021, down from NOK 5.8 million in the first half year of 2020. The decrease is mainly related to higher short-term lease expenses in the first half year of 2020 compared to the first half year of 2021 due to changes in lease contracts. The short-term leases will change if long-term contracts expire and are renegotiated to short-term contracts, if new short-term contracts are signed, or if short-term contracts are renegotiated to long-term contracts.

At the end of June 2021, 50% of the current lettable area in SSG is freehold, compared to 38% at the end of June 2020. 41% of current lettable area in the City Self-Storage segment is freehold, while 65% 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. All maintenance is recorded as operational cost and is not capitalized.

Property-related expenses in Q2 2021 were NOK 8.5 million, an increase of NOK 0.7 million compared to Q2 2020. NOK 0.6 million of the increase in cost is related to Dit Pulterkammer. Property-related expenses in the first half year of 2021 were NOK 19.6 million, an increase of NOK 3.8 million compared to the first half year of 2020. The increase is mainly related to higher electricity costs in the winter-months than last year and planned maintenance.

Lettable area in SSG has increased by 21 200 m² (14.9%) since June 2020, and the number of facilities has increased by 11 to 124 facilities by end June 2021.

Salary and other employee benefits

Salary and other employee benefits in Q2 2021 were NOK 10.5 million, an increase of NOK 0.6 million from Q2 2020. Salary and other employee benefits in the first half of 2021 were NOK 21.3 million, an increase of NOK 0.4 million from the first half of 2020. Salary and other employee benefits related to Dit Pulterkammer for the period 14 April 2021 to 30 June 2021 constitute NOK 0.8 million.

There were no non-recurring costs related to salary and other employee benefits in the first half year of 2021, but in the first half year of 2020 there were no-recurring costs related to restructuring of NOK 0.5 million. During the first half year 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 insource the services from external partners. The reduced number of employees had limited impact on the salary costs, since most of the salary costs for construction workers who had been working in the establishment of new facilities were capitalized and not expensed under salary and other employee benefits. Internal project management costs related to the development projects are capitalized.

The number of full time equivalents (FTE) as of June 2021 is 63 FTE, and has increased by seven FTE since June 2020 including 4.5 FTE following the acquisition of Dit Pulterkammer.

Depreciation

Depreciation in Q2 2021 was NOK 4.5 million, an increase of NOK 0.6 million from Q2 2020. Depreciation in the first half year of 2021 was NOK 7.7 million, an increase of NOK 0.8 million from the first half year of 2020. Depreciation related to Dit Pulterkammer for the period 14 April 2021 to 30 June 2021 constitutes NOK 0.6 million of the increase. 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, sales and advertising, and other administrative expenses.

In Q2 2021 other operating expenses amounted to NOK 11.8 million, an increase of NOK 3.5 million from Q2 2020. There were non-recurring costs of NOK 2.8 million in Q2 2021 related to acquisition costs, compared to no non-recurring costs in Q2 2020. Adjusted for non-recurring costs, other operating expenses in Q2 2021 increased by NOK 0.8 million compared with Q2 2020. Other operating expenses related to Dit Pulterkammer for the period 14 April 2021 to 30 June 2021 constitutes NOK 0.6 million of the increase.

In the first half year of 2021 other operating expenses amounted to NOK 20.3 million, an increase of NOK 3.3 million from the first half year 2020. There were non-recurring costs of NOK 3.9 million in the first half year of 2021 impacting other operating expenses, compared to NOK 0.9 million in non-recurring costs the first half year of 2020. Adjusted for non-recurring acquisition costs, other operating expenses in the first half year of 2021 decreased by NOK 0.3 million compared with the first half year of 2020.

The level of 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 4.0% (3.8%) of the revenue in Q2 2021. The increase is mainly driven by increased ad spending on online search engines.

Adjustments

Identified items not likely to occur in the normal course of business in Self Storage Group are defined as non-recurring revenue or non-recurring costs. The exclusion of non-recurring items is useful to Self Storage Group as it provides a measure for assessing underlying operating performance.

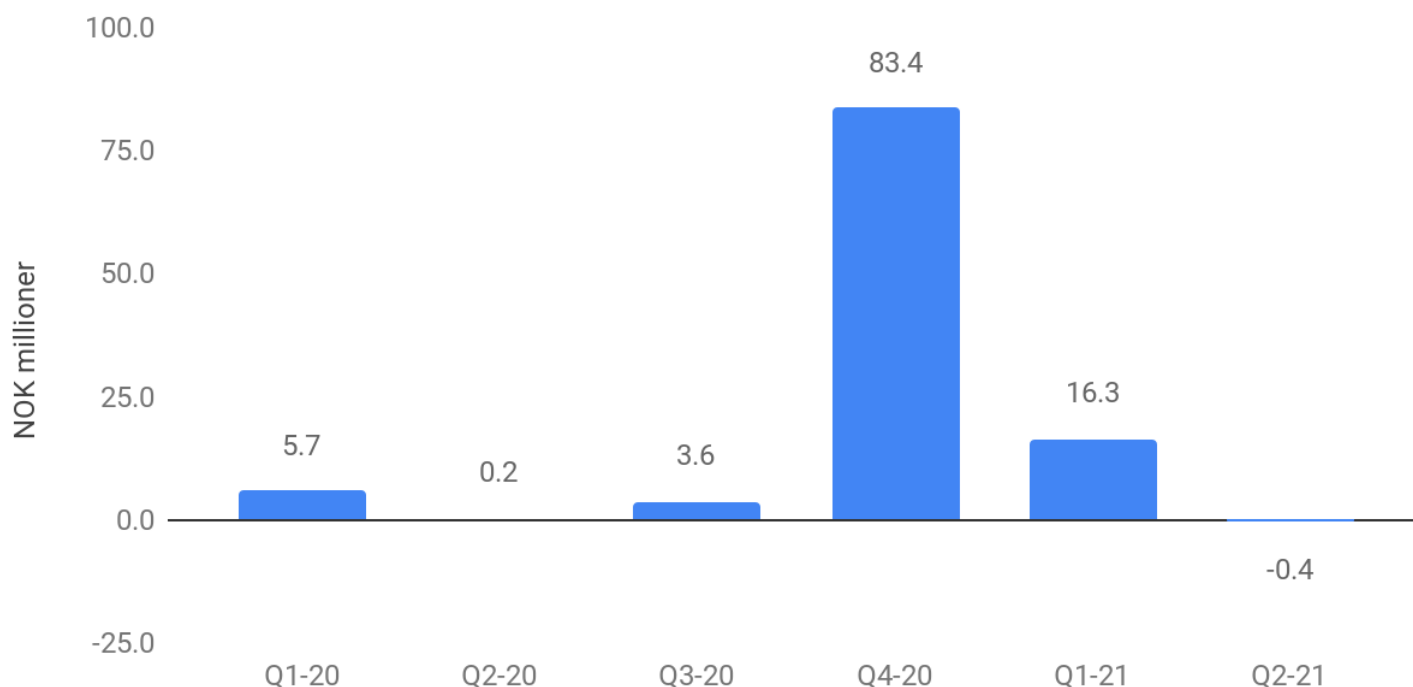
(NOK 1 000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Adjustments					
Revenue: release of historical liability	507	-	507	-	-
Other operating expenses: acquisition costs	-2 766	-	-3 923	- 923	-1 177
Salary and other employee benefits: severance packages	-	-	-	- 538	- 538
Total adjustments	-2 259	-	-3 416	-1 461	-1 715

Change in fair value of investment property

The fair value of freehold investment property is based on independent valuations, with intra group lease contracts at market terms as a basic principle. Annual CPI-adjustment of the leases and changes in areas with lease-agreements will impact the fair value.

In Q2 2021 the change in fair value of freehold investment property recognised in P&L was NOK -0.4 million, compared to the change in fair value in Q2 2020 of NOK 0.2 million. The change in fair value relates to three newly-acquired properties appraised in this quarter. Additional investments on two of the acquired properties have slightly exceeded the full valuation of these as of June 2021. The valuation is performed by an external appraiser. All freehold properties were appraised during the fourth quarter of 2020, and there were no indications of change from that figure as of Q2 2021.

The diagram below shows the change in fair value recognised in P&L since Q2 2020.

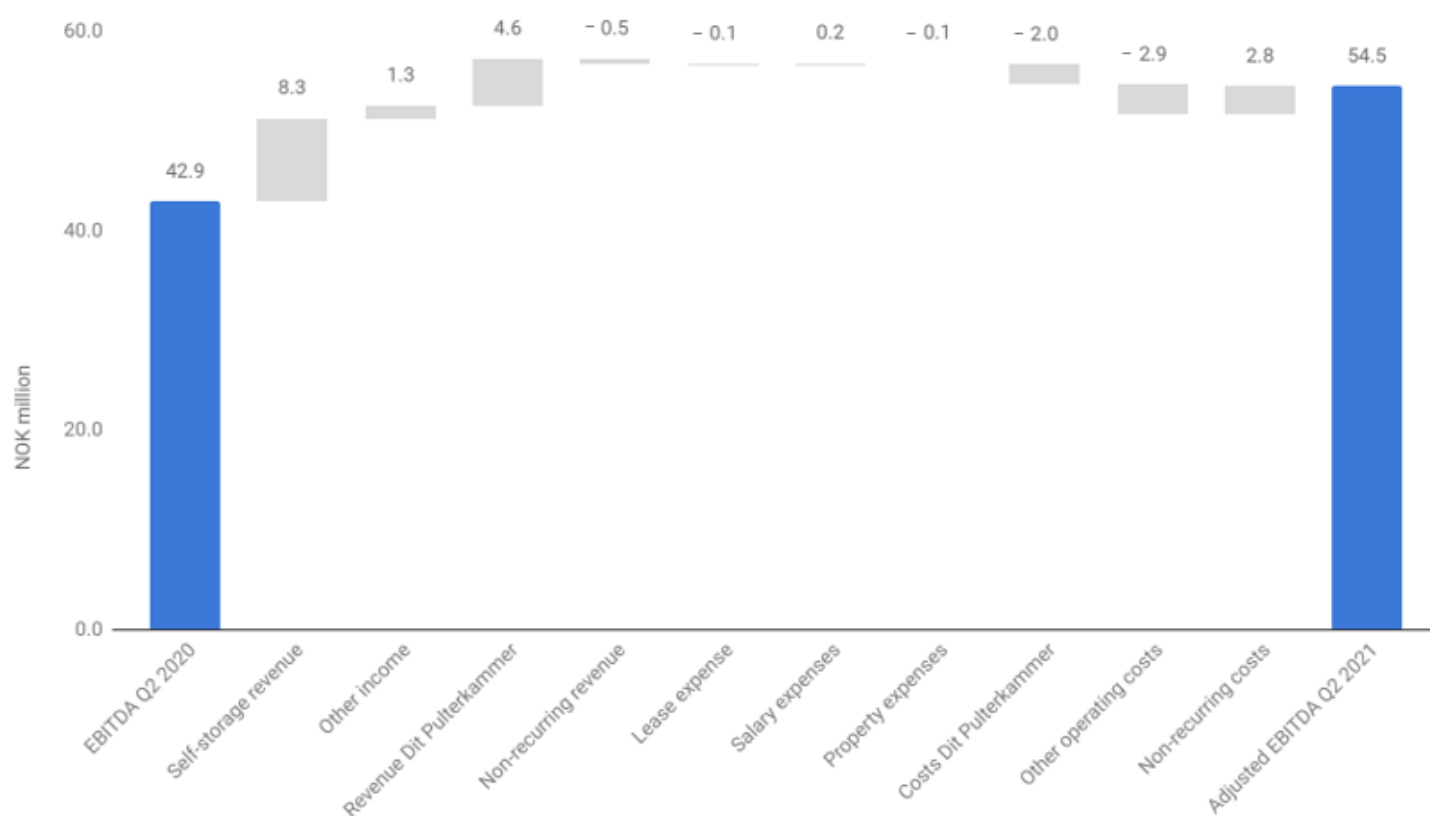


Change in fair value of leasehold investment property is related to IFRS 16 and value adjustment due to passage of time of recognised leases. Change in fair value of leasehold investment property recognised in the P&L in Q2 2021 was NOK -12.5 million, compared to NOK -15.8 million in Q2 2020. The decrease relates mainly to the two prior lease contracts in Adamstuen and Hvidovre, which now are accounted for as freehold investment properties, changes in the length of some lease contracts that affect the classification of lease as short-term or long-term, and changes in exchange rate. Change in fair value of leasehold investment property recognised in the P&L will change if long-term contracts expire and are renegotiated to short-term contracts, or if short-term contracts are renegotiated to long-term contracts.

Fair value of freehold investment property was NOK 1 990 million and the fair value of leasehold investment property was NOK 455.7 million at 30 June 2021. Fair value of freehold investment property at 31 December 2020 was NOK 1 457 million, while the fair value of leasehold investment property was NOK 515.2 million.

EBITDA and profit before tax

EBITDA in Q2 2021 was NOK 52.2 million, an increase of NOK 9.3 million since Q2 2020. NOK 2.6 million of the increase in EBITDA is attributable to new revenue and cost from Dit Pulterkammer. There were non-recurring items of NOK 2.3 million in Q2 2021, compared to no non-recurring items in Q2 2020. The increase in EBITDA adjusted for non-recurring costs was NOK 11.5 million. There is a negative foreign exchange effect attributable to rental income in SEK and DKK of NOK 1.9 million when comparing Q2 2021 and Q2 2020, offset by a positive foreign exchange effect on expenses of NOK 1.7 million. The financial development in Q2 2021 had an adjusted EBITDA-growth of 27% compared with Q2 2020. Adjusted EBITDA for Q2 2021 vs Q2 2020 is visualised below.



EBITDA for the first half of 2021 was NOK 96.2 million, an increase of NOK 13.3 million since the first half of 2020. NOK 2.6 million of the increase in EBITDA is attributable to new revenue and cost from Dit Pulterkammer. There were non-recurring items of NOK 3.4 million in the first half of 2021, compared to NOK 1.5 million in the first half of 2020. The increase in adjusted EBITDA was NOK 15.2 million

Net finance amounted to NOK -16.0 million in Q2 2021, a decrease of NOK 2.1 million compared to Q2 2020. The decrease is related to increased financial costs of NOK 3.2 million partly offset by increased financial income of NOK 1.1 million. The main effects on net finance are interest expenses on borrowings, interest expenses on lease liabilities, other financial expenses, unrealised gain and loss in foreign currency and

positive and negative change in fair value of financial instruments. Detailed development on net finance is disclosed in note 10.

The increase in financial income in Q2 2021 compared to Q2 2020 is mainly related to unrealised gain in foreign currency of NOK 0.9 million due to weakening of NOK on intercompany loans in foreign currency. The Group has intercompany loans in DKK related to the acquisition of the property Hvidovre in 2020 and Dit Pulterkammer Holding A/S in 2021.

The increase in financial expenses in Q2 2021 compared to Q2 2020 is attributable to the development of several items. NOK 5.2 million of the increase is related to the weakening of NOK on lease liabilities in SEK and DKK. Interest expense on borrowings in Q2 2021 was NOK 4.1 million, compared to NOK 3.2 million in Q2 2020. The unrealised loss in foreign currency is offset by the impact of the weakening of NOK on the leasehold and freehold investment properties in Sweden and Denmark affecting other comprehensive income by NOK 5.7 million.

Net finance amounted to NOK -10.6 million in the first half year of 2021, an increase of NOK 12.8 million compared to the first half year of 2020. The increase is related to increased financial costs of NOK 5.0 million offset by increased financial income of NOK 17.9 million. Interest expense on borrowings in the first half year of 2021 was NOK 6.8 million, compared to NOK 6.2 million in the first half year of 2020.

Profit before tax in Q2 2021 was NOK 18.8 million, an increase of NOK 9.2 million from Q2 2020. Profit before tax in the first half year of 2021 was NOK 71.8 million, an increase of NOK 44.4 million from the first half year of 2020.

Statement of financial position

Total assets were NOK 2 991 million as of 30 June 2021, compared to NOK 2 582 million at 31 December 2020, an increase of NOK 408.2 million. Freehold investment property has increased by NOK 533.3 million from 31 December 2020 to NOK 1 990 million as of 30 June 2021. The increase is related to the acquisition of Dit Pulterkammer with five freehold self-storage facilities in Denmark, the acquisition of four properties in Norway during the first half year 2021, in addition to investments in several development and conversion projects. Leasehold investment property was NOK 455.7 million at 30 June 2021, a decrease of NOK 59.5 million from 31 December 2020. The decrease is mainly related to the acquisition of a property with an existing long-term leasehold agreement on the premises and the change in fair value of leasehold investment property due to passage of time and currency differences on leasehold investment property in Denmark and Sweden in the first half year 2021. The decrease is partly offset by two options assessed reasonably certain to exercise.

Cash and bank deposits decreased by NOK 103.6 million to NOK 143.2 million at the end of June 2021 from December 2020. The main changes in cash and bank deposits for the first half year 2021 relates to net borrowings drawn up amounting to NOK 399.7 million and net cash outflow on acquisition of investment property and additions to freehold investment property.

In the first half year 2021, SSG refinanced all existing debt to Handelsbanken with a new bank facility loan with Handelsbanken and Danske Bank amounting to NOK 984 million. In addition SSG has a revolving credit facility of which NOK 100 million was drawn in April 2021 in connection with the acquisition of Dit Pulterkammer. Interest-bearing debt¹ amounts to NOK 1 068 million at the end of June 2021, an increase of

¹Non-GAAP measures are defined on page 33

NOK 395.4 million from December 2020. Loan to value¹ of freehold investment property is 54% as of end June 2021, compared to 46% at the end of December 2020. The loan facility has several covenants². As of

30 June 2021, the Group is not in breach of any of the covenants, and does not expect any breaches in the next 12 months.

At the end of June 2021 cash less interest-bearing debt was negative with NOK 925.3 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 risk and provides stable working capital. Other current liabilities consist mainly of prepaid income.

Total equity at the end of June 2021 was NOK 1 228 million, an increase of NOK 50.3 million from December 2020. The increase is mainly attributable to profit during the period. Lease liabilities at the end of June 2021 was NOK 477.9 million, a decrease of NOK 59.2 million compared to the end of December 2020. The decrease is mainly related to the acquisition of an existing leasehold agreement on the premises, lease payments due to passage of time and currency differences on lease liabilities in Denmark and Sweden in the first half year 2021. The decrease is partly offset by two options assessed reasonably certain to exercise. The equity ratio decreased to 41% at the end of June 2021, from 46% at the end of December 2020.

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 Q2 2021 was NOK 48.5 million, compared to NOK 39.6 million during Q2 2020. The net cash flow from operating activities adjusted for non-cash items has increased for the second quarter of 2021 compared to the second quarter of 2020 due to the acquisition of Dit Pulterkammer and organic growth, in addition decrease in prepaid expenses and timing differences for payments give a higher net cash flow from operating activities. Net cash flow from operating activities for the first half year 2021 was NOK 78.2 million, compared to NOK 76.2 million for the first half year 2020. The increase in net cash flow from operating activities for the first half year 2021 is mainly related to increased revenue and relatively stable costs, partly offset by timing differences for payments.

Net cash flow from investing activities during Q2 2021 was NOK -234.8 million compared to NOK -23.9 million during Q2 2020. Net cash flow from investing activities for the first half year 2021 was NOK -540.3 million compared to NOK -85.4 million a year earlier. Payments for investment property includes acquisition of new properties, development of properties and additions to existing 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 an 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 67.4 million at the end of Q2 2021, compared to NOK 68.6 million at the end of Q2 2020. Net cash flow from financing activities for the first half year 2021 was NOK 359.0 million, compared to NOK 124.5 million a year earlier. In Q1 2021 SSG refinanced all existing debt to Handelsbanken with a new bank facility loan with Handelsbanken and Danske Bank amounting to NOK 984 million and in Q2 2021 SSG drew up NOK 100 million on a revolving credit facility. Net cash flow from

¹Non-GAAP measures are defined on page 33

²See note 8 for the Group's covenants

financial activities was affected by net borrowings drawn up amounting to NOK 399.7 million and net payment of lease liabilities and payments of lease classified as interests amounted to NOK -31.9 million in the first half year 2021.

SSG's cash balance at the end of June 2021 was NOK 143.2 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 objective, 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 operates under two separate brands: OK Minilager and City Self-Storage. These two brands focus on different market segments and provide a strong platform for 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.

SSG aims to develop a business model that is sustainable with a low carbon footprint and we believe it to be important that we engage in how we can make a difference for customers as well as for our employees. We are determined to include sustainability as an integrated part of our business. Even though our business model in general has a low carbon footprint, SSG still has potential related to sustainability, and we plan to continue the journey to achieve our potential.

The strategy is to develop the Group further and to expand the total lettable area by investing in new freehold facilities. The Group seeks to strengthen its nationwide presence in Norway while at the same time optimising existing facilities in the portfolio. The Group is also looking at growing its portfolio in the Swedish and Danish market, both through development of new facilities and acquisition of established self-storage providers. 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 operates under both the OK Minilager and City Self-Storage brands 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, Copenhagen and the Jutland-area in Denmark. The strategy is to strengthen the market-leading position in the major cities in Norway by establishing more facilities at attractive locations. The group is also targeting growth within existing- and new facilities in the Danish market, where City Self-Storage has a nationwide footprint following the acquisition of Dit Pulterkammer in April 2021. SSG currently has an opportunistic approach towards potential growth in Sweden. City Self-Storage will be opportunistic 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 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 amongst 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 markets 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 market leading position in Norway and a national footprint in Denmark. SSG is also a regional operator in the Stockholm area.

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 Sweden and Denmark 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.

Industry leading customer service

Self-storage is increasingly becoming an online industry where the majority of the enquiries are channelled through websites and mobile apps. As more and more facilities are becoming self-served, customer service is becoming an even more important aspect. We consider it a significant competitive advantage to provide a seamless and well-integrated user experience by combining easy to use online booking systems with around-the-clock accessible customer service on multiple platforms. Self Storage Group has been a pioneer in this area and has constantly been innovating in order to improve the user experience. The company offers user-friendly online booking solutions and personal customer service across several formats such as phone, mail, chat and social media. This has been a contributing factor to why both OK Minilager and City

Self-Storage have established themselves amongst the leading self-storage providers in Scandinavia. However, the Company recognises that there is further upside by streamlining the two concepts even further, and in 2020 a new position as COO responsible for both brands and total operation across Scandinavia was created.

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 24 February 2021, SSG signed an agreement for a new bank facility loan with Handelsbanken and Danske Bank. The bank facility refinances the existing bank loans, and gives the Company flexibility for future growth.

On 26 May 2021 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, Ingrid Elvira Leisner and Carl August Ameln 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.

Acquisitions

(Amounts in NOK million)

Acquired properties	Area	Transaction quarter	Total potential lettable area (m ²)	Transaction value	Closing quarter	Opening quarter
Håndverksveien 2	Langhus, Norway	Q3 2020	1 300	25.0	Q2 2021	Q3 2021
Hensmoen 8	Hønefoss, Norway	Q3 2020	550	5.4	Q2 2021	Q3 2021
Hovebakken 29	Sandnes, Norway	Q4 2020	1 300	18.0	Q1 2021	Q3 2021
General Birchs gate 16, existing leasehold agreement on the premises (Adamstuen)	Oslo, Norway	Q1 2021	8 100	250.0	Q1 2021	4 300 CLA in operation
Dit Pulterkammer, five properties	Jutland and Aarhus, Denmark	Q1 2021	11 600	139.0	Q2 2021	9 400 CLA in operation
Sørliveien 84, neighbouring property	Halden, Norway	Q2 2021	500	3.8	Q4 2021	Q1 2022
Verkstedveien 1	Mo i Rana, Norway	Q2 2021	850	7.7	Q4 2021	Q1 2022
Petroleumsveien 8, neighbouring property	Stavanger, Norway	Q2 2021	1 700	16.0	Q3 2021	Q1 2022
Billingstadsletta 91, neighbouring property	Asker, Norway	Q3 2021	3 150	32.8	Q3 2021	2022
Total			29 050	497.7		

Risks and uncertainty factors

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

The Group is exposed to interest rate risk, and in the first half year of 2021 SSG entered into two five-year interest rate swaps to secure NOK 300 million and NOK 150 million of the interest-bearing debt with a fixed rate of 1.345% and 1.42%. In total the Group has interest rate swaps amounting to NOK 750 million. These agreements will reduce the risk of high volatility in future interest payments.

Since the end of 2020 there has been a strengthening 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 2020 showing currency effects on the Groups profit if the exchange rate fluctuates 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 2020.

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 June 2021, the Group operates 124 facilities across Scandinavia with a total lettable area of 200 000 m² and current lettable area of 163 300 m².

COVID-19 is still affecting the society and economy, and future developments cannot be predicted at present. However, the business impact of COVID-19 for SSG so far has been limited, proving the resilience and robustness of our business model.

There is a large untapped potential for our services in Scandinavia as urbanisation and smaller living spaces lead to an increasing need for external storage solutions. To enhance these opportunities, Self Storage Group has established a solid platform for future growth generated by many years of development, dedication and firm strategy. The Company has a proven track-record of developing and operating its 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. SSG is also exploring the opportunities to grow its freehold portfolio through the acquisition of existing leasehold interests, a strategy which successfully has been implemented for two former leasehold facilities.

Self Storage Group is experiencing a robust 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 addition, 9 400 m² current lettable area was added with the acquisition of Dit Pulterkammen in April 2021, making CSS the second largest operator in the Danish market in terms of number of facilities.

SSG has, over the past three decades, built a unique and enduring scale in the market. With a solid financial position, a strong organization and attractive assets, SSG is well positioned to leverage its scalable platform, setting the foundation for a great future.

Statement by the Board of Directors

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Oslo, 17 August 2021
Board of Directors, Self Storage Group ASA

Steven Skaar
Chairman

Gustav Søbak
Board member

Carl August Ameln
Board member

Ingrid Elvira Leisner
Board member

Yvonne Litsheim Sandvold
Board member

Fabian Søbak
CEO

Financials

Self Storage Group Condensed consolidated statement of comprehensive income

(Amounts in NOK 1 000)

	Note	Unaudited For the three months ended 30 June 2021	Unaudited For the three months ended 30 June 2020	Unaudited For the six months ended 30 June 2021	Audited For the six months ended 30 June 2020	Audited For the twelve months ended 31 December 2020
Revenue	3	85 915	71 657	162 589	142 474	293 348
Lease expenses	3,9	-2 932	-2 819	-5 175	-5 773	-9 432
Property-related expenses	3	-8 451	-7 706	-19 590	-15 788	-36 135
Salary and other employee benefits	3	-10 535	-9 937	-21 329	-20 943	-40 209
Depreciation		-4 489	-3 870	-7 738	-6 929	-14 476
Other operating expenses	3	-11 779	-8 264	-20 314	-17 021	-32 138
Operating profit before fair value adjustments		47 729	39 061	88 443	76 020	160 958
Change in fair value of freehold investment property	6	- 422	239	15 888	5 944	92 929
Change in fair value of leasehold investment property	6,9	-12 492	-15 809	-22 027	-31 252	-63 010
Operating profit after fair value adjustments		34 815	23 491	82 304	50 712	190 877
Finance income	10	1 391	258	18 239	386	2 603
Finance expense	8,9,10	-17 424	-14 190	-28 792	-23 767	-47 659
Profit before tax		18 782	9 559	71 751	27 331	145 821
Income tax expense		-4 981	-1 691	-14 166	-4 937	-32 853
Profit for the period		13 801	7 868	57 585	22 394	112 968
Total comprehensive income for the year attributable to parent company shareholders		13 801	7 868	57 585	22 394	112 968
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-	-
Earnings per share						
Basic (NOK)	4	0.16	0.09	0.68	0.27	1.34
Diluted (NOK)	4	0.16	0.09	0.68	0.27	1.34
Other comprehensive income, net of income tax						
Items that may be reclassified subsequently to profit or loss						
- currency translation difference		5 149	3 631	-7 335	3 119	12 932
Other comprehensive income for the period, net of income tax		5 149	3 631	-7 335	3 119	12 932
Total comprehensive income for the period		18 950	11 499	50 250	25 513	125 900
Total comprehensive income for the year attributable to parent company shareholders		18 950	11 499	50 250	25 513	125 900
		-	-	-	-	-

Self Storage Group

Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

		Unaudited 30 June 2021	Audited 31 December 2020
ASSETS			
Non-current assets	Note		
Freehold investment property	6	1 989 786	1 456 522
Leasehold investment property	6,9	455 694	515 227
Property, plant and equipment	9	146 260	122 477
Goodwill		187 279	184 628
Financial instruments		3 282	-
Other intangible assets		1 371	1 626
Deferred tax assets		93	-
Total non-current assets		2 783 765	2 280 480
Current assets			
Inventories		1 750	1 611
Trade and other receivables		17 320	15 629
Financial instruments		24 750	24 750
Other current assets		19 882	13 162
Cash and bank deposits		143 183	246 804
Total current assets		206 885	301 956
TOTAL ASSETS		2 990 650	2 582 436
EQUITY AND LIABILITIES			
Equity			
Issued share capital	7	8 432	8 432
Share premium		791 594	791 594
Currency translation reserve		5 504	12 839
Retained earnings		422 585	365 000
Total equity		1 228 115	1 177 865
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing debt	8	930 854	519 429
Non-current lease liabilities	8,9	433 421	487 887
Other financial liabilities		205	2 018
Deferred tax liabilities		129 710	114 624
Total non-current liabilities		1 494 190	1 123 958
Current liabilities			
Current interest-bearing debt	8	137 630	153 699
Current lease liabilities	8,9	44 526	49 216
Trade and other payables		14 127	15 777
Income tax payable		14 706	11 994
Other taxes and withholdings		12 650	5 862
Other current liabilities		44 706	44 065
Total current liabilities		268 345	280 613
Total liabilities		1 762 535	1 404 571
TOTAL EQUITY AND LIABILITIES		2 990 650	2 582 436

Self Storage Group

Condensed consolidated statement of Changes in Equity

(Amounts in NOK 1 000)

	Issued Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2020	8 261	744 853	- 93	252 032	1005 053
Profit (loss) for the period	-	-	-	22 394	22 394
Other comprehensive income (loss) for the period net of income tax	-	-	3 119	-	3 119
Total comprehensive income for the period	-	-	3 119	22 394	25 513
Issue of ordinary shares, net of transaction costs	171	46 741	-	-	46 912
Balance at 30 June 2020 (Unaudited)	8 432	791 594	3 026	274 426	1 077 478

Balance at 1 January 2021	8 432	791 594	12 839	365 000	1 177 865
Profit (loss) for the period	-	-	-	57 585	57 585
Other comprehensive income (loss) for the period net of income tax	-	-	- 7 335	-	- 7 335
Total comprehensive income for the period	-	-	- 7 335	57 585	50 250
Balance at 30 June 2021 (Unaudited)	8 432	791 594	5 504	422 585	1 228 115

Self Storage Group

Condensed consolidated statement of Cash flows

		Unaudited	Unaudited	Unaudited	Audited	Audited
(Amounts in NOK 1 000)	Note	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the year ended 31 December 2020
Cash flow from operating activities						
Profit before tax		18 782	9 559	71 751	27 331	145 821
Income tax paid		- 2 257	- 62	- 5 178	- 3 792	- 7 460
Net expensed interest and fees on borrowings and leases		11 086	8 311	14 728	16 318	29 987
Depreciation		4 489	3 870	7 738	6 929	14 476
Gain/loss on disposal of property, plant and equipment		-	-	- 42	-	- 208
Unrealised gain/loss in foreign currency	10	3 995	- 22	- 5 924	14	12 842
Change in fair value of financial instruments	10	- 157	5 328	- 5 094	5 581	1 564
Change in fair value of freehold investment property	6	422	- 239	- 15 888	- 5 944	- 92 929
Change in fair value of leasehold investment property	6,9	12 492	15 809	22 027	31 252	63 010
Change in trade and other receivables		- 2 692	1 261	- 1 602	710	299
Change in trade and other payables		- 3 789	1 396	- 2 256	5 119	8 462
Change in other current assets		2 743	- 3 517	- 5 174	- 6 614	- 1 335
Change in other current liabilities		3 367	- 2 095	3 115	- 739	2 029
Net cash flow from operating activities		48 481	39 599	78 201	76 165	176 558
Cash flow from investing activities						
Payments for freehold investment property		- 89 186	- 14 540	- 118 439	- 31 709	- 164 523
Payments for property, plant and equipment		- 9 570	- 4 124	- 21 322	- 9 764	- 23 300
Proceeds from disposal of property, plant and equipment		-	-	223	-	251
Net cash outflow on acquisition of subsidiaries		- 136 066	- 5 228	- 400 801	- 43 921	- 76 202
Net cash flow from investing activities		- 234 822	- 23 892	- 540 339	- 85 394	- 263 774
Cash flow from financing activities						
Proceeds from borrowings	8	100 000	100 000	1 084 268	180 000	441 000
Repayment of borrowings	8	- 12 299	- 6 787	- 684 562	- 12 575	- 110 158
Interest paid	8,10	- 4 952	- 3 080	- 8 825	- 5 929	- 10 572
Payments of lease liabilities	8,9	- 11 050	- 16 417	- 21 567	- 26 739	- 55 069
Payments of interest on lease liabilities	8,9,10	- 4 254	- 5 155	- 10 314	- 10 286	- 20 666
Net cash flow from financing activities		67 445	68 561	359 000	124 471	244 535
Net change in cash and cash equivalents		- 118 896	84 268	- 103 138	115 242	157 319
Cash and cash equivalents at beginning of the period		261 724	120 999	246 804	88 117	88 117
Effect of foreign currency rate changes on cash and cash equivalents		355	- 336	- 483	1 572	1 368
Cash and equivalents at end of the period		143 183	204 931	143 183	204 931	246 804

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 17 August 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 2020. The Group has not early adopted any standard, interpretation or amendment with effective date after 1 January 2021. 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 assesses indicators of impairment of property, plant and equipment, intangible assets and financial investments continuously. As of 30 June 2021 no indicators of impairment are identified.

Note 3 Segment information

(Amounts in NOK 1 000)

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 June 2021	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	56 628	22 241	-	-	-	-	78 869
Other income	5 201	124	20 975	507	- 19 761	-	7 046
Lease expenses	- 28 648	- 9 705	-	- 331	19 761	15 991	- 2 932
Other operating costs	- 21 808	- 5 058	- 3 496	- 463	-	60	- 30 765
EBITDA	11 373	7 602	17 479	- 287	-	16 051	52 218
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 4 489
Change in fair value of freehold investment property							- 422
Change in fair value of leasehold investment property							- 12 492
Finance income							1 391
Finance expense							- 17 424
Profit before tax							18 782

For the three months ended 30 June 2020	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	47 410	19 079	-	-	-	-	66 489
Other income	3 359	709	16 068	54	- 15 022	-	5 168
Lease expenses	- 26 636	- 8 950	-	- 333	14 565	18 535	- 2 819
Other operating costs	- 17 032	- 5 468	- 3 519	- 345	457	-	- 25 907
EBITDA	7 101	5 370	12 549	- 624	-	18 535	42 931
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 870
Change in fair value of freehold investment property							239
Change in fair value of leasehold investment property							- 15 809
Finance income							258
Finance expense							- 14 190
Profit before tax							9 559

For the six months ended 30 June 2021	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	107 008	43 460	-	-	-	-	150 468
Other income	8 780	230	39 346	507	- 36 742	-	12 121
Lease expenses	- 55 729	- 18 921	-	- 661	36 742	33 394	- 5 175
Other operating costs*	- 41 093	- 10 492	- 7 800	- 1 969		121	- 61 233
EBITDA	18 966	14 277	31 546	- 2 123	-	33 515	96 181
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 7 738
Change in fair value of freehold investment property							15 888
Change in fair value of leasehold investment property							- 22 027
Finance income							12 783
Finance expense							- 23 336
Profit before tax							71 751

For the six months ended 30 June 2020	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	94 385	37 488	-	-	-		131 873
Other income	6 695	1 793	31 347	54	- 29 288		10 601
Lease expenses	- 51 593	- 18 069	-	- 572	27 873	36 588	- 5 773
Other operating costs	- 34 378	- 11 310	- 7 285	- 2 194	1 415	-	- 53 752
EBITDA	15 109	9 902	24 062	- 2 712	-	36 588	82 949
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 6 929
Change in fair value of freehold investment property							5 944
Change in fair value of leasehold investment property							- 31 252
Finance income							386
Finance expense							- 23 767
Profit before tax							27 331

For the year ended 31 December 2020	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Rental income from self-storage services	193 799	78 676	-	-	-		272 475
Other income	13 649	2 326	64 511	85	- 59 698		20 873
Lease expenses	- 105 654	- 35 493	- 7	- 1 227	58 283	74 666	- 9 432
Operating costs	- 70 495	- 20 961	- 16 154	- 2 509	1 415	222	- 108 482
<i>EBITDA</i>	31 299	16 295	48 350	- 3 651	-	74 888	175 434
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 14 476
Change in fair value of freehold investment property							92 929
Change in fair value of leasehold investment property							- 63 010
Finance income							2 603
Finance expense							- 47 659
Profit before tax							145 821

Note 4 Earnings per share

(Amounts in NOK)

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Profit (loss) for the period	13 801 000	7 868 000	57 585 000	22 394 000
Weighted average number of outstanding shares during the period (basic)	84 328 584	84 328 584	84 328 584	83 924 252
Weighted average number of outstanding shares during the period (diluted)	84 328 584	84 328 584	84 328 584	83 924 252
Earnings (loss) per share - basic in NOK	0.16	0.09	0.68	0.27
Earnings (loss) per share - diluted in NOK	0.16	0.09	0.68	0.27

See also note 7

Note 5 Business combinations

(Amounts in NOK 1 000)

On 14 April 2021, SSG acquired 100% of the shares in Dit Pulterkammer Holding A/S, a Danish regional self-storage operator with five strategically located facilities in the Jutland region and Aarhus area and a current lettable area of approximately 9 400 m². The transaction has an enterprise value of DKK 102 million (approx. NOK 139 million) and was financed with SSG's existing bank facility.

Acquisition of Dit Pulterkammer

	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Dit Pulterkammer Holding A/S	Self-storage solutions	14 April 2021	100 %	City Self-Storage A/S (Denmark)

Dit Pulterkammer Holding A/S is the parent company of Dit Pulterkammer A/S. The Company was acquired with the purpose of continuing the expansion of the group's activities and to build a national footprint in Denmark. Dit Pulterkammer group will be reported as part of the CSS segment.

Consideration

	Dit Pulterkammer
Cash	37 456
Total consideration	37 456

The cash consideration is adjusted for changes in work in capital. Subsequent to the acquisition all interest-bearing liabilities were settled with cash, amounting to NOK 96.0 million.

Assets and liabilities assumed in connection with the business combination of Dit Pulterkammer group have been recognised at their estimated fair value on the completion of the business combination. Freehold investment property is recorded to fair value based on valuation from an external real estate appraiser. Surplus value is identified related to fit-out, and the fair value is based on management's best estimate. No other adjustments to the carrying values of assets and liabilities have been identified. The purchase price allocation is preliminary and may be subject to change in the measurement period, which is one year from the date of the acquisition.

Identifiable assets and liabilities recognised on the date of the business combination

	Carrying amount 14 April 2021	Fair value adjustments	Fair value 14 April 2021
Freehold investment property*	128 348	-	128 348
Fit-out and property, plant and equipment	3 876	5 572	9 448
Trade receivables	1 006	-	1 006
Software	1 811	- 1 811	0
Cash and cash equivalents	16	-	16
Deferred tax liability	- 2 275	- 828	- 3 103
Interest-bearing liabilities	- 96 045	-	- 96 045
Trade payables	- 495	-	- 495
Tax payable	- 129	-	- 129
Other current liabilities	- 3 950	-	- 3 950
Net assets	32 163	2 984	35 097

*Dit Pulterkammer has historically reported under Danish GAAP with investment property recorded at historical cost less accumulated depreciation and amortization. As part of transition to IFRS investment property is recorded to fair value in accordance with IAS 40

Goodwill

	Dit Pulterkammer
Consideration	37 456
Fair value of identifiable net assets acquired	- 35 097
Goodwill	2 359

Goodwill originating from the business combination is related to the fair value of the five properties in operation, and the value stems from the synergies of the net assets of the business, as well as from other benefits, such as the ability to earn monopoly profits and barriers to market entry. No impairment has been recognised subsequent to the business combination.

Goodwill that has arisen as part of the business acquisition is not tax deductible.

Effect on Group results

The acquired companies do not impact consolidated revenue and profit before acquisition date 14 April 2021.

The revenue and net profit for the first half year 2021 are estimated to be approximately NOK 10.4 million and NOK 0.5 million respectively, if the Company had acquired Dit Pulterkammer with effect from 1 January 2021. EBITDA for the first half year 2021 is estimated to NOK 5.6 million. Estimated consolidated figures for the first half year 2021 are according to Danish GAAP.

Estimated transaction costs related to the acquisition are recorded in 2021 and amounted to NOK 3.1 million.

Note 6 Investment property

(Amounts in NOK 1 000)

During the six months period ended 30 June 2021, the following changes have occurred in the Group's portfolio of investment properties:

	Leasehold investment property	Freehold investment property	Total
Balance as at 31 December 2020	515 227	1 456 522	1 971 749
Value adjustment due to passage of time	- 22 027	-	-22 027
Additions and disposals leasehold investment property in the year	- 32 161	-	-32 161
Asset acquisition in Property segment	-	30 705	30 705
Business combinations (see note 5)	-	128 348	128 348
Company acquired as asset acquisition	-	270 529	270 529
Additions to existing properties	-	87 734	87 734
Fair value adjustments recognised in profit or loss	-	15 888	15 888
Other/translation differences	- 5 345	60	-5 285
Balance as at 30 June 2021	455 694	1 989 786	2 445 480

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.

Note 7 Share capital and shareholders

(Amounts in NOK)

	Date	Number of shares issued	Total number of shares	Total share capital	Value per share
Ordinary shares at 31 December 2020			84 328 584	8 432 858	0.10
Ordinary shares at 30 June 2021			84 328 584	8 432 858	0.10

At the General Meeting in 2021 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 2022.

List of main shareholders at 30 June 2021

	Shareholder	Country	Number of shares	Ownership %
1	UBS Switzerland AG ¹	Switzerland	20 937 078	24.8%
2	FABIAN HOLDING AS ²	Norway	9 565 000	11.3%
3	CENTRUM SKILT AS ³	Norway	6 565 000	7.8%
4	VERDIPAPIRFONDET ODIN EIENDOM	Norway	4 881 537	5.8%
5	J.P. Morgan Bank Luxembourg S.A.	Sweden	3 737 072	4.4%
6	J.P. Morgan Securities LLC	United States	3 623 214	4.3%
7	SKAGEN M2 VERDIPAPIRFOND	Norway	3 319 790	3.9%
8	FIRST RISK CAPITAL AS ⁴	Norway	2 600 000	3.1%
9	Citibank, N.A.	Ireland	2 274 653	2.7%
10	HSBC Bank Plc	United Kingdom	2 038 255	2.4%
11	Danske Invest Norge Vekst	Norway	1 641 428	1.9%
12	VERDIPAPIRFONDET HOLBERG NORGE	Norway	1 600 000	1.9%
13	SOLE ACTIVE AS	Norway	1 552 048	1.8%
14	MUSTAD INDUSTRIER AS	Norway	1 298 602	1.5%
15	BNP Paribas Securities Services	France	1 160 000	1.4%
16	BNP Paribas Securities Services	Luxembourg	1 159 486	1.4%
17	Brown Brothers Harriman & Co.	United States	1 016 072	1.2%
18	Société Générale	France	870 295	1.0%
19	Citibank, N.A.	Ireland	836 189	1.0%
20	ODIN Small Cap	Sweden	810 000	1.0%
	Other		12 842 865	15.2%
	Sum		84 328 584	100.0%

¹UBS Switzerland AG is a nominee account for Alta Lux Holdco S.a.r.l./Centerbridge Partners

²Fabian Holding AS is owned by CEO Fabian Søbæk

³Centrum Skilt AS is owned by board member Gustav Søbæk

⁴First Risk Capital AS is controlled by board member Carl August Ameln

Duo Jag AS, which is partly owned by board member Ingrid Leisner, owns 10 390 shares in Self Storage Group ASA

CFO Cecilie Brænd Hekneby and close relatives own 619 878 shares in Self Storage Group ASA

Note 8 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 June 2021.

As at 30 June 2021	Amounts due in		Total
	less than 1 year	1-5 years	
Debt to financial institutions (NOK, Handelsbanken)	137 630	930 854	1 068 484
Changes in liabilities arising from financing activities	Interest bearing borrowings	Lease liabilities	Total financing activities
Balance as at 31 December 2020	673 128	537 103	1 210 231
Additions and disposals of leasehold investment property in the year	-	-32 161	-32 161
Additions and disposals of other leases in the year	-	-	-
Repayments of borrowings/Payments of lease	-684 562	-21 567	-706 129
Proceeds from borrowings	1 084 268	-	1 084 268
Interests expenses of borrowings	4 475	-	4 475
Interests paid of borrowings	-8 825	-	-8 825
Other/translation differences	-	-5 428	-5 428
Balance as at 30 June 2021	1 068 484	477 947	1 546 431

On 24 February 2021, SSG signed an agreement for a new bank facility loan with Handelsbanken and Danske Bank for refinancing of all existing debt to Handelsbanken and general corporate purposes. The agreement amounts to NOK 985 million in term loan and NOK 245 million in revolving credit facility, both with maturity 3+1+1 years, and interest rate is 3 months Nibor + 1.70%. SSG has a revolving credit facility of which NOK 100 million was drawn in April 2021 in connection with the acquisition of Dit Pulterkammer.

All covenants for the new bank facility loan are to be measured and reported on a quarterly basis. There are both financial and non-financial covenants. As of 30 June 2021, the Group is in compliance with all loan covenants, and also expects to comply with covenants throughout 2021.

The financial covenants for the new bank facility loan are:

- The loan to value (interest-bearing debt over market value freehold investment properties) must not exceed 65% from signing date till 30 September 2021, and 60% from 1 October 2021 till final termination date
- The Group's nominal equity must exceed NOK 800 million
- Debt service cover ratio (EBITDA over amortization and interest) must be higher or equal to 1.2
- The Group's booked solidity must be above 35%

In the first half year 2021 SSG entered into two additional five-year interest rate swaps. There are no margin calls related to the interest rate swaps.

Fixed interest rate agreements	Amount	Maturity date	Interest rate (%)
Handelsbanken	150 000	Mar-25	1.080
Handelsbanken	150 000	Apr-25	0.785
Handelsbanken	300 000	Mar-26	1.345
Handelsbanken	150 000	Mar-26	1.420

Interest rate swaps are recorded at fair value through profit and loss. A gain of NOK 0.2 million for Q2 2021 and NOK 5.1 million for the first half year of 2021 related to hedging of interests is included in finance.

Note 9 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. All leased properties classified as leasehold investment property are used to provide self-storage services to customers throughout Norway, Sweden and Denmark.

The Group has one lease contract for use of office space, with a lease term of five years. The Group has the option to lease the asset 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 lease liabilities are secured by the lessors' title to the leased assets.

(Amounts in NOK 1 000)

Changes in recognised leases during the period:	Lease liabilities	Leased assets	
		Leasehold investment property	Other leases
Balance as at 31 December 2020	537 103	515 227	5 303
Additions and disposals of leases for leasehold investment property in the year	-32 161	-32 161	-
Additions and disposals of other leases in the year	-	-	-
Payments of lease	-21 567	-	-
Change in fair value of leasehold investment properties	-	-22 027	-
Depreciation	-	-	- 615
Other/translation differences	-5 428	-5 345	-
Balance as at 30 June 2021	477 947	455 694	4 688

Amounts related to leases recognised in profit or loss:	For the three months ended 30 June 2021	For the six months ended 30 June 2021
Expenses relating to short-term leases (included in lease expenses)	-2 932	-5 175
Change in fair value of leasehold properties	-12 492	-22 027
Depreciation expense of leased assets classified as property, plant and equipment	- 307	- 615
Interest expense on lease liabilities (included in finance expenses)	-4 254	-10 314
Total amount recognised in profit or loss	-19 985	-38 131

The Group experienced limited business impact from COVID-19 in the first half year 2021 and has no indications of impairment on leased assets due to COVID-19 or other incidents. The Group had not received any rent reductions on leased properties due to COVID-19 in the first half year 2021.

In January 2021 an agreement to acquire the leasehold property at Adamstuen in Oslo was made and the purchase agreement was included in the value of leasehold investment property. On 1 March 2021 the agreement was completed.

Total cash outflows for leases was NOK 37.1 million in the first half year 2021.

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 2020). Options to extend reasonably certain to commit to, but not started, amounts to NOK 128.1 million as of 30 June 2021, with periods ranging between one and ten years. Options to extend, not reasonably certain to commit to, amounts to NOK 34.1 million as of 30 June 2021, with periods ranging between one and ten years.

Two options to extend reasonably certain to commit to, but not started, are included in the balance sheet in 2021 as they during the first half year of 2021 are assessed reasonably certain to be exercised.

The Group has not committed to any future leases as of 30 June 2021.

Note 10 Net financial items

(Amounts in NOK 1 000)

A breakdown of net financial items in the income statement is presented below:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the full year ended 31 December 2020
Interest income and other financial income	273	222	307	274	1 493
Realised gain from transactions in foreign currency	8	14	45	91	152
Unrealised gain in foreign currency	953	22	12 793	21	923
Positive change in fair value of financial instruments*	157	-	5 094	-	35
Total financial income	1 391	258	18 239	386	2 603
Interest expense on borrowings	-4 122	-3 233	-6 803	-6 206	-8 920
Interest expense on lease liabilities	-4 254	-5 154	-10 314	-10 285	-20 666
Other interests, fees and charges	-3 678	- 405	-4 456	- 866	-2 448
Realised loss from transactions in foreign currency	- 207	- 70	- 350	- 794	- 261
Unrealised loss in foreign currency	-5 163	-	-6 869	- 35	-13 765
Negative change in fair value of financial instruments*	-	-5 328	-	-5 581	-1 599
Total financial expenses	-17 424	-14 190	-28 792	-23 767	-47 659
Net financial items	-16 033	-13 932	-10 553	-23 381	-45 056

* Change in value of interest rate swaps

Unrealised gain and loss in foreign currency is related to lease liabilities in SEK and DKK, and intercompany loans in SEK and DKK. 38% of the lease liabilities as of June 2021 are in SEK or DKK.

Note 11 Subsequent events

- On 14 July 2021, the option to acquire a property in Billingstadsletta 91 in Asker, Norway, was executed. Through the Eurobox transaction in 2019, SSG received the option right to acquire this property at attractive terms. The transaction has a property value of NOK 32.8 million, with an estimated lettable area of 3 150 m².

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 non-current interest-bearing debt plus current interest-bearing debt. The figure does not include lease liabilities
- 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)

	30 June 2021	31 December 2020
Interest-bearing debt		
Non-current interest-bearing debt	930 854	519 429
Current interest-bearing debt	137 630	153 699
Total interest-bearing debt	1 068 484	673 128

(Amounts in NOK 1 000)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Property-related expenses	-8 451	-7 706	-19 590	-15 788	-36 135
Salary and other employee benefits	-10 535	-9 937	-21 329	-20 943	-40 209
Other operating expenses	-11 779	-8 264	-20 314	-17 021	-32 138
Total other operating expenses	-30 765	-25 907	-61 233	-53 752	-108 482
Operating profit before fair value adjustments	47 729	39 061	88 443	76 020	160 958
EBIT	47 729	39 061	88 443	76 020	160 958
Total adjustments	2 259	-	3 416	1 461	1 715
Adjusted EBIT	49 988	39 061	91 859	77 481	162 673
Change in fair value of freehold investment property	- 422	239	15 888	5 944	92 929
Change in fair value of leasehold investment property	-12 492	-15 809	-22 027	-31 252	-63 010
Adjusted Profit before tax	21 041	9 559	75 167	28 792	147 536
Adjusted tax	-5 580	-1 691	-14 840	-5 201	-33 239
Adjusted Net profit	15 461	7 868	60 327	23 591	114 297
Operating profit before fair value adjustments	47 729	39 061	88 443	76 020	160 958
Depreciation	-4 489	-3 870	-7 738	-6 929	-14 476
EBITDA	52 218	42 931	96 181	82 949	175 434
Total adjustments	2 259	-	3 416	1 461	1 715
Adjusted EBITDA	54 477	42 931	99 597	84 410	177 149
Adjustments					
Revenue: release of historical liability	507	-	507	-	-
Other operating expenses: acquisition costs	-2 766	-	-3 923	- 923	-1 177
Salary and other employee benefits: severance packages	-	-	-	- 538	- 538
Total adjustments	-2 259	-	-3 416	-1 461	-1 715