

Interim Report Q1 2022

Self Storage Group ASA

 **SELF STORAGE**
GROUP



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Highlights

The first quarter continued the strong and positive development for the company with solid organic revenue- and EBITDA-growth, development of new facilities and acquisition of new properties. Q1 2022's highlights include the acquisition of six properties, and the opening of 4 400 m² current lettable area (CLA). Demand is strong and occupancy for mature facilities is close to target level, despite the expected slower winter-season. The Group's freehold investment property value reached NOK 2.5 billion at the end of the quarter, giving a loan to value ratio for the Group of 38%. The company has a strong pipeline and a solid foundation for further profitable growth and expansion in the Nordics.

Q1 2022

- Revenues of NOK 92.0 million, up 20% from NOK 76.7 million in Q1 2021
- Adjusted EBITDA of NOK 51.0 million, up 13% from NOK 45.1 million in Q1 2021
- Change in fair value of freehold investment property of NOK 6.1 million compared to NOK 16.3 million in Q1 2021 related to new properties acquired in the quarter
- Adjusted profit before tax of NOK 56.2 million, up from NOK 54.1 million in Q1 2021
- Average occupancy for sites with more than 12 months of operation of 88.8% (85.6%) and close to SSG's target of 90% in Q1 2022 with an average rent per m² of NOK 2 322 per year (NOK 2 277)
- Acquisition of six properties in Norway in the quarter
- Opening of 4 400 m² CLA in Q1 2022 and following plan of opening 15 000+ m² CLA in 2022

Key Figures¹

(Amounts in NOK million)	Q1 2022	Q1 2021	Full year 2021
Revenue	92.0	76.7	346.1
Lease expenses	- 3.8	- 2.2	- 13.3
Total other operating expenses	- 37.2	- 30.5	- 129.9
Total adjustments	-	1.2	3.4
Adjusted EBITDA	51.0	45.1	206.3
Adjusted EBIT	46.2	41.9	189.5
Change in fair value of freehold investment property	6.1	16.3	320.0
Change in fair value of leasehold investment property	- 12.4	- 9.5	- 46.4
Net finance	16.2	5.5	- 19.1
Adjusted Profit before tax	56.2	54.1	444.0
Adjusted Net Profit	46.7	44.7	351.3
Current lettable area (in thousands m ²)	176.2	149.4	171.8
Lettable area under development (in thousands m ²)	38.1	34.4	34.9
Number of facilities	129	116	128

¹Non-GAAP measures are defined on page 27

Financial development

Self Storage Group experiences strong demand, and occupancy has been close to SSG's target level of 90% in the first quarter of 2022, despite the expected slower winter-season. Current lettable area (CLA) at the end of March 2022 was 176 200 m², of which 162 900 m² had been in operation for more than 12 months. The CLA increased by 4 400 m² during the first quarter and by 26 800 m² the last 12 months, including 9 400 m² related to the acquisition of Dit Pulterkammer (DPK) in April 2021. Due to the growth in lettable area and SSG's expansion plans, filling up capacity has been prioritized over increasing prices. Prices were CPI adjusted in Q1 2022, and is expected to have full effect from Q2 2022.

Six properties were acquired in the first quarter 2022 contributing to the development pipeline of 38 100 m² CLA. The value of the freehold portfolio increased by NOK 59.2 million during the first quarter of 2022 to a total of NOK 2 482 million. The increase from acquisitions and expansions amounts to NOK 58.3 million, and the increase from change in fair value amounts to NOK 6.1 million. All freehold investments properties were appraised in the fourth quarter following the annual CPI adjustment of internal leases 2021, and there was no indication of change as of March 2022.

SSG has had a strong growth since the IPO in 2017. The Group has a leading position in the Norwegian market and is one of the leading self-storage providers in Scandinavia. With the increasing size of the Group and freehold investment portfolio the Group has focus on planned maintenance, branding and organizational development to level up the scalable platform for future growth.

Revenue

Revenue for Q1 2022 was NOK 92.0 million, an increase of NOK 15.3 million from Q1 2021.

Rental income from self-storage services was NOK 85.4 million in Q1 2022, an increase of NOK 13.8 million from Q1 2021. NOK 8.8 million of the increase is related to growth in lettable area through opening of new facilities and expansions, and growth in occupancy across both concepts and all three countries. The remaining part of the increase (NOK 5.0 million) is related to self-storage revenue from DPK, which is consolidated with SSG from 14 April 2021. DPK is reported as part of the CSS-segment. Increased self-storage revenue from the CSS-segment amounts to NOK 10.6 million while increased self-storage revenue from the OKM-segment amounts to NOK 3.2 million compared to Q1 2021. Income from rental of containers amounts to approximately 9.0% of the Group's self-storage revenue. Average occupancy in Q1 2022 for sites with more than 12 months of operating history was 88.8% (85.6%) with an average rent per m² of NOK 2 322 per year (NOK 2 277).

Other revenue was NOK 6.6 million in Q1 2022, an increase of NOK 1.5 million compared with Q1 2021. NOK 0.6 million of the increase in other revenue is related to DPK. 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.

The Danish and Swedish Krone have weakened against NOK during Q1 2021, and there is a negative foreign exchange effect attributable to the revenue in SEK and DKK of NOK 0.7 million when comparing Q1 2022 and Q1 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 3.8 million in Q1 2022, up from NOK 2.2 million in Q1 2021. The increase is mainly related to two long-term lease contracts now classified as short-term. Lease expenses are impacted 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. Average remaining lease period for leased facilities in the CSS-segment, including options, is 7.6 years. For OK Minilager, which has a number of short revolving contracts, the average remaining term is 1.9 years.

At the end of March 2022, 54% of the current lettable area in SSG is held freehold, compared to 46% at the end of March 2021. 45% of current lettable area in the City Self-Storage segment is freehold, while 68% 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 Q1 2022 were NOK 14.6 million, an increase of NOK 3.5 million compared to Q1 2021. NOK 1.0 million is related to costs related to DPK, while the remainder mainly is related to increased costs to electricity and heating, following extreme price-development in the power market, in addition to operating costs to the increased number of facilities in the portfolio.

The Group has focus on energy management on all levels and is continuously focusing on reducing the energy consumption in the portfolio. SSGs buildings are equipped with few technical installations, and reducing the energy consumption is mainly done by keeping the temperature in climate-controlled environments at a low level, installing heat pumps and upgrading existing facilities to LED-lightning with movement sensors. LED-lightning uses less energy, has a long lifetime, and has a movement sensor in each lamp. All new facilities are equipped with LED-lightning.

Lettable area in SSG has increased by 26 800 m² (18%) since March 2021, and the number of facilities increased by 13 to 129 facilities as of the end of March 2021.

Salary and other employee benefits

Salary and other employee benefits in Q1 2022 were NOK 12.8 million, an increase of NOK 2.0 million from Q1 2021. NOK 0.9 million of the increase is related to new costs from DPK acquired in April 2021, while the remainder of NOK 1.1 million is related to new central positions due to the growth of the company and annual wage increases. The management team was strengthened with two new positions as CTO and CMO during 2021 to level up the scalable platform for future growth.

The number of full-time equivalents (FTE) at the end of March 2022 was 67.0 FTE, an increase of 11.4 FTEs since the end of March 2021, including 4.5 FTEs following the acquisition of DPK.

Depreciation

Depreciation in Q1 2022 was NOK 4.8 million, an increase of NOK 1.5 million from Q1 2021. Depreciation related to DPK constitutes NOK 0.9 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 Q1 2022 other operating expenses amounted to NOK 9.7 million, an increase of NOK 1.2 million from Q1 2021. There were no costs defined as non-recurring costs in Q1 2022, but there was NOK 1.2 million in non-recurring costs in Q1 2021. NOK 0.8 million of the increase are new costs from DPK.

Since the summer of 2021, several branding projects for the Group's two brands have been launched. Marketing spend on facilities with occupancy above target level has been optimized, with sales and marketing costs constituting 3.4% (4.0%) of the revenue in Q1 2022.

The level of other operating expenses has been stable over many years 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 and there are some costs related to being a listed company that will increase in order to be compliant and to ensure a sustainable growth.

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)	Q1 2022	Q1 2021	Full year 2021
Adjustments			
Revenue: release of historical liability	-	-	507
Other operating expenses: acquisition costs	-	-1 157	-3 923
Total adjustments	-	-1 157	-3 416

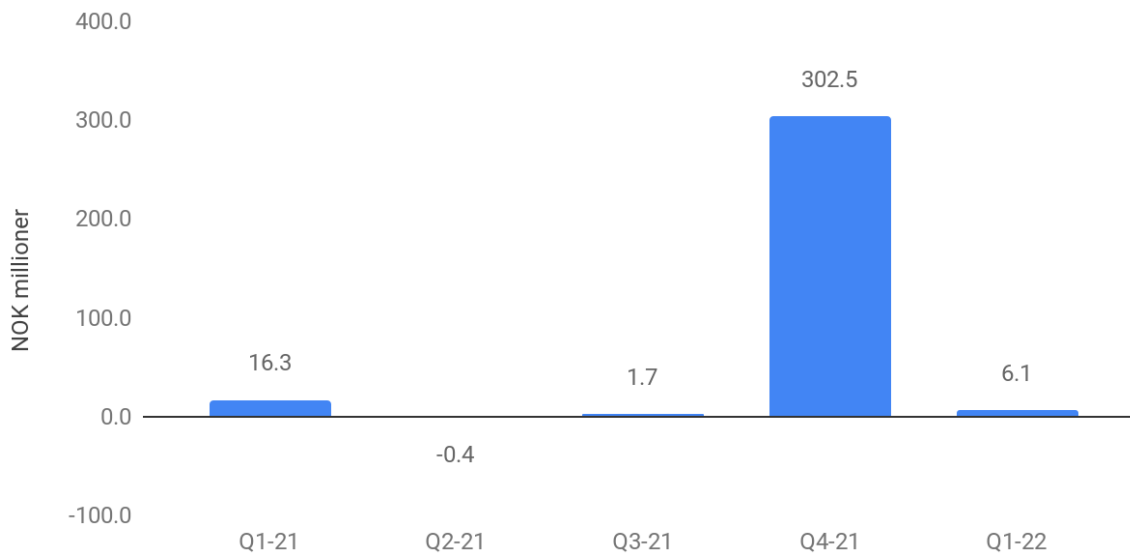
Change in fair value of investment property

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

In Q1 2022 the change in fair value of freehold investment property recognised in P&L was NOK 6.1 million, compared to the change in fair value in Q1 2022 of NOK 16.3 million. The change in fair value compared to Q1 2022 is related to new properties acquired in the quarter. In Q1 2021 the previous leasehold facility Adamstuen was acquired.

All freehold investments properties were appraised in the fourth quarter 2021, and there was no indication of change as of March 2022. The total average yield in the Group was 4.9% as of 31 December 2021.

The diagram below shows the change in fair value recognised in P&L since Q1 2021.

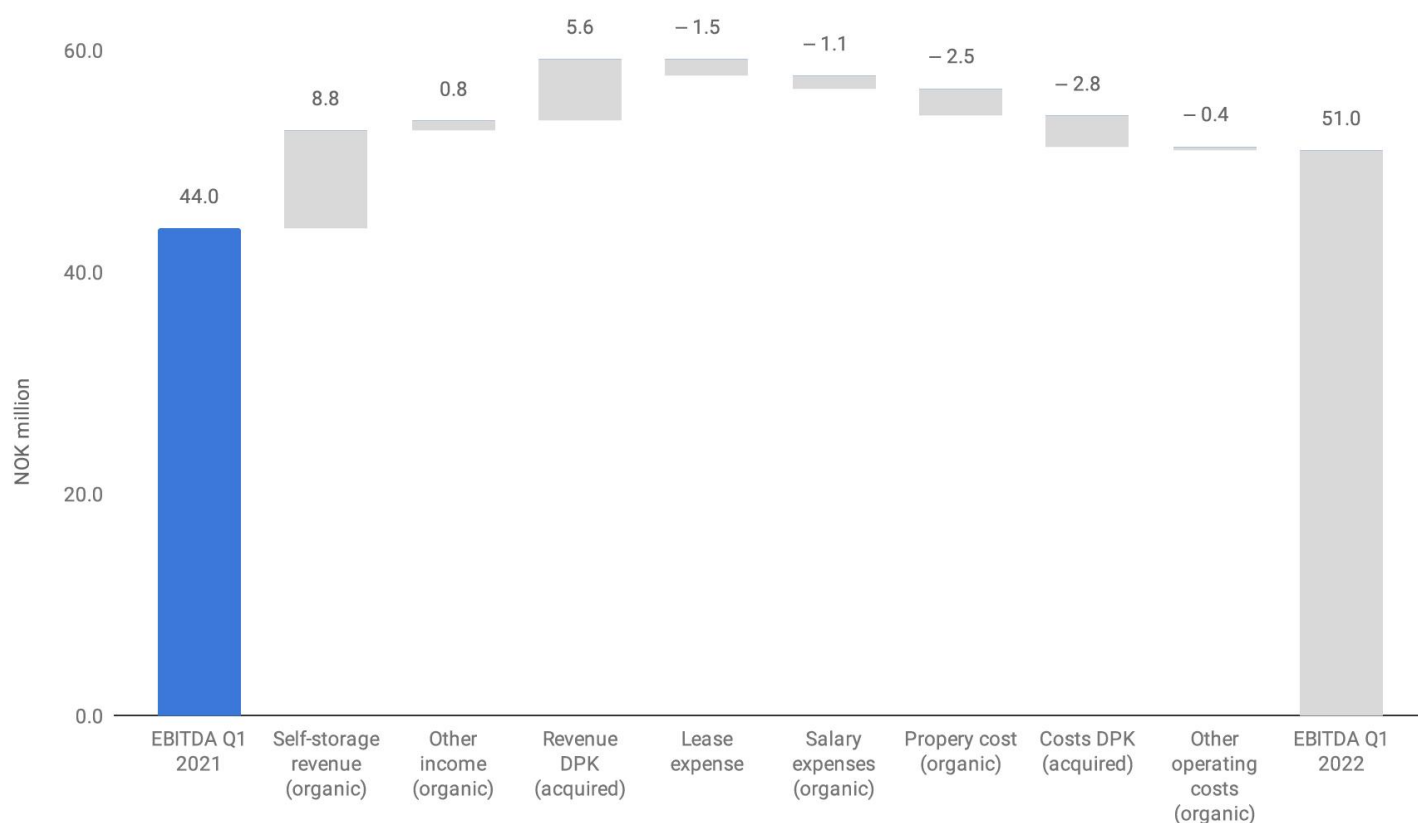


Change in fair value of leasehold investment property relates mainly to passage of time of recognised leases under IFRS 16. Change in fair value of leasehold investment property recognised in the P&L in Q1 2022 was NOK -12.4 million, compared to NOK -9.5 million in Q1 2021. The increase relates mainly to the derecognition of the earlier leasehold investment property asset for Adamstuen in Q1 2021, partly offset by the changes in the length of some lease contracts that affect the classification of lease as short-term or long-term. 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 2 482 million and the fair value of leasehold investment property was NOK 454.0 million at 31 March 2022. Fair value of freehold investment property at 31 December 2021 was NOK 2 422 million, while the fair value of leasehold investment property was NOK 444.3 million.

EBITDA and profit before tax

EBITDA in Q1 2022 was NOK 51.0 million, an increase of NOK 5.9 million since Q1 2021. NOK 1.9 million of the increase in EBITDA is attributable to new net revenue and cost from DPK. There were no costs defined as non-recurring costs in Q1 2022 (Q1 2021 NOK 1.2 million). There is a negative foreign exchange effect attributable to rental income in SEK and DKK of NOK 0.7 million when comparing Q1 2022 and Q1 2021, partly offset by a positive foreign exchange effect on expenses of NOK 0.6 million. The financial development in Q1 2022 had an adjusted EBITDA-growth of 13% compared with Q1 2021. EBITDA for Q1 2022 vs Q1 2021 is visualized below.



Net finance amounted to NOK 16.2 million in Q1 2022, compared to NOK 5.5 million in Q1 2021. The change consists of increased financial income of NOK 15.7 million, and increased financial costs of NOK 5.0 million. The increase in financial income in Q1 2022 compared to Q1 2021 is mainly related to a positive change in fair value of interest rate swaps. The increase in financial expenses in Q1 2022 compared to Q1 2021 is mainly related to unrealised loss in foreign currency and increased interest expense on borrowings. Detailed development on net finance is disclosed in note 9.

Profit before tax in Q1 2022 was NOK 56.2 million, an increase of NOK 3.2 million from Q1 2021.

Statement of financial position

Total assets were NOK 3 529 million as of 31 March 2022, compared to NOK 3 491 million at 31 December 2021, an increase of NOK 37.7 million. Freehold investment property increased with NOK 59.2 million from 31 December 2021 to NOK 2 482 million as of 31 March 2022. The increase is related to the acquisition of six properties in Norway, investments in several development and conversion projects and exchange differences. Leasehold investment property was NOK 454.0 million at 31 March 2022, an increase of NOK 9.8 million from 31 December 2021. The increase is related to one option assessed reasonably certain to exercise, partly offset by 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 Q1 2022.

Cash and bank deposits decreased by NOK 60.8 million to NOK 154.0 million at the end of March 2022 from December 2021. The main changes in cash and bank deposits in Q1 2022 relates net cash outflow on acquisitions and additions to freehold investment property.

Interest-bearing debt¹ amounts to NOK 931.5 million at the end of March 2022, a decrease of NOK 12.7 million from December 2021. Loan to value¹ of freehold investment property is 38% as of end March 2022, compared to 39% at the end of December 2021. The loan facility has several covenants². As of 31 March 2022, 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 March 2022 interest-bearing debt less cash was NOK -777.5 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 March 2022 was NOK 1 840 million, an increase of NOK 36.3 million from December 2021. The increase is attributable to the profit during the period. Lease liabilities at the end of March 2022 was NOK 479.3 million, an increase of NOK 10.7 million compared to the end of December 2021. The increase is related to one option assessed reasonably certain to exercise, partly offset by lease payments due to passage of time and currency differences on lease liabilities in Denmark and Sweden. The equity ratio was 52% at the end of March 2022, the same as at the end of December 2021.

Cash flow

SSG has strong cash flow as customers are invoiced in advance and costs are predictable and stable. Net cash flow from operating activities during Q1 2022 was NOK 35.0 million, compared to NOK 29.7 million in Q1 2021. The net cash flow from operating activities adjusted for non-cash items increased for the first quarter of 2022 compared to the first quarter of 2021 due to increase in operational profit. The net cash flow from operating activities is also affected by timing differences for payments that give a higher net cash flow from operating activities in Q1 2022 compared to Q1 2021.

Net cash flow from investing activities during Q1 2022 was NOK -60.8 million compared to NOK -305.5 million during Q1 2021. 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 acquisitions 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 -34.3 million at the end of Q1 2022, compared to NOK 291.6 million at the end of Q1 2021. Net cash flow from financial activities was affected by repayment of loan amounting to NOK 12.3 million and net payment of lease liabilities and payments of lease classified as interests amounted to NOK -15.5 million in the first quarter of 2022.

SSG's cash balance at the end of March 2022 was NOK 154.0 million.

¹Non-GAAP measures are defined on page 27

²See note 7 for the Group's covenants

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 continuously working to increase the level of automation in all parts of the value chain.

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's vision is to enable people to take care of their belongings and organize their lives by being the leading Scandinavian self-storage provider with safe, smart and accessible solutions. SSG 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 the Group believes it to be important that it engages in how to make a difference for customers as well as for the employees. SSG is determined to include sustainability as an integrated part of the business. Even though the industry in general has a low carbon footprint, SSG still has potential related to sustainability, and plans to continue the journey to achieve its 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 markets, 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 held 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. City Self-Storage will be opportunistic about potential mergers and acquisitions in the Nordics, 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. 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. SSG entered the Swedish and the Danish markets through the acquisition of City Self-Storage in 2016. With the acquisition of Eurobox in 2019 the leading position in the Norwegian market was solidified. 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.

The Group's strong balance sheet, coupled with additional borrowing capacity, gives SSG additional investment capacity in 2022 and beyond.

Industry leading customer service

Self-storage is increasingly becoming an online industry where the majority of the enquiries are channeled through websites and mobile apps. As more and more facilities are becoming self-served, customer service is becoming an even more important aspect of the customer journey. SSG considers 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 was a pioneer in this area and has constantly innovated 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.

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 jeopardizing profitability. SSG has succeeded in attracting investors and raising capital, and is well positioned to execute its strategy.



Corporate developments

On 24 March 2022, Centerbridge Partners Europe LLP, the Company's largest shareholder and closely related to chairman of the board Steven J Skaar, bought 2 000 000 shares. Following this transaction, Centerbridge Partners Europe LLP owns 27 206 078 shares in Self Storage Group ASA, representing approximately 28.73% of the issued shares in the Company

On 24 March 2022, Fabian Søbak (Founder and CEO) sold 1 000 000 shares through Fabian Holding AS, a company controlled by Fabian Søbak. Following this transaction, Fabian Holding AS owns 8 565 000 shares in Self Storage Group ASA, representing approximately 9.05% of the issued shares in the Company. On the same date, Gustav Søbak (Founder and Board member) sold 1 000 000 shares through GSS Invest AS, a company controlled by Gustav Søbak. Following this transaction, GGS Invest AS owns 5 565 000 shares in Self Storage Group ASA, representing approximately 5.88% of the issued shares in the Company. The proceeds from the transactions are planned to be used to pay wealth taxes for the coming years, as required by Norwegian tax rules.

Acquisitions

Acquired properties ¹	Area	Transaction quarter	Total potential lettable area (m ²)	Transaction value (NOK million)	Closing quarter	Estimated opening quarter
Property in Porsgrunn	Porsgrunn, Norway	Q2 2022	1 500	17.8	Q4 2022	Q1 2023
Property in Skien ²	Skien, Norway	Q1 2022	-	8.5	Q2 2022	Q2 2023
Property in Stange Næringspark	Stange, Norway	Q1 2022	600	5.3	Q4 2022	Q1 2023
Nesseveien 2B	Harstad, Norway	Q1 2022	680	8.4	Q1 2022	Q3 2022
Property in Storebotn Næringspark	Askøy, Norway	Q4 2021	1 050	12.0	Q2 2022	Q4 2022
Molandsveien 339	Arendal, Norway	Q4 2021	850	7.1	Q3 2022	Q4 2022
Kartheia 5	Kristiansand	Q4 2021	550	4.3	Q1 2022	Q3 2022
Nordslettvegen 4 BC	Trondheim	Q4 2021	1 550	17.0	Q1 2022	Q3 2022
Sørliveien 84, neighboring section property	Halden, Norway	Q4 2021	1 400	8.0	Q1 2022	TBD
Deliveien 21	Vestby, Norway	Q4 2021	1 500	15.6	Q4 2022	Q1 2023
Property in Kampenesmosen ²	Sarpsborg, Norway	Q4 2021	-	4.6	Q1 2022	Q2 2023
Lundeveien 10	Vennesla, Norway	Q4 2021	800	6.2	Q1 2022	Q3 2022
Gardermovegen	Nannestad, Norway	Q4 2021	1 050	11.5	Q3 2022	Q3 2022
Knarvik ²	Alver, Norway	Q3 2021	-	4.0	Q1 2023	H1 2023
Total			11 530	130.3		

¹Properties with closing quarter in 2022 or later

²Acquisition of plot

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 has attractive financial terms on its loan, but is exposed to interest rate risk. SSG has entered into several five-year interest rate swaps. 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 2021 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 capitalized in the balance sheet. The table in note 5 the Annual Report for 2021 showing currency effects on the Groups profit if the exchange rate fluctuates is still valid.

Russia went to war against Ukraine 24 February 2022. SSG has no direct exposure to Russia and Ukraine, and the war has a limited effect on the Group. However, the unstable global situation, especially related to energy and supply chain affects SSG in 2022, but the extent of the impact and the consequences are still unclear.

SSG has a strong pipeline with 38 100 m² of freehold lettable area under development, and is focused on growing its freehold footprint, both by developing high-quality freehold facilities and opportunistically acquiring freehold properties where SSG has an existing leasehold interest. SSG is affected by the unstable global situation and increased cost related to steel and supply chain. Steel is the main component in the fit-out installation on new facilities, and expansions on existing facilities. During the past 12 months, fit-out material cost has increased 30-40%, but the fit-out cost has only a small impact on new project costs (i.e. 10-15% of total project budget). With the increased fit-out material cost, SSG is focusing even more on negotiating terms with the Group's suppliers and utilizing its purchasing power in the negotiations. SSG is working with several European suppliers, and can therefore benchmark the cost of fit-out material on an ongoing basis. Production and delivery time have also increased since the start of the pandemic. To compensate for supply chain delays, SSG starts the planning of the fit-out installations earlier in the projects. So far, few projects have been delayed due to increased delivery time of the fit-out material.

In Q4 2021 and Q1 2022 SSG has signed agreements to acquire several new sectioned buildings. These contracts are signed on a fixed price basis. The recent cost increases on steel and other materials will hence not affect the cost of these buildings for SSG. Fit-out installations are separate from these contracts, which will result in some cost increases on these projects as a whole. SSG is expecting cost increases on new greenfield development projects which are not signed yet. SSG currently has two greenfield development plots in the pipeline.

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 2021.

Outlook

Self Storage Group (SSG or the “Company” or “The Group”) has a leading position in the Norwegian market and is one of the leading self-storage providers in Scandinavia. SSG has two strong brands and concepts; City Self-Storage and OK Minilager. As of 31 March 2021, the Group operates 129 facilities across Scandinavia with a total lettable area of 214 300 m² and current lettable area of 176 200 m².

There is a large untapped potential for SSG’s services in Scandinavia as urbanization and smaller living spaces lead to an increased need for external storage solutions. SSG is experiencing robust demand for its facilities, increasing occupancy and is adding new capacity while at the same time achieving attractive rent levels. SSG is focused on occupancy growth and lease-up of new facilities. The Group also sees a potential to increase rent levels in the portfolio.

SSG has established a solid and scalable platform and is well positioned for future growth in a growing market. The Group has a strong pipeline with 38 100 m² of freehold lettable area under development.

The Group is focused on growing its freehold footprint, both by developing high-quality freehold facilities and opportunistically acquiring freehold properties where we have an existing leasehold interest. SSG has additional avenues for growth through already-acquired development opportunities and low-cost expansions of existing facilities. During 2021 14 200 m² was developed, and the Group is aiming to accelerate development growth in 2022 with a projected addition of 15 000 m² + lettable area. The strong balance sheet enables the Company to continue investing for the future, both organic and through M&A.

SSG is well positioned in an inflationary environment. With a high margin business model cost inflation is less material than the benefit to the top line. The Group has seen some construction cost sensitivity on new developments. Fit-out materials have seen the largest effects from inflation, but the fit-out cost has only a small impact on new project costs (i.e. 10-15% of total project budget). SSG has implemented several cost saving measures on projects to offset increased cost of fit-out. New developments, while still a significant growth driver, are only a fraction of overall business given the large install base

SSG has a proven track-record of developing and operating a portfolio of self-storage facilities, leveraging on a lean and operationally-focused organization to achieve industry-leading margins. With the increasing number of freehold properties, SSG has recently added additional resources to manage operations and maintenance of the properties, as well as new recruitments in our property development team. During 2021, SSG also strengthened its IT and marketing efforts with new key recruitments. SSG will continue to make investments in its digital platforms to increase automation and customer satisfaction. The roll out of a new identity and communication strategy for both brands was initiated in Q4 2021 and will continue in 2022. By focussing on branding and organizational development, SSG continues to enhance its scalable platform for future growth.

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

Oslo, 9 May 2022

Board of Directors, Self Storage Group ASA

Financials

Self Storage Group Condensed consolidated statement of comprehensive income

(Amounts in NOK 1 000)

	Note	Unaudited For the three months ended 31 March 2022	Unaudited For the three months ended 31 March 2021	Audited For the year ended 31 December 2021
Revenue	3	91 952	76 674	346 075
Lease expenses	3,8	-3 754	-2 243	-13 250
Property-related expenses	3	-14 633	-11 139	-44 414
Salary and other employee benefits	3	-12 824	-10 794	-44 115
Depreciation		-4 754	-3 249	-16 863
Other operating expenses	3	-9 739	-8 535	-41 373
Operating profit before fair value adjustments		46 248	40 714	186 060
Change in fair value of freehold investment property	5	6 148	16 310	319 996
Change in fair value of leasehold investment property	5,8	-12 404	-9 534	-46 356
Operating profit after fair value adjustments		39 992	47 490	459 700
Finance income	9	32 575	16 848	36 273
Finance expense	7,8,9	-16 381	-11 368	-55 357
Profit before tax		56 186	52 970	440 616
Income tax expense		-9 485	-9 185	-92 015
Profit for the period		46 701	43 785	348 601
Profit/loss attributable to owners of the parent		46 701	43 785	348 601
Profit/loss attributable to non-controlling interests		-	-	-
Earnings per share				
Basic (NOK)	4	0.49	0.52	3.96
Diluted (NOK)	4	0.49	0.52	3.96
Other comprehensive income, net of income tax				
Items that may be reclassified subsequently to profit or loss				
- currency translation difference		-10 398	-12 484	-14 650
Other comprehensive income for the period, net of income tax		-10 398	-12 484	-14 650
Total comprehensive income for the period		36 303	31 301	333 951
Total comprehensive income for the year attributable to owners of the parent		36 303	31 301	333 951
Total comprehensive income for the year attributable to non-controlling interests		-	-	-

Self Storage Group

Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

		Unaudited	Audited
		31 March 2022	31 December 2021
ASSETS			
Non-current assets	Note		
Freehold investment property	5	2 481 532	2 422 368
Leasehold investment property	5,8	454 011	444 253
Property, plant and equipment	8	171 877	162 615
Goodwill		187 372	187 330
Financial instruments		36 506	14 160
Other intangible assets		872	1 220
Deferred tax assets		89	91
Total non-current assets		3 332 259	3 232 037
Current assets			
Inventories		1 661	1 857
Trade and other receivables		16 382	17 140
Other current assets		24 870	25 668
Cash and bank deposits		153 985	214 746
Total current assets		196 898	259 411
TOTAL ASSETS		3 529 157	3 491 448
EQUITY AND LIABILITIES			
Equity			
Issued share capital	6	9 467	9 467
Share premium		1 082 657	1 082 657
Currency translation reserve		-12 209	-1 811
Retained earnings		760 302	713 601
Total equity		1 840 217	1 803 914
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing debt	7	879 776	892 626
Non-current lease liabilities	7,8	434 357	422 479
Other financial liabilities		394	320
Deferred tax liabilities		203 676	196 745
Total non-current liabilities		1 518 203	1 512 170
Current liabilities			
Current interest-bearing debt	7	51 745	51 644
Current lease liabilities	7,8	44 977	46 192
Trade and other payables		16 462	12 804
Income tax payable		3 152	10 478
Other taxes and withholdings		7 114	6 713
Other current liabilities		47 287	47 533
Total current liabilities		170 737	175 364
Total liabilities		1 688 940	1 687 534
TOTAL EQUITY AND LIABILITIES		3 529 157	3 491 448

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 2021	8 432	791 594	12 839	365 000	1 177 865
Profit (loss) for the period	-	-	-	43 785	43 785
Other comprehensive income (loss) for the period net of income tax	-	-	- 12 484	-	- 12 484
Total comprehensive income for the period	-	-	- 12 484	43 785	31 301
Balance at 31 March 2021 (Unaudited)	8 432	791 594	355	408 785	1 209 166

Balance at 1 January 2022	9 467	1 082 657	- 1 811	713 601	1 803 914
Profit (loss) for the period	-	-	-	46 701	46 701
Other comprehensive income (loss) for the period net of income tax	-	-	- 10 398	-	- 10 398
Total comprehensive income for the period	-	-	- 10 398	46 701	36 303
Balance at 31 March 2022 (Unaudited)	9 467	1 082 657	- 12 209	760 302	1 840 217

Self Storage Group

Condensed consolidated statement of Cash flows

(Amounts in NOK 1 000)	Note	Unaudited For the three months ended 31 March 2022	Unaudited For the three months ended 31 March 2021	Audited For the year ended 31 December 2021
Cash flow from operating activities				
Profit before tax		56 186	52 970	440 616
Income tax paid		- 9 316	- 2 921	- 14 330
Net expensed interest and fees on borrowings and leases		5 709	3 642	37 468
Depreciation		4 754	3 249	16 863
Gain/loss on disposal of property, plant and equipment		-	- 42	- 177
Unrealised gain/loss in foreign currency	9	- 5 318	- 9 919	-9745
Change in fair value of financial instruments	9	- 22 346	- 4 937	- 16 178
Change in fair value of freehold investment property	5	- 6 148	- 16 310	- 319 996
Change in fair value of leasehold investment property	5,8	12 404	9 534	46 356
Change in trade and other receivables		1 062	1 090	- 1 418
Change in trade and other payables		3 579	1 533	- 3 974
Change in other current assets		- 6 318	- 7 917	- 3 614
Change in other current liabilities		793	- 252	2 438
Net cash flow from operating activities		35 041	29 720	174 309
Cash flow from investing activities				
Payments for freehold investment property		- 22 183	- 29 253	- 174 836
Payments for property, plant and equipment		- 13 884	- 11 752	- 47 332
Proceeds from disposal of property, plant and equipment		-	223	684
Net cash outflow on acquisition of subsidiaries		- 24 711	- 264 735	- 463 862
Net cash flow from investing activities		- 60 778	- 305 517	- 685 346
Cash flow from financing activities				
Net proceeds from issue of equity instruments	6	-	-	291 999
Proceeds from borrowings	7	-	984 268	1 084 268
Repayment of borrowings	7	- 12 300	- 672 263	- 809 162
Interest paid	7,9	- 6 494	- 3 873	- 25 444
Payments of lease liabilities	7,8	- 11 206	- 10 517	- 43 296
Payments of interest on lease liabilities	7,8,9	- 4 251	- 6 060	- 18 527
Net cash flow from financing activities		- 34 251	291 555	479 838
Net change in cash and cash equivalents		- 59 988	15 758	- 31 199
Cash and cash equivalents at beginning of the period		214 746	246 804	246 804
Effect of foreign currency rate changes on cash and cash equivalents		- 773	- 838	- 859
Cash and equivalents at end of the period		153 985	261 724	214 746

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 9 May 2022.

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 2021. The Group has not early adopted any standard, interpretation or amendment with effective date after 1 January 2022. 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, right to use assets, intangible assets and financial investments continuously. As of 31 March 2022 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 total of Sales income and Other income in the segment reporting corresponds with the line item Revenue as recognised under IFRS.

The Group's reportable segments are as follows:

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

For the three months ended 31 March 2022	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Rental income from self-storage services	60 954	24 432	-	-	-	-	85 386
Other income	5 029	115	27 866	-	- 26 444	-	6 566
Lease expenses	- 33 859	- 11 496	-	- 352	26 444	15 509	- 3 754
Other operating costs	- 24 950	- 6 542	- 4 505	- 1 219	-	20	- 37 196
EBITDA	7 174	6 509	23 361	- 1 571	-	15 529	51 002
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 4 754
Change in fair value of freehold investment property							6 148
Change in fair value of leasehold investment property							- 12 404
Finance income							32 575
Finance expense							- 16 381
Profit before tax							56 186

For the three months ended 31 March 2021	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Rental income from self-storage services	50 380	21 219	-	-	-	-	71 599
Other income	3 579	106	18 371	-	- 16 981	-	5 075
Lease expenses	- 27 081	- 9 216	-	- 330	16 981	17 403	- 2 243
Other operating costs	- 19 285	- 5 434	- 4 304	- 1 506	-	61	- 30 468
EBITDA	7 593	6 675	14 067	- 1 836	-	17 464	43 963
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 249
Change in fair value of freehold investment property							16 310
Change in fair value of leasehold investment property							- 9 534
Finance income							16 848
Finance expense							- 11 368
Profit before tax							52 970

For the year ended 31 December 2021	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Rental income from self-storage services	229 326	90 918	-	-	-	-	320 244
Other income	19 326	1 079	85 671	507	- 80 752	-	25 831
Lease expenses	- 116 700	- 39 555	-	- 1 320	80 752	63 573	- 13 250
Operating costs	- 86 653	- 22 262	- 16 951	- 4 279	-	243	- 129 902
EBITDA	45 299	30 180	68 720	- 5 092	-	63 816	202 923
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 16 863
Change in fair value of freehold investment property							319 996
Change in fair value of leasehold investment property							- 46 356
Finance income							36 273
Finance expense							- 55 357
Profit before tax							440 616

Note 4 Earnings per share

(Amounts in NOK)	For the three months ended 31 March 2022	For the three months ended 31 March 2021
Profit (loss) for the period	46 701 000	43 785 000
Weighted average number of outstanding shares during the period (basic)	94 678 584	84 328 584
Weighted average number of outstanding shares during the period (diluted)	94 678 584	84 328 584
Earnings (loss) per share - basic in NOK	0.49	0.52
Earnings (loss) per share - diluted in NOK	0.49	0.52

See also note 7

Note 5 Investment property

(Amounts in NOK 1 000)

During the three months period ended 31 March 2022, 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 2021	444 253	2 422 368	2 866 621
Value adjustment due to passage of time	- 12 404	-	-12 404
Additions and disposals leasehold investment property in the year	27 294	-	27 294
Asset acquisition in Property segment	-	11 101	11 101
Company acquired as asset acquisition	-	36 091	36 091
Additions to existing properties	-	11 082	11 082
Fair value adjustments recognised in profit or loss	-	6 148	6 148
Other/translation differences	- 5 132	- 5 258	-10 390
Balance as at 31 March 2022	454 011	2 481 532	2 935 543

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 6 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 2021			94 678 584	9 467 858	0.10
Ordinary shares at 31 March 2022			94 678 584	9 467 858	0.10

At the General Meeting in 2021 the Board of Directors was authorized 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. The remaining amount of the authorisation to increase the share capital is NOK 3 181 429.20 as of 31 March 2022.

List of main shareholders at 31 March 2022

	Shareholder	Country	Number of shares	Ownership %
1	UBS Switzerland AG ¹	Switzerland	27 256 078	28.8%
2	FABIAN HOLDING AS ²	Norway	8 565 000	9.0%
3	VERDIPAPIRFONDET ODIN EIENDOM ³	Norway	6 066 370	6.4%
4	GSS INVEST AS	Norway	5 565 000	5.9%
5	J.P. Morgan SE	Luxembourg	4 172 309	4.4%
6	J.P. Morgan Securities LLC	United States	4 170 214	4.4%
7	SKAGEN M2 VERDIPAPIRFOND	Norway	3 668 743	3.9%
8	FIRST RISK CAPITAL AS ⁴	Norway	2 600 000	2.7%
9	SOLE ACTIVE AS	Norway	2 502 048	2.6%
10	HSBC Bank Plc	United Kingdom	2 488 255	2.6%
11	BNP Paribas Securities Services	France	2 425 686	2.6%
12	Danske Invest Norge Vekst	Norway	1 843 253	1.9%
13	VERDIPAPIRFONDET HOLBERG NORGE	Norway	1 700 000	1.8%
14	BNP Paribas Securities Services	France	1 459 000	1.5%
15	The Bank of New York Mellon	United States	1 386 183	1.5%
16	Citibank, N.A.	Ireland	1 036 804	1.1%
17	Brown Brothers Harriman & Co.	United States	1 016 072	1.1%
18	J.P. Morgan SE	Luxembourg	972 894	1.0%
19	CACEIS Bank	France	937 052	1.0%
20	MUSTAD INDUSTRIER AS	Norway	900 000	1.0%
	Other		13 947 623	14.7%
	Sum		94 678 584	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 Søbak

³GSS Invest AS is owned by board member Gustav Søbak

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 688 843 shares in Self Storage Group ASA

COO Sveinung Høyer-Trollnes owns 17 123 shares in Self Storage Group ASA

CPMO Lars Moen owns 24 799 shares in Self Storage Group ASA

Note 7 Interest bearing liabilities

(Amounts in NOK 1 000)

Interest bearing liabilities are carried at amortized cost. The carrying amounts approximate fair value as at 31 March 2022.

As at 31 March 2022	Amounts due in		Total
	less than 1 year	1-5 years	
Debt to financial institutions (NOK, Handelsbanken)	51 745	879 776	931 521
Changes in liabilities arising from financing activities	Interest bearing borrowings	Lease liabilities	Total financing activities
Balance as at 31 December 2021	944 270	468 671	1 412 941
Additions and disposals of leasehold investment property in the year	-	27 294	27 294
Additions and disposals of other leases in the year	-	-	-
Repayments of borrowings/Payments of lease	-12 300	-11 206	-23 506
Proceeds from borrowings	-	-	-
Interests expenses of borrowings	6 045	-	6 045
Interests paid of borrowings	-6 494	-	-6 494
Other/translation differences	-	-5 425	-5 425
Balance as at 31 March 2021	931 521	479 334	1 410 855

SSG entered into a bank facility loan with Handelsbanken and Danske Bank in 2021. 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%. The revolving credit facility is undrawn as of 31 March 2022.

All covenants for the bank facility loan are to be measured and reported on a quarterly basis. There are both financial and non-financial covenants. As of 31 March 2022, the Group is in compliance with all loan covenants, and also expects to comply with covenants throughout 2022.

The financial covenants for the bank facility loan are:

- The loan to value (interest-bearing debt over market value freehold investment properties) must not exceed 60%
- 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%

As of 31 March 2022 SSG has four 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 22.3 million for Q1 2022 related to hedging of interests is included in finance.

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. 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 2021	468 671	444 253	3 056
Additions and disposals of leases for leasehold investment property in the year	27 294	27 294	-
Additions and disposals of other leases in the year	-	-	-
Payments of lease	-11 206	-	-
Change in fair value of leasehold investment properties	-	-12 404	-
Depreciation	-	-	- 289
Other/translation differences	-5 425	-5 132	-
Balance as at 31 March 2022	479 334	454 011	2 767

Amounts related to leases recognised in profit or loss:	For the three months ended 31 March 2022	For the three months ended 31 March 2021	For the full year 2021
Expenses relating to short-term leases (included in lease expenses)	-3 754	-2 243	-13 250
Change in fair value of leasehold properties	-12 404	-9 534	-46 356
Depreciation expense of leased assets classified as property, plant and equipment	- 289	- 308	-1 231
Interest expense on lease liabilities (included in finance expenses)	- 4 251	-6 060	-18 527
Total amount recognised in profit or loss	-20 698	-18 145	-79 364

Total cash outflows for leases was NOK 19.2 million in the first quarter of 2022.

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 judgment in determining whether these extension options are reasonably certain to be exercised (see note 4 in the Annual Report for 2021). Options to extend reasonably certain to commit to, but not started, amounts to

NOK 185.6 million as of 31 March 2022, with periods ranging between one and ten years. Options to extend, not reasonably certain to commit to, amounts to NOK 13.8 million as of 31 March 2022, with periods ranging between one and ten years.

One option to extend reasonably certain to commit to, but not started, is included in the balance sheet in the first quarter of 2022 as it during 2022 is assessed reasonably certain to be exercised.

The Group has not committed to any additional future leases as of 31 March 2022.

Note 9 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 31 March 2022	For the three months ended 31 March 2021	For the full year 2021
Interest income and other financial income	29	34	1 013
Realised gain from transactions in foreign currency	30	252	138
Unrealised gain in foreign currency	10 170	11 625	18 944
Positive change in fair value of financial instruments*	22 346	4 937	16 178
Total financial income	32 575	16 848	36 273
Interest expense on borrowings	-6 045	-2 681	-21 480
Interest expense on lease liabilities	-4 251	-6 060	-18 527
Other interests, fees and charges	-1 072	- 778	-5 674
Realised loss from transactions in foreign currency	- 161	- 143	- 477
Unrealised loss in foreign currency	-4 852	-1 706	-9 199
Negative change in fair value of financial instruments*	-	-	-
Total financial expenses	-16 381	-11 368	-55 357
Net financial items	16 194	5 480	-19 084

* Change in fair 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. 34% of the lease liabilities as of March 2022 are in SEK or DKK.

Note 10 Subsequent events

- On 4 April 2022, an agreement to acquire a property under development in Porsgrunn, Norway, was entered into. The property has an estimated lettable area of 1 500 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 amortization, 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, amortization 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)

	31 March 2021	31 December 2021
Interest-bearing debt		
Non-current interest-bearing debt	879 776	892 626
Current interest-bearing debt	51 745	51 644
Total interest-bearing debt	931 521	944 270

(Amounts in NOK 1 000)

	Q1 2022	Q1 2021	Full year 2021
Property-related expenses	-14 633	-11 139	-44 414
Salary and other employee benefits	-12 824	-10 794	-44 115
Other operating expenses	-9 739	-8 535	-41 373
Total other operating expenses	-37 196	-30 468	-129 902
Operating profit before fair value adjustments	46 248	40 714	186 060
EBIT	46 248	40 714	186 060
Total adjustments	-	1 157	3 416
Adjusted EBIT	46 248	41 871	189 476
Change in fair value of freehold investment property	6 148	16 310	319 996
Change in fair value of leasehold investment property	-12 404	-9 534	-46 356
Adjusted Profit before tax	56 186	54 127	444 032
Adjusted tax	-9 485	-9 386	-92 728
Adjusted Net profit	46 701	44 741	351 304
Operating profit before fair value adjustments	46 248	40 714	186 060
Depreciation	-4 754	-3 249	-16 863
EBITDA	51 002	43 963	202 923
Total adjustments	-	1 157	3 416
Adjusted EBITDA	51 002	45 120	206 339
Adjustments			
Revenue: release of historical liability	-	-	507
Other operating expenses: acquisition costs	-	-1 157	-3 923
Total adjustments	-	-1 157	-3 416