

NEWS RELEASE

For Release

July 26, 2023
Toronto, Ontario

StorageVault Reports 2023 Second Quarter Results and Increases Dividend

STORAGEVAULT CANADA INC. (“StorageVault” or the “Corporation”) (SVI-TSX) reported the Corporation’s 2023 second quarter results and increases its dividend. Iqbal Khan, Chief Financial Officer, commented:

“For the first half of fiscal 2023, we significantly reduced our variable rate debt exposure and despite the normalization of our business from the prior year, we still achieved a same store revenue and NOI growth of 4.6% and 4.1%. For the second half of the year, we will continue to focus on maximizing revenues, NOI and free cash flow, while controlling expenses.”

2023 Second Quarter Results

Revenue for the second quarter of 2023 increased to \$71.3 million compared to \$66.0 million in Q2 2022 and net operating income (“NOI”), a non-IFRS measure, grew to \$48.4 million from \$44.3 million for the comparative period. Our cash flow from operations increased year over year and when combined with our financing and investing activities resulted in a cash balance of \$16.3 million at the end of the quarter. The Q2 2023 net income of \$12.6 million (net loss of \$7.3 million for Q2 2022) is a result of a \$15.6 million gain on a real estate disposition from an expropriation and impacted by the following non-cash items – \$24.7 million of depreciation and amortization, \$0.7 million of unrealized loss on derivative financial instruments and deferred tax recovery recorded in the quarter of \$2.1 million.

Revenue and NOI from Existing Self Storage stores increased by 1.7% and 2.2%, compared to the same period last year. Funds from operations (“FFO”), a non-IFRS measure, were \$20.6 million for Q2 2023 compared to \$16.9 million in Q2 2022, a 21.5% increase year over year. Adjusted funds from operations (“AFFO”), a non-IFRS measure, were \$22.1 million for Q2 2023 compared to \$21.8 million in Q2 2022, a 1.6% increase. On a per basic common share basis, FFO and AFFO increased by 21.6% and 1.7%, respectively.

For a reconciliation of the above NOI, FFO, and AFFO amounts to IFRS, please see “Non-IFRS Financial Measures” and the reconciliation tables below, and the Corporation’s Management’s Discussion & Analysis for the three and six months ended June 30, 2023 filed on SEDAR at www.sedar.com.

2023 Six Months Year to Date Results

Revenue for the six months ended June 30, 2023 increased to \$138.7 million from \$123.4 million and NOI, a non-IFRS measure, grew to \$91.0 million from \$81.0 million, for the comparative period, a 12.4% increase. For the six months ended June 30, 2023, cash flow from operations was \$42.6 million and when combined with our financing and investing activities resulted in a cash balance of \$16.3 million. The net income of \$9.7 million for the six months ended June 30, 2023 (net loss of \$15.9 million for 2022) is a result of a \$15.6 million gain on real estate disposition from an expropriation and impacted by the following non-cash items – \$50.3 million in depreciation and amortization, \$4.0 realized gain on derivative financial instruments, \$1.4 million of unrealized gain on derivative financial instruments and deferred tax recovery of \$4.2 million.

Our Revenue and NOI from Existing Self Storage, a non-IFRS measure, increased by 4.6% and 4.1%, compared to the same period last year. FFO, a non-IFRS measure, were \$35.4 million compared to \$31.7 million for the same period in 2022, a 11.6% increase year over year. AFFO, a non-IFRS measure, were \$37.9 million compared to \$37.5 million for the same period in 2022, a 1.1% increase year over year. On a basic common per share basis, FFO and AFFO increased by 11.5% and 1.1%, respectively.

For a reconciliation of the above NOI, FFO, and AFFO amounts to IFRS, please see “Non-IFRS Financial Measures” and the reconciliation tables below, and the Corporation’s Management’s Discussion & Analysis for the three and six months ended June 30, 2023 filed on SEDAR at www.sedar.com.

Increased Dividend

StorageVault is increasing its quarterly dividend by 0.5% beginning Q3 2023 to \$0.002859 per common share.

Our Strategy

StorageVault is focused on owning and operating storage in the top markets in Canada. Our goal is to have multiple stores in each market, with complementary portable storage units and records management storage services, to take advantage of economies of scale. Our growth strategy is focused on acquisitions, organic growth, expansion of our existing stores and expansion of our portable storage and records management businesses.

Further Information

For comprehensive disclosure of StorageVault’s performance for the three and six months ended June 30, 2023 and its financial position as at such date, please see StorageVault’s Unaudited Interim Financial Statements and Management’s Discussion and Analysis for the three and six months ended June 30, 2023 filed on SEDAR at www.sedar.com.

Non-IFRS Financial Measures

Management uses both IFRS and non-IFRS Measures to assess the financial and operating performance of the Corporation’s operations. These non-IFRS Measures are not recognized measures under IFRS, do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other companies. The non-IFRS Measures referenced in this news release include the following:

- i. Net Operating Income (“**NOI**”) – NOI is defined as storage and related services revenue less related property operating costs. NOI does not include interest expense or income, depreciation and amortization, corporate administrative costs, stock based compensation costs or taxes. NOI assists management in assessing profitability and valuation from principal business activities.
- ii. Funds from Operations (“**FFO**”) – FFO is defined as net income (loss) excluding gains or losses from the sale of depreciable real estate, plus depreciation and amortization, realized gains or losses on real estate, realized and unrealized gains or losses on interest rate swaps, realized and unrealized gains or losses on derivative financial instruments,, stock based compensation expenses and deferred income taxes; and after adjustments for equity accounted entities and non-controlling interests. FFO should not be viewed as an alternative to cash from operating activities, net income, or other measures calculated in accordance with IFRS. The Corporation believes that FFO can be a beneficial measure, when combined with primary IFRS measures, to assist in the evaluation of the Corporation’s ability to generate cash and evaluate its return on investments as it excludes the effects of real estate amortization and gains and losses from the sale of real estate, all of which are based on historical cost accounting and which may be of limited significance in evaluating current performance.

- iii. Adjusted Funds from Operations (“**AFFO**”) – AFFO is defined as FFO plus acquisition and integration costs. Acquisition and integration costs are one time in nature to the specific assets purchased in the current period or pending and are expensed under IFRS.
- iv. Existing Self Storage – means stores that StorageVault has owned or leased at least since the beginning of the previous fiscal year.

NOI, FFO, AFFO and Existing Self Storage, should not be viewed as an alternative to, in isolation from, or superior to, net income or cash flow from operations, or results from StorageVault’s comprehensive operations, respectively, or other measures calculated in accordance with IFRS. NOI, FFO and AFFO should not be interpreted as an indicator of cash generated from operating activities and is not indicative of cash available to fund operating expenditures, or for the payment of cash distributions. Existing Self Storage should not be considered a measure of StorageVault’s comprehensive operations. NOI, FFO, AFFO and Existing Self Storage are simply additional measures of operating performance which highlight trends in StorageVault’s core business that may not otherwise be apparent when relying solely on IFRS financial measures. StorageVault’s management also uses these non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare operating budgets. In addition, the Corporation’s definitions of NOI, FFO, AFFO and Existing Self Storage may differ from that of other issuers.

Non-IFRS Financial Measures Reconciliation

The following table reconciles Net Income (Loss) and Net Operating Income:

	<i>(unaudited)</i>				<i>(unaudited)</i>			
	Three Months Ended June 30		Change		Six Months Ended June 30		Change	
	2023	2022	\$	%	2023	2022	\$	%
Storage revenue and related services	\$ 70,764,041	\$ 65,442,634	\$ 5,321,407	8.1%	\$ 137,707,182	\$ 122,484,601	\$ 15,222,581	12.4%
Management fees	528,718	516,810	11,908	2.3%	1,003,049	930,119	72,930	7.8%
	71,292,759	65,959,444	5,333,315	8.1%	138,710,231	123,414,720	15,295,511	12.4%
Operating costs	22,881,572	21,613,327	1,268,245	5.9%	47,727,165	42,444,672	5,282,493	12.4%
Net operating income ¹	48,411,187	44,346,117	4,065,070	9.2%	90,983,066	80,970,048	10,013,018	12.4%
Less:								
Acquisition and integration costs	1,575,942	4,858,923	(3,282,981)	-67.6%	2,548,239	5,799,569	(3,251,330)	-56.1%
Selling, general and administrative	5,915,828	5,213,892	701,936	13.5%	11,715,615	10,210,428	1,505,187	14.7%
Interest	20,347,508	17,338,560	3,008,948	17.4%	41,322,533	33,237,435	8,085,098	24.3%
Stock based compensation	301,591	347,922	(46,331)	-13.3%	611,428	695,844	(84,416)	-12.1%
Realized (gain) loss on real estate	(15,615,804)	-	(15,615,804)	-	(15,615,804)	-	(15,615,804)	-
Realized (gain) loss on derivative financial instruments	-	-	-	-	(3,970,902)	-	(3,970,902)	-
Unrealized (gain) loss on derivative financial instruments	680,997	1,678,878	(997,881)	-59.4%	(1,393,500)	4,466,709	(5,860,209)	-131.2%
Depreciation and amortization	24,679,616	23,600,196	1,079,420	4.6%	50,300,634	45,195,802	5,104,832	11.3%
	37,885,678	53,038,371	(15,152,693)	-28.6%	85,518,243	99,605,787	(14,087,544)	-14.1%
Net income (loss) before taxes	10,525,509	(8,692,254)	19,217,763	221.1%	5,464,823	(18,635,739)	24,100,562	129.3%
Deferred tax recovery	2,086,742	1,413,890	672,852	47.6%	4,243,056	2,779,650	1,463,406	52.6%
Net income (loss)	\$ 12,612,251	\$ (7,278,364)	\$ 19,890,615	273.3%	\$ 9,707,879	\$ (15,856,089)	\$ 25,563,968	161.2%

¹ Non-IFRS Measure.

The following table reconciles Net Income (Loss), and Funds from Operations and Adjusted Funds from Operations:

	<i>(unaudited)</i>					<i>(unaudited)</i>				
	Three Months Ended June 30					Six Months Ended June 30				
	2023	2022	Change			2023	2022	Change		
			\$	%				\$	%	
Net income (loss)	\$ 12,612,251	\$ (7,278,364)	\$ 19,890,615	273.3%	\$ 9,707,879	\$ (15,856,089)	\$ 25,563,968	161.2%		
Adjustments:										
Stock based compensation	301,591	347,922	(46,331)	-13.3%	611,428	695,844	(84,416)	-12.1%		
Realized (gain) loss on real estate	(15,615,804)	-	(15,615,804)	-	(15,615,804)	-	(15,615,804)	-		
Realized (gain) loss on derivative financial instruments	-	-	-	-	(3,970,902)	-	(3,970,902)	-		
Unrealized (gain) loss on derivative financial instruments	680,997	1,678,878	(997,881)	-59.4%	(1,393,500)	4,466,709	(5,860,209)	-131.2%		
Deferred tax recovery	(2,086,742)	(1,413,890)	(672,852)	47.6%	(4,243,056)	(2,779,650)	(1,463,406)	52.6%		
Depreciation and amortization	24,679,616	23,600,196	1,079,420	4.6%	50,300,634	45,195,802	5,104,832	11.3%		
	7,959,658	24,213,106	(16,253,448)	-67.1%	25,688,800	47,578,705	(21,889,905)	-46.0%		
FFO ¹	\$ 20,571,909	\$ 16,934,742	\$ 3,637,167	21.5%	\$ 35,396,679	\$ 31,722,616	\$ 3,674,063	11.6%		
Adjustments:										
Acquisition and integration costs	1,575,942	4,858,923	(3,282,981)	-67.6%	2,548,239	5,799,569	(3,251,330)	-56.1%		
AFFO ¹	\$ 22,147,851	\$ 21,793,665	\$ 354,186	1.6%	\$ 37,944,918	\$ 37,522,185	\$ 422,733	1.1%		

¹ Non-IFRS Measure.

The following table reconciles Existing Self Storage Revenue, Operating Costs and Net Operating Income:

	<i>(unaudited)</i>					<i>(unaudited)</i>				
	Three Months Ended June 30					Six Months Ended June 30				
	2023	2022	Change			2023	2022	Change		
			\$	%				\$	%	
Revenue										
Existing Self Storage ¹	\$ 54,636,126	\$ 53,709,900	\$ 926,226	1.7%	\$ 106,790,225	\$ 102,099,087	\$ 4,691,138	4.6%		
New Self Storage ¹	13,350,291	8,576,189	4,774,102	55.7%	26,073,067	15,009,812	11,063,255	73.7%		
Total Self Storage	67,986,417	62,286,089	5,700,328	9.2%	132,863,292	117,108,899	15,754,393	13.5%		
Portable Storage	2,777,624	3,156,545	(378,921)	-12.0%	4,843,890	5,375,702	(531,812)	-9.9%		
Management Fees	528,718	516,810	11,908	2.3%	1,003,049	930,119	72,930	7.8%		
Combined	71,292,759	65,959,444	5,333,315	8.1%	138,710,231	123,414,720	15,295,511	12.4%		
Operating Costs										
Existing Self Storage	15,986,440	15,900,572	85,868	0.5%	33,669,562	31,860,645	1,808,917	5.7%		
New Self Storage	5,128,505	8,070,048	(2,941,543)	-36.5%	10,701,657	6,659,885	4,041,772	60.7%		
Total Self Storage	21,114,945	23,970,620	(2,855,675)	-11.9%	44,371,219	38,520,530	5,850,689	15.2%		
Portable Storage	1,766,627	2,198,007	(431,380)	-19.6%	3,355,946	3,924,142	(568,196)	-14.5%		
Combined	22,881,572	26,168,627	(3,287,055)	-12.6%	47,727,165	42,444,672	5,282,493	12.4%		
Net Operating Income ¹										
Existing Self Storage	38,649,686	37,809,328	840,358	2.2%	73,120,663	70,238,442	2,882,221	4.1%		
New Self Storage	8,221,786	506,141	7,715,645	1524.4%	15,371,410	8,349,927	7,021,483	84.1%		
Total Self Storage	46,871,472	38,315,469	8,556,003	22.3%	88,492,073	78,588,369	9,903,704	12.6%		
Portable Storage	1,010,997	958,538	52,459	5.5%	1,487,944	1,451,560	36,384	2.5%		
Management Fees	528,718	516,810	11,908	2.3%	1,003,049	930,119	72,930	7.8%		
Combined	\$ 48,411,187	\$ 39,790,817	\$ 8,620,370	21.7%	\$ 90,983,066	\$ 80,970,048	\$ 10,013,018	12.4%		

¹ Non-IFRS Measure.

About StorageVault Canada Inc.

StorageVault owns and operates 240 storage locations across Canada. StorageVault owns 209 of these locations plus over 5,000 portable storage units representing over 11.5 million rentable square feet on over 675 acres of land. StorageVault also provides last mile storage and logistics' solutions and professional records management services, such as document and media storage, imaging and shredding services.

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Forward-Looking Information: This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. In particular, this news release contains forward-looking information regarding: statements regarding StorageVault’s expected future performance, including continuing to focus on maximizing revenues, NOI and free cash flow, while controlling expenses; and StorageVault’s strategic objectives, goals, growth strategy and focus, including focusing on acquisitions, improving StorageVault’s operational performance, expansion of StorageVault’s existing stores and expansion of StorageVault’s portable storage and records management businesses. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects StorageVault’s current beliefs and is based on information currently available to StorageVault and on assumptions StorageVault believes are reasonable. These assumptions include, but are not limited to: the level of activity in the storage business and the economy generally; consumer interest in StorageVault’s services and products; competition and StorageVault’s competitive advantages; trends in the storage industry, including macro-trends in relation to increased growth and growth in the portable storage business; the availability of attractive and financially competitive asset acquisitions in the future; the potential closing of previously announced acquisitions, if any, continuing to proceed as they have progressed to date and StorageVault’s continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of StorageVault to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of StorageVault’s future operations; competition; changes in legislation, including environmental legislation, affecting StorageVault; the timing and availability of external financing on acceptable terms; conclusions of economic evaluations and appraisals; lack of qualified, skilled labour or loss of key individuals; and risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; the impact that the COVID-19 pandemic may have on StorageVault may include: a short-term delay in payments from customers, an increase in accounts receivable and an increase of losses on accounts receivable; decreased demand for the services that StorageVault offers; and a deterioration of financial markets that could limit StorageVault’s ability to obtain external financing. A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in StorageVault’s disclosure documents on the SEDAR website at www.sedar.com. Although StorageVault has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The

forward-looking information contained in this news release represents the expectations of StorageVault as of the date of this news release and, accordingly, is subject to change after such date. However, StorageVault expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.