

**StorageVault Canada Inc.**  
**Financial Statements**

For the Years Ended December 31, 2023 and 2022



To the Shareholders of StorageVault Canada Inc.:

## Opinion

We have audited the financial statements of StorageVault Canada Inc. (the "Corporation"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022, and the statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Evaluation of the acquisition date fair value for property, plant and equipment and intangible assets related to the current year business acquisitions*

#### *Key Audit Matter Description*

We draw attention to note 4 to the financial statements. Over the course of the year ended December 31, 2023, the Corporation acquired 6 self-storage facilities and commercial properties. The Corporation recorded property, plant and equipment ("PP&E") of \$88 million and intangible assets ("IA") of \$4 million. These acquisitions have been accounted for using the acquisition method. These acquisitions consisted of both arm's length and non-arm's length transactions.

We identified the evaluation of the acquisition date fair value for PP&E and IA related to the business acquisitions as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the approach and significant assumptions with respect to the estimated acquisition date fair value of PP&E and IA. In addition, specialized skills and knowledge were required in evaluating the results of our audit procedures.

### *Audit Response*

We responded to this matter by performing procedures in relation to the evaluation of the acquisition date fair value of PP&E and IA. Our audit work in relation to this included, but was not restricted to, the following:

We involved internal and external valuation professionals with specialized skills and knowledge, who assisted in assessing:

- the appropriateness of the valuation methodologies utilized;
- the reasonableness of certain valuation assumptions applied;
- the mathematical accuracy of the valuation calculations utilized in the fair value analysis; and
- the reasonableness of the discount rates applied in determining the fair value of the assets.

### ***Assessment of the recoverable amount of goodwill and indefinite life intangible assets allocated to various cash generating units***

#### *Key Audit Matter Description*

Assessment of the recoverable amount of goodwill allocated to various cash generating units and intangible assets with indefinite useful lives.

We draw attention to note 5 and 6 to the financial statements. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually or more frequently if there is an indication that a cash generating unit ("CGU") or group of CGUs to which the goodwill and intangible assets with indefinite useful lives relate, may be impaired. When the carrying amount of a CGU or group of CGUs, to which the goodwill and intangible assets with indefinite useful lives exceeds its recoverable amount the goodwill and intangible assets with indefinite useful lives with respect thereto are considered impaired and its carrying amount is reduced to its recoverable amount. The Corporation completed the annual impairment tests on the group of CGUs. Total goodwill at December 31, 2023 pertaining to the group of CGUs was \$108 million and the total value of intangible assets with indefinite useful lives was \$16 million.

For the year ended December 31, 2023, the Corporation has not recognized any impairment relating to goodwill and intangible assets with indefinite useful lives.

We identified the assessment of the recoverable amount of goodwill and indefinite life intangible assets as a key audit matter due to the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of the group of CGUs. Significant assumptions included:

- Forecasted income before finance costs, taxes, depreciation and amortization, share based compensation, and certain other income and expenses;
- Growth rates; and
- Discount rates.

### *Audit Response*

We responded to this matter by performing procedures in relation to the assessment of the recoverable amount of goodwill and indefinite life intangible assets allocation to various CGU's. Our audit work in relation to this included, but was not restricted to, the following:

We compared the Corporation's 2023 actual income and expenses to the amount budgeted for 2023 to assess the Corporation's ability to accurately forecast.

We evaluated the appropriateness of the forecasted income and expenses used in the estimate of the recoverable amount for the group of CGUs by:

- Comparing the forecasted income and expenses for the group of CGUs to historical results.

We involved internal valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the Corporation's discount rates by comparing the discount rates to market and other external data; and,
- Assessing the reasonableness of the Corporation's estimates of the recoverable amounts for the group of CGUs by comparing the Corporation's estimates to market metrics and other external data.

## Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Laluk.

Calgary, Alberta

February 22, 2024

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, handwritten-style font, followed by 'LLP' in a smaller, similar font.

Chartered Professional Accountants

**StorageVault Canada Inc.**  
**Statement of Financial Position**  
**As at December 31**

	2023	2022
<b>Assets</b>		
Real estate and equipment, net (Note 5)	\$ 1,880,004,992	\$ 1,854,904,102
Goodwill and intangible assets, net (Note 6)	124,960,340	122,026,220
Cash and short term deposits	13,861,106	22,534,826
Prepaid expenses and other current assets	15,840,630	9,946,492
Unrealized fair value of derivative assets (Note 10)	1,028,346	4,700,494
Accounts receivable	8,522,542	6,640,026
	<b>\$ 2,044,217,956</b>	<b>\$ 2,020,752,160</b>
<b>Liabilities and Shareholders' Equity</b>		
Debt (Note 7)	\$ 1,412,708,149	\$ 1,526,719,769
Debentures (Note 8)	261,437,659	128,682,883
Lease liability (Note 15)	99,715,973	80,518,572
Deferred tax liability (Note 11)	39,566,673	40,468,430
Accounts payable and accrued liabilities	21,860,758	20,860,268
Unearned revenue	13,055,011	14,125,077
Unrealized fair value of derivative liabilities (Notes 7, 10)	-	2,222,058
	<b>1,848,344,223</b>	<b>1,813,597,057</b>
<b>Shareholders' Equity</b>		
Share capital (Note 9)	404,045,009	424,954,374
Dividends paid (Note 9)	(29,035,979)	(24,741,001)
Equity component of convertible debentures (Note 8)	13,506,670	-
Contributed surplus (Note 9)	40,568,013	38,451,552
Deficit	(233,209,980)	(231,509,822)
	<b>195,873,733</b>	<b>207,155,103</b>
	<b>\$ 2,044,217,956</b>	<b>\$ 2,020,752,160</b>
Commitments and Contingencies (Note 15)		
Subsequent Events (Note 16)		

*The accompanying notes are an integral part of these financial statements.*

**Approved on behalf of the Board:**

"signed" Steven Scott  
 Director

"signed" Iqbal Khan  
 Director

**StorageVault Canada Inc.**  
**Statement of Changes in Equity**  
**For the Years Ended December 31**

	2023	2022
<b>Share Capital</b>		
Balance, beginning of the period	\$ 424,954,374	\$ 406,565,894
Common shares issued, net of issuance costs (Note 9)	5,691,790	28,829,905
Share options, RSU and DSU redemptions (Note 9)	(5,038,500)	184,139
Common shares repurchased (Note 9)	(21,562,655)	(10,625,564)
Balance, end of the period	404,045,009	424,954,374
<b>Dividends Paid</b>		
Balance, beginning of the period	(24,741,001)	(20,510,231)
Dividends paid during the period (Note 9)	(4,294,978)	(4,230,770)
Balance, end of the period	(29,035,979)	(24,741,001)
<b>Equity Component of Convertible Debentures</b>		
Balance, beginning of the period	-	-
Equity component of convertible debentures, net of deferred tax (Note 8)	13,506,670	-
Balance, end of the period	13,506,670	-
<b>Contributed Surplus</b>		
Balance, beginning of the period	38,451,552	26,418,718
RSU and DSU redemptions (Note 9)	(1,679,165)	(1,598,194)
Stock based compensation (Note 9)	3,795,626	13,631,028
Balance, end of the period	40,568,013	38,451,552
<b>Deficit</b>		
Balance, beginning of the period	(231,509,822)	(190,267,865)
Net loss and comprehensive loss	(1,700,158)	(41,241,957)
Balance, end of the period	\$ (233,209,980)	\$ (231,509,822)

*The accompanying notes are an integral part of these financial statements.*

**StorageVault Canada Inc.**  
**Statement of Income (Loss) & Comprehensive Income (Loss)**  
**For the Years Ended December 31**

	2023	2022
<b>Revenue</b>		
Storage and related services	\$ 286,687,556	\$ 259,933,061
Management fees	2,037,056	1,895,228
	<b>288,724,612</b>	<b>261,828,289</b>
<b>Expenses</b>		
Operating costs	95,131,868	85,794,347
Depreciation and amortization (Notes 5,6)	100,518,182	104,126,661
Interest (Notes 7,15)	83,297,441	74,801,847
Selling, general and administrative	24,290,628	21,048,950
Acquisition and integration costs	5,904,217	9,587,840
Interest accretion on convertible debentures (Note 8)	4,195,644	-
Stock based compensation (Note 9)	3,795,626	13,631,028
Unrealized loss on derivative financial instruments (Note 7)	1,450,089	3,664,312
Realized gain on derivative financial instruments (Note 7)	(3,994,356)	-
Realized gain on real estate (Note 5)	(15,528,115)	-
	<b>299,061,224</b>	<b>312,654,985</b>
Net loss and comprehensive loss before tax	(10,336,612)	(50,826,696)
Deferred tax recovery (Note 11)	8,636,454	9,584,739
Net loss and comprehensive loss after tax	\$ (1,700,158)	\$ (41,241,957)
<b>Net loss per common share</b>		
Basic	\$ (0.005)	\$ (0.109)
Diluted	\$ (0.004)	\$ (0.105)
<b>Weighted average number of common shares outstanding</b>		
Basic	376,930,150	378,051,496
Diluted	385,604,697	390,970,412

*The accompanying notes are an integral part of these financial statements.*



**StorageVault Canada Inc.**  
**Statement of Cash Flows**  
**For the Years Ended December 31**

	2023	2022
<b>Cash from (used for) the following activities:</b>		
<b>Operating activities</b>		
Net loss and comprehensive loss after tax	\$ (1,700,158)	\$ (41,241,957)
Adjustment for non-cash items:		
Deferred tax recovery	(8,636,454)	(9,584,739)
Depreciation, amortization (Notes 5,6)	100,518,182	104,126,661
Amortization of deferred financing costs	2,762,685	2,919,741
Accretion of lease liabilities (Note 15)	3,668,569	3,035,180
Interest accretion on convertible debentures (Note 8)	4,195,644	-
Unrealized loss on derivative financial instruments (Note 7)	(2,520,812)	3,664,312
Stock based compensation (Note 9)	3,795,626	13,631,028
Realized gain on disposal of real estate and equipment (Note 5)	(16,242,182)	(183,669)
Cash flow from operations before non-cash working capital balances	85,841,100	76,366,557
Net change in non-cash working capital balances		
Accounts receivable	(1,882,516)	(9,025,972)
Prepaid expenses and other current assets	(5,894,138)	(3,564,686)
Accounts payable and accrued liabilities	1,000,490	2,352,553
Unearned revenue	(1,070,066)	1,181,477
<b>Cash flows from operating activities</b>	<b>77,994,870</b>	<b>67,309,929</b>
<b>Financing activities</b>		
Common shares issued, net of issuance costs (Note 9)	20,059	448,659
Dividends paid (Note 9)	(2,841,590)	(2,370,421)
Payments of lease liabilities (Note 15)	(7,887,925)	(6,181,239)
Debt issuance costs	(1,849,751)	(1,735,302)
Cash advances from long term debt (Note 7)	286,760,989	610,341,010
Cash repayment of long term debt (Note 7)	(401,685,562)	(409,662,963)
Cancellation of share options, RSUs/DSUs (Note 9)	(6,717,665)	(632,798)
Proceeds from derivative financial instruments	3,970,902	-
Proceeds from debenture issuance, net of issuance costs (Note 8)	143,990,089	-
Repurchase of common shares (Note 9)	(21,562,655)	(10,625,564)
<b>Cash flows from financing activities</b>	<b>(7,803,109)</b>	<b>179,581,382</b>
<b>Investing activities</b>		
Cash additions to real estate and equipment (Note 5)	(66,875,057)	(35,600,294)
Cash paid in business combinations (Note 4)	(86,825,000)	(214,085,000)
Proceeds on disposal of real estate and equipment (Note 5)	74,834,576	185,209
<b>Cash flows used for investing activities</b>	<b>(78,865,481)</b>	<b>(249,500,085)</b>
Decrease in cash and short term deposits	(8,673,720)	(2,608,774)
Cash and short term deposits balance, beginning of period	22,534,826	25,143,600
Cash and short term deposits balance, end of period	\$ 13,861,106	\$ 22,534,826

*The accompanying notes are an integral part of these financial statements.*

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### 1. Description of Business

StorageVault Canada Inc. (the “Corporation”) is incorporated under the Business Corporations Act of Alberta and is domiciled in Canada. Its shares are publicly traded on the Toronto Stock Exchange (“Exchange”). The address of its registered office is 1000 – 250 2<sup>nd</sup> Street SW, Calgary, AB, T2P 0C1.

The Corporation’s primary business is owning, managing and renting self storage and portable storage space to individual and commercial customers. The Corporation also stores, shreds, and manages documents and records for customers.

#### 2. Basis of Presentation

These financial statements and the notes thereto present the Corporation’s financial results of operations and financial position under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as at January 1, 2023. These financial statements as at and for the year ended December 31, 2023, were authorized for issuance by the Board of Directors of the Corporation on February 22, 2024.

The financial statements have been prepared under the historical cost method, except for the revaluation of certain financial assets and financial liabilities to fair value. The financial statements were prepared on a going concern basis, and are presented in Canadian dollars, which is the Corporation’s functional currency.

#### 3. Material Accounting Policies

##### *Revenue Recognition*

Revenue from the rendering of services and sale of goods is recognized at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes.

The Corporation’s revenue comprises the renting of storage units to customers, information and records management, managing storage facilities on behalf of third parties and sale of merchandise, including locks, boxes, packing supplies and equipment.

Revenue earned from the renting of storage units is accounted for under IFRS 16 – Leases. Storage units are rented to customers pursuant to rental agreements which provide for weekly or monthly rental terms with non-refundable rental payments. The rental agreements may be terminated by the customer without further obligation or cost upon vacating the storage unit. Revenue from rental agreements is recognized over the rental term pursuant to the rental agreement. Non-refundable customer deposits, which are received to hold a unit for rent at a future date, are deferred and recognized as revenue upon commencement of the rental agreement. Receipts of rental fees for future periods are deferred and recognized as revenue when each respective monthly period commences.

The Corporation earns a management fee based on a percentage of gross revenues of the operations for managing storage facilities for third parties. Revenue is recognized over time when the services are rendered.

Revenue for other storage related services is recognized in the month the respective services are provided. Receipts of fees for other storage related services for future periods are deferred and recognized as revenue when each respective monthly period commences. A provision is made for expected credit losses.

Revenue from the sale of merchandise, including locks, boxes, packing supplies and equipment, is recognized at the point in time when the merchandise is delivered to the customer.

##### *Business Combinations*

All business combinations are accounted for by applying the acquisition method. Upon acquisition, the assets (including intangible assets), liabilities and contingent liabilities acquired are measured at their fair value. The Corporation

**Note 3 – Continued**

recognizes intangible assets as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgment and includes assumptions on the timing and amount of future cash flows generated by the assets acquired and the selection of an appropriate discount rate. Acquisition and integration costs are recognized in profit or loss as incurred.

Goodwill represents the excess of the identifiable cost of an acquisition over the fair value of the Corporation's share of the net assets acquired at the date of acquisition. If the identifiable cost of acquisition is less than the fair value of the Corporation's share of the net assets acquired (i.e. a discount on acquisition) the difference is credited to the Statement of Income (Loss) and Comprehensive Income (Loss) in the period of acquisition. At the acquisition date, goodwill acquired is recognized as an asset and allocated to each cash-generating unit ("CGU") expected to benefit from the business combination's synergies, and to the lowest level at which management monitors the goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Corporation obtains complete information about facts and circumstances that existed as of the acquisition date, up to a maximum of one year.

Joint operations will be recognized and measured in accordance with IFRS 11 - Joint Arrangements. Under this standard, the Corporation will recognize its interest in the joint operation using the proportionate consolidation method. This involves recognizing the assets, liabilities, revenues, and expenses of the joint operation in proportion to the Corporation's share of ownership in the operation.

*Cash and Short Term Deposits*

Cash and short term deposits on the Statement of Financial Position are comprised of cash at bank and on hand, and short term, highly liquid deposits with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, cash and short term deposits are defined as above, net of outstanding bank overdrafts, except where no right of set-off exists.

*Real Estate and Equipment*

Real estate and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Income (Loss) and Comprehensive Income (Loss) during the financial period in which they are incurred.

Once an asset is available for use in the location and condition intended by management, it is depreciated to its residual value using the appropriate depreciation rate set forth by management. Land is not depreciated.

Depreciation is calculated using the declining balance method to depreciate the cost of real estate and equipment to their residual values over their estimated useful lives, as follows:

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### Note 3 – Continued

Land, Yards, Buildings & Improvements -	Buildings	4%
	Leasehold improvements	20%
	Business operating equipment	10%
	Fences and parking lots	8%
Storage Containers -	Storage containers	10%
Vehicles -	Vehicles	30% to 40%
	Truck decks and cranes	20%
Office and Computer Equipment -	Furniture and equipment	20%
	Computer equipment	45%

The residual value and useful lives of real estate and equipment are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. These impairment losses are recognized in the Statement of Income (Loss) and Comprehensive Income (Loss). Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

#### *Goodwill and Intangible Assets*

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Finite life intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows: Tenant Relationships – 22 to 180 months, Websites – 3 years, Trademarks – 10 years.

Indefinite life intangible assets, consisting of management contracts, are carried at cost and are not amortized. The useful lives of indefinite life intangible assets are reviewed at each Statement of Financial Position date.

Goodwill and indefinite life intangibles are reviewed for impairment annually by assessing the recoverable amount of each CGU to which it relates. The recoverable amount is the higher of fair value less costs of disposal, and value in use. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Any impairment is recognized immediately in the Statement of Income (Loss) and Comprehensive Income (Loss). Any impairment recognized on goodwill is not subsequently reversed.

#### *Income Taxes*

Income tax is comprised of current tax and deferred tax. Income tax is recognized in the Statement of Income (Loss) and Comprehensive Income (Loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the tax expected to be payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### Note 3 – Continued

tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### *Stock Based Compensation*

The fair value of stock options issued to directors, officers and consultants under the Corporation's stock option plan is estimated at the date of issue using the Black-Scholes option pricing model and charged to the Statement of Income (Loss) and Comprehensive Income (Loss) and contributed surplus. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. On the exercise of options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

The fair value of options issued to advisors in conjunction with financing transactions is estimated at the date of issue using the fair value of the goods and services received first, if determinable, then by the Black-Scholes option pricing model, and charged to share capital and contributed surplus over the vesting period. On the exercise of agent options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

When stock options are cancelled, it is treated as if the stock options had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. However, if a new option is substituted for the cancelled option and is designated as a replacement option on the date that it is granted, the cancelled and the new options are treated as if they were a modification of the original option.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's share purchase options. Forfeitures are estimated for each reporting period and adjusted as required to reflect actual forfeitures that have occurred in the period.

#### *Income (Loss) per Share*

Basic income (loss) per common share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing the net income by the weighted average number of shares outstanding as adjusted for the potential dilution that would occur if outstanding stock options, subordinated debentures, preferred shares or other potentially dilutive financial instruments were exercised or converted to common shares. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

#### *Share Capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of shares are shown in equity as a deduction from the proceeds received.

**Note 3 – Continued**

*Segment Reporting*

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Corporation's CEO and/or CFO in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

*Financial Instruments*

a) Financial assets - Pursuant to IFRS 9, the classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Corporation classifies the following financial assets as measured at amortized cost: cash and short term deposits, and accounts receivable.
- Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Corporation has no financial assets classified in this category.
- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income. The Corporation classifies its total return swaps as financial assets at fair value through profit or loss.

Financial assets measured at amortized cost are measured at cost using the effective interest method. When assessing impairment of financial assets measured at amortized cost, the Corporation applied the simplified approach and has calculated expected credit losses based on lifetime expected credit losses. Under the simplified method the Corporation uses a provision matrix to calculate expected credit losses for accounts receivable which is based on the Corporation's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the Statement of Income (Loss) and Comprehensive Income (Loss). When a trade receivable is uncollectible, it is written off against the allowance for expected credit losses.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

b) Financial liabilities - The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the Statement of Income (Loss) and Comprehensive Income (Loss). The Corporation classifies the following financial liabilities as measured at amortized cost: certain debt facilities, and accounts payable and accrued liabilities.
- Financial liabilities measured at fair value through profit or loss: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the Statement of Income (Loss) and Comprehensive Income (Loss). The Corporation classifies the following financial liabilities as measured at fair value: certain debt facilities and interest rate swaps.

**Note 3 – Continued**

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

*Debentures*

When a contract contains an embedded derivative, the economic and risk characteristics of both the embedded derivative and host contract are analyzed to understand whether or not they are closely related and to decide whether the embedded derivative should be accounted for separately from the host contract.

The embedded features in the financial instrument issued by the Corporation are identified at inception. Each feature is evaluated separately and classified either as part of the host liability, as a separate embedded liability or as an equity instrument in accordance with the substance of the contractual arrangement.

*Significant Accounting Estimates and Judgments*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include, but are not necessarily limited to:

- Real estate and equipment - The Corporation determines the carrying value of its real estate and equipment based on policies that incorporate estimates, assumptions, and judgments relative to the useful lives and residual values of the assets.
- Impairment of non-financial assets - Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The estimated future cash flows are derived from management estimates, budgets, and past performance, and do not include activities to which the Corporation is not yet committed or significant future investments that will enhance the asset's performance in the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.
- Purchase price allocations - Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of a business combination. These estimates may be further based on management's best assessment of the related inputs used in valuation models, such as future cash flows and discount rates.
- Income taxes - Income taxes are subject to measurement uncertainty due to the possibility of changes in tax legislation or changes in the characterization of income sources.
- Stock based compensation - Compensation costs accrued for stock based compensation plans are subject to the estimation of the ultimate payout using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### Note 3 – Continued

Management judgments that may affect reported amounts of assets and liabilities, income and expenses include but are not necessarily limited to:

- For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash inflows which make up the CGU. Determination of what constitutes a CGU is subject to management's judgment. Management has identified each location as a separate CGU. The asset composition of the CGU can directly impact the recoverability of the assets included within the CGU.
- The determination of which entities require consolidation is subject to management's judgment regarding levels of control, assumptions of risk and other factors that may ultimately include or exclude an entity from the classification of a subsidiary or other entity requiring consolidation. For the purpose of recording asset acquisitions, management must exercise judgment to determine if the acquisition meets the definition of a business. Such determinations may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs.
- Management has applied judgment in assessing that the management contracts acquired have an indefinite useful life because the Corporation purchased a complete system to operationally manage its own business and that of other self storage businesses. The Corporation has acquired substantial know-how and expertise in managing stores owned by third parties, including long term relationships, of which the Corporation will have the benefit for an indefinite period of time. The management contracts have therefore been deemed to have an indefinite useful life.



## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### 4. Acquisitions

During the year ended December 31, 2023, the Corporation completed the below transactions that met the definition of a business under IFRS 3 - Business Combinations. These acquisitions have been accounted for using the acquisition method with the results of the operations being included in the financial statements of the Corporation since the date of acquisition. Details of the acquisitions are:

##### First Quarter Acquisition:

During the first quarter, the Corporation completed the acquisition of an adjacent commercial property for \$7,400,000 (subject to customary adjustments). This acquisition was an arm's length transaction. The purchase was paid for by advances from debt, the issuance of common shares and cash on hand.

A summary of the acquisition is as follows:

	<b>Adjacent Commercial Property</b>
Acquisition date:	March 29, 2023
Land, Yards, Buildings & Improvements	\$ 7,400,000
Deferred tax	(1,408,086)
Goodwill	1,408,086
Net assets acquired	<u>7,400,000</u>
Consideration paid for the net assets acquired was obtained from the following:	
Issuance of common shares	2,000,000
Cash	1,402,519
Debt	<u>3,997,481</u>
	<u>7,400,000</u>
Selected information for the acquisition, since its acquisition date:	
Revenue	275,884
Operating costs	<u>-</u>
	275,884
Amortization	169,511
Interest	120,502
Net income (loss)	<u>\$ (14,129)</u>

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 4 – Continued**Second Quarter Acquisitions:

During the second quarter, the Corporation completed the acquisitions of two self storage locations and one adjacent commercial property for \$22,725,000 (subject to customary adjustments). These acquisitions consisted of both arm's length and non-arm's length transactions. The purchases were paid for by the issuance of common shares and cash on hand.

A summary of the acquisitions are as follows:

	<b>One Self Storage Location</b>	<b>One Self Storage Location</b>	<b>Adjacent Commercial Property</b>	<b>Total</b>
Acquisition date:	May 18, 2023	May 31, 2023	June 1, 2023	
Land, Yards, Buildings & Improvements	\$ 11,118,055	\$ 1,142,783	\$ 8,050,000	\$ 20,310,838
Tenant Relationships	2,131,945	282,217	-	2,414,162
Net assets acquired	<u>13,250,000</u>	<u>1,425,000</u>	<u>8,050,000</u>	<u>22,725,000</u>
Consideration paid for the net assets acquired was obtained from the following:				
Issuance of common shares	2,250,000	-	-	2,250,000
Cash	11,000,000	1,425,000	8,050,000	20,475,000
	<u>13,250,000</u>	<u>1,425,000</u>	<u>8,050,000</u>	<u>22,725,000</u>
Selected information for the acquisitions, since their acquisition date:				
Revenue	974,705	120,764	335,674	1,431,143
Operating costs	336,640	35,578	8,684	380,902
	<u>638,065</u>	<u>85,186</u>	<u>326,990</u>	<u>1,050,241</u>
Amortization	730,417	84,950	125,301	940,668
Net income (loss)	<u>\$ (92,352)</u>	<u>\$ 236</u>	<u>\$ 201,689</u>	<u>\$ 109,573</u>

**StorageVault Canada Inc.****Notes to the Financial Statements**For the Years Ended December 31, 2023 and 2022

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**Note 4 – Continued**Fourth Quarter Acquisitions:

During the fourth quarter, the Corporation completed the acquisitions of two self storage locations for \$60,950,000 (subject to customary adjustments). These acquisitions consisted of both arm's length and non-arm's length transactions. The purchases were paid for by advances from debt and cash on hand.

A summary of the acquisitions are as follows:

	<u>One Self Storage</u>	<u>One Self Storage</u>	
	<u>Location</u>	<u>Location</u>	<u>Total</u>
Acquisition date:	November 29, 2023	December 21, 2023	
Land, Yards, Buildings & Improvements	\$ 47,089,929	\$ 12,730,332	\$ 59,820,261
Tenant Relationships	360,071	769,668	1,129,739
	<u>47,450,000</u>	<u>13,500,000</u>	<u>60,950,000</u>
Deferred tax	-	(1,588,278)	(1,588,278)
Goodwill	-	1,588,278	1,588,278
Net assets acquired	<u>47,450,000</u>	<u>13,500,000</u>	<u>60,950,000</u>
Consideration paid for the net assets acquired was obtained from the following:			
Cash	22,950,000	13,500,000	36,450,000
Debt	24,500,000	-	24,500,000
	<u>47,450,000</u>	<u>13,500,000</u>	<u>60,950,000</u>
Selected information for the acquisitions, since their acquisition date:			
Revenue	207,097	86,551	293,648
Operating costs	82,435	1,686	84,121
	<u>124,662</u>	<u>84,865</u>	<u>209,527</u>
Amortization	195,442	27,394	222,836
Interest	187,833	-	187,833
Net income (loss)	<u>\$ (258,613)</u>	<u>\$ 57,471</u>	<u>\$ (201,142)</u>

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

#### 5. Real Estate and Equipment

	<u>Land, Yards, Buildings &amp; Improvements</u>	<u>Storage Containers</u>	<u>Intangible Tenant Relationships</u>	<u>Vehicles</u>	<u>Office &amp; Computer Equipment</u>	<u>Total</u>
<b>COST</b>						
December 31, 2021	\$ 1,844,956,787	\$ 19,671,492	\$ 179,653,935	\$ 6,085,558	\$ 9,009,177	\$ 2,059,376,949
Additions	32,526,371	2,215,261	-	2,679,712	3,665,779	41,087,123
Disposals	(124,645)	(84,180)	-	(197,690)	(28,625)	(435,140)
Business acquisitions	216,524,501	-	21,119,813	-	-	237,644,314
December 31, 2022	2,093,883,014	21,802,573	200,773,748	8,567,580	12,646,331	2,337,673,246
Additions	80,258,751	2,779,957	-	1,640,040	4,842,352	89,521,100
Disposals	(57,670,257)	(145,898)	(5,573,217)	(108,583)	(79,113)	(63,577,068)
Business acquisitions	87,531,099	-	3,543,901	-	-	91,075,000
December 31, 2023	<u>\$ 2,204,002,607</u>	<u>\$ 24,436,632</u>	<u>\$ 198,744,432</u>	<u>\$ 10,099,037</u>	<u>\$ 17,409,570</u>	<u>\$ 2,454,692,278</u>
<b>ACCUMULATED DEPRECIATION</b>						
December 31, 2021	\$ 236,832,170	\$ 8,976,624	\$ 124,835,884	\$ 4,563,139	\$ 3,704,344	\$ 378,912,161
Depreciation	76,249,193	1,102,639	24,564,623	739,120	1,449,337	104,104,912
Disposals	(21,224)	(44,216)	-	(182,351)	(138)	(247,929)
December 31, 2022	313,060,139	10,035,047	149,400,507	5,119,908	5,153,543	482,769,144
Depreciation	76,236,725	1,277,429	19,398,207	1,608,036	1,929,917	100,450,314
Disposals	(4,889,168)	(102,105)	(3,434,573)	(92,206)	(14,120)	(8,532,172)
December 31, 2023	<u>\$ 384,407,696</u>	<u>\$ 11,210,371</u>	<u>\$ 165,364,141</u>	<u>\$ 6,635,738</u>	<u>\$ 7,069,340</u>	<u>\$ 574,687,286</u>
<b>NET BOOK VALUE</b>						
December 31, 2022	1,780,822,875	11,767,526	51,373,241	3,447,672	7,492,788	1,854,904,102
December 31, 2023	<b>1,819,594,911</b>	<b>13,226,261</b>	<b>33,380,291</b>	<b>3,463,299</b>	<b>10,340,230</b>	<b>1,880,004,992</b>

Included in Land, Yards, Buildings & Improvements is Land at a carrying value of \$655,859,597 (December 31, 2022 - \$660,211,893).

Included in Land, Yards, Buildings & Improvements is \$32,051,720 (December 31, 2022 - \$31,812,900) of construction in process that is not being depreciated.

Included in Land, Yards, Buildings & Improvements are right-of-use assets at a carrying value of \$92,781,005 (December 31, 2022 - \$75,282,052), net of accumulated depreciation of \$16,343,082 (December 31, 2022 - \$10,425,278). The continuity of the right-of-use assets is as follows:

#### Self Storage Properties

Balance, December 31, 2021	\$ 73,478,491
Additions	6,356,372
Depreciation charge for the period	<u>(4,552,811)</u>
Balance, December 31, 2022	\$ 75,282,052
Additions and reassessments	23,416,757
Depreciation charge for the period	<u>(5,917,804)</u>
Balance, December 31, 2023	<u>\$ 92,781,005</u>

During the year, the corporation recognized a gain of \$15,528,115 on the disposal of real estate and business related to an expropriation by a government agency.

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**6. Goodwill and Intangible Assets**

		<b>Management</b>				
	<u>Goodwill</u>	<u>Contracts</u>	<u>Trademarks</u>	<u>Website</u>	<u>Total</u>	
<b>COST</b>						
December 31, 2021	\$ 97,527,924	\$ 16,300,000	\$ 54,880	\$ 66,371	\$ 113,949,175	
Additions	-	-	6,080	-	6,080	
Business acquisitions	7,792,271	-	326,868	-	8,119,139	
December 31, 2022	105,320,195	16,300,000	387,828	66,371	122,074,394	
Additions	-	-	1,091	4,533	5,624	
Business acquisitions	2,996,364	-	-	-	2,996,364	
December 31, 2023	<u>\$ 108,316,559</u>	<u>\$ 16,300,000</u>	<u>\$ 388,919</u>	<u>\$ 70,904</u>	<u>\$ 125,076,382</u>	

**ACCUMULATED AMORTIZATION**

December 31, 2021	\$ -	\$ -	\$ 4,302	\$ 22,123	\$ 26,425	
Amortization	-	-	6,949	14,800	21,749	
December 31, 2022	-	-	11,251	36,923	48,174	
Amortization	-	-	38,291	29,577	67,868	
December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,542</u>	<u>\$ 66,500</u>	<u>\$ 116,042</u>	

**NET BOOK VALUE**

December 31, 2022	105,320,195	16,300,000	376,577	29,448	122,026,220
December 31, 2023	<b>108,316,559</b>	<b>16,300,000</b>	<b>339,377</b>	<b>4,404</b>	<b>124,960,340</b>

At December 31, 2023, the Corporation performed its annual impairment test on goodwill and its indefinite life intangible assets. Goodwill is allocated to the group of CGUs that benefited from the synergies of the business combination on which the goodwill arose. The Corporation used the fair value less costs of disposal method to determine the recoverable amount of the CGUs. Based on the impairment test performed, the Corporation concluded that no impairment exists on its goodwill and indefinite life intangible assets.

Information regarding each impairment test is as follows:

*Manitoba and Saskatchewan group of CGUs*

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 2% which is consistent with management's knowledge of the local market and is lower than the CGUs recent historical growth rate.
- Cash flows were discounted at a pre-tax rate of 5.18% based on management's judgement in this geographic region.

*Kamloops, BC group of CGUs*

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 3%. The Corporation has seven stores in the region and is able to distribute costs and operate more efficiently.
- Cash flows were discounted at a pre-tax rate of 6.83% based on management's experience in this geographic region and the fact that the properties are on leased land.

*London, ON group of CGUs*

- The cash flow projection includes specific estimates based on the expected life of the property, with a net operating income growth rate of 2% which is consistent with management's knowledge of the local market.
- Cash flows were discounted at a pre-tax rate of 5.05% based on management's experience in this geographic region.

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### Note 6 – Continued

##### *Sentinel Self-Storage group of CGUs*

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 3.75%.
- Given the location of the stores in this portfolio, over 20 stores in major markets and highly desirable locations in Canada, management believes that this growth rate is sustainable, and is consistent with the CGUs historical growth rate.
- Cash flows were discounted at a pre-tax rate of 4.61% based on management's experience and the superior quality and location of these properties.

##### *Portable Storage group of CGUs*

- The cash flow projection includes specific estimates based on the expected life of storage containers, with a net operating income growth rate of 3% based on management's experience and the exclusive marketing channels the Corporation has for this product type.
- Cash flows were discounted at a pre-tax rate of 6.64% based on management's experience in these markets.

##### *Real Storage group of CGUs*

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 4%.
- Given the location of the 38 stores in this portfolio and with the Corporation already operating in many of the markets in which these stores are located, management believes that this growth rate is sustainable.
- Cash flows were discounted at a pre-tax rate of 4.89% based on management's experience and location of these properties.

##### *Management Division CGU*

- The cash flow projection includes specific estimates for five years with a terminal growth rate of 4%, which management feels would be representative of the future indefinite cash flows from these assets.
- Cash flows were discounted at a pre-tax rate of 20% based on what management deemed appropriate for the nature of this type of revenue stream.

##### *RecordXpress Division CGU*

- The cash flow projection includes specific estimates for five years with a growth rate of 2%, which management feels would be representative of the future cash flows from these assets.
- Cash flows were discounted at a pre-tax rate of 7.50% based on management's experience in the records management business.

##### *Toronto - Danforth CGU*

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 10% during the first four years and 5% thereafter, which is consistent with management's knowledge of the local market.
- Cash flows were discounted at a pre-tax rate of 4.76% based on management's experience in this geographic region.

##### *Shredding Division CGU*

- The cash flow projection includes specific estimates for five years with a growth rate of 2%, which management feels would be representative of the future cash flows from these assets.
- Cash flows were discounted at a pre-tax rate of 9.20% based on management's experience in the records management business.

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 6 – Continued***Dartmouth, NS CGU*

- Goodwill on this CGU arose as a result of a deferred tax liability recorded on acquisition, therefore an impairment test was not performed this period.

*Quebec City, QC CGU*

- Goodwill on this CGU arose as a result of a deferred tax liability recorded on acquisition, therefore an impairment test was not performed this period.

The most sensitive inputs to the value in use model used for these groups of CGUs are the growth rate and the discount rate:

- A 1% increase or decrease in the growth rate would not result in an impairment of these groups of CGUs.
- A 1% increase or decrease in the discount rate would not result in an impairment of these groups of CGUs.

Group of CGUs	December 31, 2023		December 31, 2022	
	Goodwill	Carrying Value	Goodwill	Carrying Value
Manitoba and Saskatchewan	\$ 2,621,716	\$ 26,465,066	\$ 2,621,716	\$ 27,238,439
Kamloops, BC	76,470	5,747,765	76,470	6,029,878
London, ON	142,807	1,915,298	142,807	1,967,836
Sentinel Self-Storage	52,442,159	358,579,285	52,442,159	358,530,620
Portable Storage	2,578,968	17,392,211	2,578,968	15,649,269
Real Storage	33,622,150	207,142,717	33,622,150	206,517,809
Management Division	3,364,706	19,364,705	3,364,706	19,364,705
RecordXpress Division	2,678,948	10,527,788	2,678,948	18,034,988
Toronto - Danforth	3,659,608	48,905,727	3,659,608	43,335,304
Shredding Division	4,132,663	7,168,187	4,132,663	8,250,000
Dartmouth, NS	1,408,086	9,043,455	-	-
Quebec City, QC	1,588,278	15,060,884	-	-
	<u>\$ 108,316,559</u>	<u>\$ 727,313,088</u>	<u>\$ 105,320,195</u>	<u>\$ 704,918,848</u>

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

#### 7. Debt

	December 31, 2023			December 31, 2022		
	Rate Range	Weighted Average	Balance	Rate Range	Weighted Average	Balance
<b><u>Mortgages</u></b>						
At amortized cost - Fixed	2.84% to 9.20%	5.13%	306,666,120	2.84% to 4.98%	4.48%	251,048,897
	<i>Maturity: Mar 2025 to Dec 2029</i>			<i>Maturity: Apr 2023 to Dec 2029</i>		
At amortized cost - Variable	7.47% to 8.20%	7.56%	26,490,427	7.45% to 8.60%	8.08%	84,653,250
	<i>Maturity: Jan 2024 to Jul 2024</i>			<i>Maturity: Feb 2023 to Jul 2024</i>		
At FVTPL - Variable			747,907,274			783,891,417
- Fixed via interest rate swap			(15,112,904)			(32,836,542)
		4.74%	732,794,370		4.31%	751,054,875
	<i>Maturity: Apr 2024 to Jan 2031</i>			<i>Maturity: Jan 2024 to Jan 2031</i>		
		4.92%	1,065,950,917		4.65%	1,086,757,022
<b><u>Lines of Credit and Promissory Notes</u></b>						
At amortized cost - Fixed		4.50%	500,000		3.50%	4,000,000
	<i>Maturity: Mar 2025</i>			<i>Maturity: Dec 2023</i>		
At amortized cost - Variable		7.73%	50,000,000		7.28%	140,618,468
	<i>Maturity: Dec 2024 to Feb 2025</i>			<i>Maturity: Jun 2023 to Oct 2025</i>		
At FVTPL - Variable			308,871,737			314,288,134
- Fixed via interest rate swap			(8,871,737)			(14,288,134)
		3.88%	300,000,000		3.88%	300,000,000
	<i>Maturity: Feb 2025</i>			<i>Maturity: Feb 2025</i>		
		4.43%	350,500,000		4.95%	444,618,468
Deferred financing costs, net of accretion			(3,742,768)			(4,655,721)
		4.80%	1,412,708,149		4.73%	1,526,719,769

#### **Reconciliation of Debt**

The following table reconciles the changes in cash flows from financing activities for the Corporation's debt:

	December 31, 2023	December 31, 2022
Debt, beginning of period	\$ 1,526,719,769	\$ 1,332,474,745
Advances from debt	286,760,989	610,341,010
Repayment of debt	(401,685,562)	(409,662,963)
Amounts offset against accounts receivable	-	(6,486,464)
Change in fair value of debt measured at FVTPL	23,140,035	(60,949,884)
Change in fair value of interest rate swaps	(23,140,035)	60,949,884
Total cash flow from debt financing activities	(114,924,573)	194,191,583
Change in deferred financing costs	912,953	53,441
Debt, end of period	\$ 1,412,708,149	\$ 1,526,719,769



## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### Note 7 – Continued

The bank prime rate at December 31, 2023 was 7.20% (December 31, 2022 – 6.45%).

Mortgages are secured by a first mortgage charge on the real estate and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases, and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include debt service coverage ratios, a fixed charge coverage ratio, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2023, the Corporation is in compliance with all covenants.

The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization.

Principal repayments on mortgages, lines of credit, and promissory notes in each of the next five years are estimated as follows:

Year 1	\$	448,302,885 (includes lines of credit and promissory note of \$350.0 million)
Year 2	\$	178,944,623
Year 3	\$	45,300,549
Year 4	\$	152,308,388
Year 5	\$	387,200,322
Thereafter	\$	204,394,150

The Corporation entered into interest rate swap contracts in order to fix the interest rate on \$1 billion of debt at a weighted average rate of 4.49%. On \$447 million of this debt, the bank entered into interest rate swap cancellation agreements, allowing them to cancel the original swap agreements between April 8, 2024 and October 27, 2025.

At December 31, 2023, the Corporation recognized a derivative liability of \$nil (December 31, 2022 – \$2.2 million). During the year ended December 31, 2023, the Corporation recognized an unrealized loss on derivative financial instruments of \$1.5 million (December 31, 2022 – \$3.7 million loss) and a realized gain on derivative financial instruments of \$4.0 million (December 31, 2022 – \$nil). These derivative financial instruments mature between April 2024 and January 2031.

#### 8. Debentures

##### *2020 Hybrid Debentures*

On July 20, 2020, \$75 million of unsecured senior hybrid debentures were issued at a price of \$1,000 per debenture with a term of sixty-six months, due January 31, 2026. These debentures bear a fixed interest rate of 5.75% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, commencing January 31, 2021. The intended use of the net proceeds of the debentures is to pay down the credit facility and fund anticipated capital expenditures.

On and after January 31, 2024 and prior to January 31, 2025, the debentures will be redeemable in whole or in part from time to time at the Corporation's option at a redemption price equal to 102.875% of the principal amount of the debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after January 31, 2025 and prior to the maturity date, the debentures will be redeemable, in whole or in part, from time to time at the Corporation's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

On redemption or at maturity on January 31, 2026, the Corporation may elect to, in whole or part, convert the debentures into freely tradable common shares. In such event, payment will be satisfied by delivering for each \$1,000 due, that number of freely tradable shares obtained by dividing \$1,000 by 95% of the current market price on the date fixed for redemption or maturity, as the case may be. Any accrued and unpaid interest will be paid in cash.

**Note 8 – Continued**

The debentures were recorded as a financial instrument. The debentures were recorded at a fair value of \$75 million net of deferred financing costs of \$3.5 million. Each embedded feature was evaluated separately and it was determined that the economic and risk characteristics are closely related to the host contract and therefore were not accounted for as separate financial instruments.

*2021 Hybrid Debentures*

On July 19, 2021, \$57.5 million of unsecured senior hybrid debentures were issued at a price of \$1,000 per debenture with a term of sixty-six months, due September 30, 2026. These debentures bear a fixed interest rate of 5.5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, commencing September 30, 2021. The intended use of the net proceeds of the debentures is to fund potential future opportunities and for general corporate purposes.

On and after September 30, 2024 and prior to September 30, 2025, the debentures will be redeemable in whole or in part from time to time at the Corporation's option at a redemption price equal to 102.750% of the principal amount of the debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after September 30, 2025 and prior to the maturity date, the debentures will be redeemable, in whole or in part, from time to time at the Corporation's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

On redemption or at maturity on September 30, 2026, the Corporation may elect to, in whole or part, convert the debentures into freely tradable common shares. In such event, payment will be satisfied by delivering for each \$1,000 due, that number of freely tradable shares obtained by dividing \$1,000 by 95% of the current market price on the date fixed for redemption or maturity, as the case may be. Any accrued and unpaid interest will be paid in cash.

The debentures were recorded as a financial instrument. The debentures were recorded at a fair value of \$57.5 million net of deferred financing costs of \$2.5 million. Each embedded feature was evaluated separately and it was determined that the economic and risk characteristics are closely related to the host contract and therefore were not accounted for as separate financial instruments.

*2023 Convertible Debentures*

On January 9, 2023, \$150 million of convertible senior unsecured debentures were issued at a price of \$1,000 per debenture with a term of sixty-six months, due March 31, 2028. These debentures bear a fixed interest rate of 5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, commencing March 31, 2023. The intended use of the net proceeds of the debentures is to fund potential future opportunities and for general corporate purposes.

On and after March 31, 2026 and prior to March 31, 2027, the debentures will be redeemable in whole or in part from time to time by the Corporation at a redemption price equal to 125% of the principal amount of the debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after March 31, 2027 and prior to the maturity date, the debentures will be redeemable, in whole or in part, from time to time at the Corporation's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

On redemption or at maturity on March 31, 2028, the debentures will be convertible into freely tradeable common shares of the Corporation at the option of the holder at a conversion price of \$8.65 per share.

The debentures were recorded as a financial instrument at a fair value of \$150 million, net of deferred financing costs of \$6.0 million, an equity component of \$18.2 million, and a deferred tax liability of \$4.7 million. The equity component of the convertible debentures relates to the portion of the debentures' value that is attributed to the conversion option, which allows the holder to convert the debentures into common shares of the Corporation.

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 8 – Continued**

The debentures are subsequently measured at amortized cost using the effective interest method over the life of the debenture. The balance of the debentures is:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Opening balance	\$ 128,682,883	\$ 127,551,885
Additions during period	150,000,000	-
Issuance costs	(6,009,911)	-
Equity component of convertible debentures	(18,245,003)	-
Accretion during period	5,326,643	1,130,998
Interest payable	1,871,047	-
Debentures repurchased	(188,000)	-
Ending balance	<u>\$ 261,437,659</u>	<u>\$ 128,682,883</u>

**9. Share Capital**

Authorized: Unlimited number of common, voting shares of no par value.

Authorized: Unlimited number of preferred non-voting shares issuable in series at an issuance price of \$1 per share.

*Common shares issued:*

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2021	374,636,443	\$ 406,565,894
Issued on acquisitions	4,171,246	27,000,000
Dividend reinvestment plan	306,499	1,829,905
Share option redemption	661,151	(448,659)
RSU/DSU redemption	94,421	632,798
Common shares repurchased	(1,852,400)	(10,625,564)
Balance, December 31, 2022	<u>378,017,360</u>	<u>424,954,374</u>
Issued on acquisitions	681,601	4,250,000
Dividend reinvestment plan	252,145	1,441,790
Share option redemption	5,000	(5,038,500)
Common shares repurchased	(4,395,798)	(21,562,655)
Balance, December 31, 2023	<u>374,560,308</u>	<u>\$ 404,045,009</u>

The Corporation will, from time to time, issue common shares to the public or to vendors to fund the purchase of storage assets. Future issuances will be dependent upon financing needs, acquisition opportunities, expansion plans, equity market conditions and transaction pricing.

The Corporation may from time to time purchase its common shares in accordance with the rules prescribed by the Exchange or regulatory policies.

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 9 – Continued**Dividend Reinvestment Plan

Represents common shares issued under the Corporation's dividend reinvestment plan ("DRIP") for holders of common shares. Under the terms of the DRIP, eligible registered holders of a minimum of 10,000 Common Shares (the "Shareholders") may elect to automatically reinvest their cash dividends, payable in respect to the common shares, to acquire additional common shares, which will be issued from treasury or purchased on the open market. The Corporation may initially issue up to 5,000,000 common shares under the DRIP, which may be increased upon Board of Directors approval, acceptance of the increase by the Exchange, and upon public disclosure of the increase.

*Contributed surplus:*

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Opening balance	\$ 38,451,552	\$ 26,418,718
Stock based compensation	3,795,626	13,631,028
Share option, RSU/DSU redemptions	<u>(1,679,165)</u>	<u>(1,598,194)</u>
Ending balance	<u>\$ 40,568,013</u>	<u>\$ 38,451,552</u>

*Stock Options*

The Board of Directors of the Corporation may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares provided that: i) the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares; ii) the options are exercisable for a period of up to 10 years from the date of grant; iii) the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares; and iv) the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding shares. The exercise price for purchasing these shares cannot be less than the minimum exercise price as provided by Exchange rules.

The following table summarizes information about stock options outstanding and exercisable as at:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Weighted Average</u>		<u>Weighted Average</u>	
	<u>Options</u>	<u>Exercise Price</u>	<u>Options</u>	<u>Exercise Price</u>
Opening	36,342,000	\$3.88	30,319,650	\$3.34
Exercised/Expired	(1,355,000)	2.53	(949,650)	1.48
Granted	1,600,000	5.23	6,972,000	5.94
Closing and Exercisable	<u>36,587,000</u>	<u>\$3.99</u>	<u>36,342,000</u>	<u>\$3.88</u>

The fair value of options granted was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following assumptions:

	<u>2023</u>	<u>2022</u>
Dividend Yield	0.01%	0.01%
Risk-Free Interest Rate	3.28%	3.11%
Expected Life of Options	4 Years	4 Years
Expected Volatility of the Corporation's Common Shares	31.73%	30.15%

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 9 – Continued**

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	December 31, 2023	December 31, 2022
\$ 0.41	Apr. 28, 2015	Apr. 28, 2025	<b>1,125,500</b>	1,125,500
\$ 0.50	Sep. 14, 2015	Sep. 14, 2025	<b>1,305,000</b>	1,480,000
\$ 1.36	Dec. 21, 2016	Dec. 21, 2026	<b>2,620,000</b>	2,770,000
\$ 1.78	Mar. 16, 2017	Mar. 16, 2027	<b>2,645,000</b>	2,795,000
\$ 2.52	May 4, 2018	May 4, 2028	<b>2,660,000</b>	2,810,000
\$ 2.90	May 28, 2019	May 28, 2029	<b>5,376,500</b>	5,764,000
\$ 3.98	Dec. 15, 2020	Dec. 15, 2030	<b>5,515,500</b>	5,858,000
\$ 6.31	Dec. 20, 2021	Dec. 20, 2031	<b>6,767,500</b>	6,767,500
\$ 5.94	Dec. 19, 2022	Dec. 19, 2032	<b>6,972,000</b>	6,972,000
\$ 5.23	Dec. 28, 2023	Dec. 28, 2033	<b>1,600,000</b>	-
Options exercisable and outstanding			<b>36,587,000</b>	36,342,000

*Equity Incentive Plan*

Under the Corporation's Equity Incentive Plan passed on May 30, 2018 (the "Plan"), directors, employees and consultants are eligible to receive awards, in the form of Restricted Share Units ("RSUs"), Deferred Share Units ("DSUs") and Named Executive Officer Restricted Share Units ("Neo RSUs"), as and when granted by the Board, at its sole discretion. The maximum number of awards that may be issued under the Plan is 17,545,677. The maximum number of shares that may be reserved for issuance under the Plan, together with any of the Corporation's other share-based compensation arrangements, may not exceed 10% of the issued shares of the Corporation.

The RSUs and DSUs granted vest in equal annual amounts over three years. The Neo RSUs vest three years after the date of grant. RSUs, DSUs and Neo RSUs are entitled to be credited with dividend equivalents in the form of additional RSUs, DSUs and Neo RSUs, respectively.

With certain exceptions, the Plan provides that (i) the maximum number of awards that may be granted to any one participant together with any other share-based compensation arrangements, in any 12 month period, may not exceed 5% of the issued shares, and, in the case of any consultant, may not exceed 2% of the issued shares; and (ii) the total value of all securities that may be issued to any non-employee director under all of the Corporation's security based compensation arrangements may not exceed \$150,000 per annum.

The Corporation entered into Total Return Swaps ("TRS") as economic hedges of the Corporation's DSUs and RSUs. Under the terms of the TRS, a bank has the right to purchase the Corporation's shares in the marketplace as a hedge against the returns in the TRS. At December 31, 2023, 3,486,628 TRS were outstanding at a value of \$2,141,355 (December 31, 2022 – 3,081,360 TRS were outstanding at a value of \$4,700,494).

At December 31, 2023, 100% of the combined DSU and RSU exposures were economically hedged. Hedge accounting is not applied for the DSU/RSU hedging program.

During the year ended December 31, 2023, the Corporation issued 160,176 common shares at a value of \$1,007,507 (December 31, 2022 – 266,268 common shares at a value of \$1,786,852) under the Plan. A total of 980,328 common shares at a value of \$4,923,332 were outstanding at December 31, 2023 (December 31, 2022 – 1,123,429 common shares at a value of \$5,069,112).

*Dividends*

A cash dividend of \$0.002831 per common share was declared on March 15, 2023, and paid to shareholders of record on March 31, 2023.

## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

#### Note 9 – Continued

A cash dividend of \$0.002845 per common share was declared on June 15, 2023, and paid to shareholders of record on June 30, 2023.

A cash dividend of \$0.002859 per common share was declared on September 15, 2023, and paid to shareholders of record on September 29, 2023.

A cash dividend of \$0.002874 per common share was declared on December 14, 2023, and paid to shareholders of record on December 29, 2023.

#### 10. Financial Risk Management and Fair Value

The Corporation is required to disclose certain information concerning its financial instruments. The fair values of the Corporation's cash and short term deposits, accounts receivable and, accounts payable and accrued liabilities approximate their carrying amount due to the relatively short periods to maturity of these financial instruments. The fair value of the Corporation's debt obligations is estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Corporation might pay or receive in actual market transactions.

IFRS establishes a three tier fair value hierarchy to reflect the significance of the inputs used in measuring the fair value of the Corporation's financial instruments. The three levels are:

Level 1 – This level includes assets and liabilities measured at fair market value based on unadjusted quoted prices for identical assets and liabilities in active markets that the Corporation can access on the measurement date.

Level 2 – This level includes measurements based on directly or indirectly observable inputs other than quoted prices included in Level 1. Financial instruments in this category are measured using valuation models or other standard valuation techniques that rely on observable market inputs.

Level 3 – The measurements used in this level rest on inputs that are unobservable, unavailable, or whose observable inputs do not justify the largest part of the fair value instrument.

The fair value of financial instruments was as follows:

	Fair Value Hierarchy	December 31, 2023		December 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial instruments:					
Debt - at amortized cost	Level 2	(379,913,779)	(368,668,877)	(475,664,894)	(467,190,719)
Debt - at FVTPL	Level 2	(1,056,779,011)	(1,056,779,011)	(1,098,179,551)	(1,098,179,551)
Interest rate swaps	Level 2	23,984,641	23,984,641	47,124,676	47,124,676
Derivative assets - at FVTPL	Level 2	1,028,346	1,028,346	4,700,494	4,700,494
Derivative liabilities - at FVTPL	Level 2	-	-	(2,222,058)	(2,222,058)

Financial instruments may expose the Corporation to a number of financial risks including interest rate risk, credit risk and environmental risk.

- a) Interest rate risk – Interest rate risk arises from changes in market interest rates that may affect the fair value of future cash flows from the Corporation's financial assets or liabilities. Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate

**Note 10 – Continued**

debt. The Corporation is exposed to interest rate risk primarily relating to its long term debt. The Corporation will manage interest rate risk by utilizing fixed interest rates on its mortgages where possible, entering into interest rate swap contracts, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding. There is interest rate risk associated with variable rate mortgages and lines of credit as interest expense is impacted by changes in the prime rate. The impact on the Statement of Income (Loss) and Comprehensive Income (Loss) if interest rates on variable rate debt had been 1% higher or lower for the year ended December 31, 2023 would have been approximately \$764,904 (December 31, 2022 - \$2,252,717).

- b) Credit risk – Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their financial obligations to the Corporation. The risk of incurring bad debts often arises if storage customers relocate and cannot be found to enforce payment, or if storage customers abandon their possessions. The extent of bad debts can be mitigated by quickly following up on any unpaid amounts shortly after the due date, enforcing late fees, denying access to any customers with delinquent accounts, and ultimately seizing the possessions of the customer. Additionally, the Corporation typically rents to numerous customers, each of which constitutes significantly less than 1% of the Corporation's monthly revenue. This diversification in the customer base reduces credit risk from any given tenant.

The Corporation has \$1,030,000 of receivables from related parties at December 31, 2023 (December 31, 2022 - \$847,000). Management believes there is low credit risk associated with related party balances due to the nature of the relationships and the historical loss rates.

Change in the Corporation's allowance for expected credit losses is as follows:

<b>Balance December 31, 2021</b>	\$ 735,396
Charges or adjustments during the period	<u>(235,860)</u>
<b>Balance December 31, 2022</b>	499,536
Charges or adjustments during the period	<u>-</u>
<b>Balance December 31, 2023</b>	<u><u>\$ 499,536</u></u>

The creation and release of the allowance for expected credit losses has been included in operating costs in the Statement of Income (Loss) and Comprehensive Income (Loss). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

- c) Liquidity risk – Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements including anticipated investing and financing activities. Typically, the Corporation ensures that it has sufficient cash or liquid investments available to meet expected operating expenses for a period of 30 days, excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For the foreseeable future, the Corporation anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its operating requirements, debt repayment obligations and will provide sufficient funding for anticipated capital expenditures. It is the Corporation's intention to renew any debt coming due in the next fiscal year. The maturities of long term financial liabilities are summarized in Note 7.
- d) Environmental risk – Environmental risk is inherent in the ownership of property. Various municipal, provincial, and federal regulations can result in penalties or potential liability for remediation should hazardous materials enter the environment. The presence of hazardous substances could also impair the Corporation's ability to finance or sell the property, or it may expose the Corporation to civil lawsuits. To mitigate such risk, the Corporation will procure recent or updated environmental reports for all acquisitions.

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 10 – Continued**

It also prohibits the storage of hazardous substances as a condition of the rental contract signed by customers.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant currency risk.

**11. Income Tax**

	<u>2023</u>	<u>2022</u>
Loss before taxes	<b>(10,336,612)</b>	(50,826,696)
Combined federal and provincial statutory income tax rate	<b>26.50%</b>	26.50%
Income tax recovery calculated at statutory rate	<b>(2,739,202)</b>	(13,469,074)
Non-deductible items	<b>848,127</b>	3,549,770
Change in estimate	<b>(6,584,653)</b>	-
Change in tax rate and other items	<b>(160,726)</b>	334,565
Income tax expense (recovery)	<b><u>(8,636,454)</u></b>	<b><u>(9,584,739)</u></b>

Movements in deferred tax assets (liabilities) related to temporary differences during the year are as follows:

	December 31, 2022	Recognized in earnings	Recognized in Equity	Acquired in Business Combinations	<b>December 31, 2023</b>
Property, plant and equipment	(129,957,336)	(1,842,696)	-	(2,814,949)	<b>(134,614,981)</b>
Goodwill and intangible assets	11,054,825	3,151,162	-	(181,415)	<b>14,024,572</b>
Debt	(2,206,483)	65,689	(4,738,333)	-	<b>(6,879,127)</b>
Unrealized fair value of derivatives	(645,430)	378,363	-	-	<b>(267,067)</b>
Lease liability	20,968,522	4,928,295	-	-	<b>25,896,817</b>
Deferred financing costs	1,839,574	698,089	-	-	<b>2,537,663</b>
Non-capital loss carry forwards	58,477,898	1,257,552	-	-	<b>59,735,450</b>
Deferred tax asset (liability)	<b><u>(40,468,430)</u></b>	<b><u>8,636,454</u></b>	<b><u>(4,738,333)</u></b>	<b><u>(2,996,364)</u></b>	<b><u>(39,566,673)</u></b>

**12. Related Party Transactions**

The Corporation holds a Master Franchise Agreement from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to Iqbal Khan and Steven Scott who are directors of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the year ended December 31, 2023, the Corporation paid \$382,400 (December 31, 2022 - \$405,196) for royalties and \$3,054,716 (December 31, 2022 - \$3,046,665) for storage containers and other equipment under the Master Franchise Agreement.

Included in accounts payable and accrued liabilities, relating to the previously noted transactions, at December 31, 2023 was \$52,758 (December 31, 2022 - \$58,225) payable to CPFI.



## StorageVault Canada Inc.

### Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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#### Note 12 – Continued

The Corporation has management agreements with Access Self Storage Inc. and related companies (“Access Group”). These companies are related to Iqbal Khan and Steven Scott who are directors of the Corporation. The Corporation invoices the Access Group for management fees as well as additional services it provides as part of the management agreements. The Access Group will also invoice the Corporation for construction, maintenance and other services related to its day-to-day operations.

During the year ended December 31, 2023, the Corporation received \$6,017,053 (December 31, 2022 - \$8,471,116) in payments and reimbursements related to the management agreements. During the year ended December 31, 2023, the Corporation also incurred \$50,583,697 (December 31, 2022 - \$32,508,783) in expenditures related to construction, maintenance and other services related to its day-to-day operations.

Included in accounts payable and accrued liabilities as at December 31, 2023 was \$2,790,800 (December 31, 2022 - \$522,072) payable to the Access Group. Included in accounts receivable as at December 31, 2023 was \$1,030,452 (December 31, 2022 - \$846,587) receivable from the Access Group.

Key management personnel are those persons having authority and responsibility for planning, directly and indirectly directing, and controlling the activities of the Corporation. Key management personnel are defined as officers and Directors of the Corporation. The remuneration of key management personnel for employment services rendered are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages, management fees, bonuses and directors fees	\$ 1,324,495	\$ 610,212
Stock based compensation	1,047,580	6,065,672
	<u>\$ 2,372,075</u>	<u>\$ 6,675,884</u>

### 13. Capital Risk Management

The Corporation’s objectives when managing capital are to safeguard the Corporation’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation defines capital as shareholders’ equity excluding contributed surplus and long term debt. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets, and adjust the amount of cash and short term deposits. The Board of Directors does not establish a quantitative return on capital criteria, but rather promotes year over year sustainable growth.

The Corporation reviews and assesses its capital structure on an ongoing basis. The Corporation determines the appropriate mortgage debt to be placed on properties at the time a particular property is acquired or when an existing mortgage financing matures. Consideration is given to various factors including, but not limited to: interest rates, financing costs, the term of the mortgage and the strength of cash flow arising from the underlying asset. Mortgage debt is usually only secured by the underlying asset. The Corporation monitors its capital using a debt to fair value ratio. Except for the debt covenants described in Note 7, the Corporation is not subject to any externally imposed capital requirements.

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**14. Segmented Information**

The Corporation operates three reportable business segments. Each segment is a component of the Corporation for which separate discrete financial information is available for evaluation by the chief operating decision makers of the Corporation.

- Self Storage – involves the customer leasing space at the Corporation’s property for short or long term storage. Self storage also includes customers utilizing space for inventory storage for last mile delivery, small commercial operations, and vehicles.
- Portable Storage – involves delivering a portable storage unit to the customer. The customer can opt to keep the portable storage unit at their location, or have it moved to another location for further storage.
- Management Division – involves revenues generated from the management of stores owned by third parties.

The Corporation evaluates performance and allocates resources based on earnings before interest, taxes, depreciation and amortization, and stock based compensation. Corporate costs are not allocated to the segments and are shown separately.

**For the Year Ended December 31, 2023**

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	\$ 276,116,878	\$ 10,570,678	\$ 2,037,056	\$ -	\$ 288,724,612
Operating costs	87,901,374	7,230,494	-	-	95,131,868
Net operating income	188,215,504	3,340,184	2,037,056	-	193,592,744
Acquisition and integration	-	-	-	5,904,217	5,904,217
Selling, general and admin.	-	-	-	24,290,628	24,290,628
Stock based compensation	-	-	-	3,795,626	3,795,626
Depreciation and amortization	97,665,700	1,951,873	-	900,609	100,518,182
Interest	83,297,441	-	-	-	83,297,441
Accretion of interest on convertible debentures	-	-	-	4,195,644	4,195,644
Realized gain on real estate	-	-	-	(15,528,115)	(15,528,115)
Realized gain on derivative financial instruments	-	-	-	(3,994,356)	(3,994,356)
Unrealized loss on derivative financial instruments	-	-	-	1,450,089	1,450,089
Deferred tax recovery	-	-	-	(8,636,454)	(8,636,454)
Net income (loss)	<u>\$ 7,252,363</u>	<u>\$ 1,388,311</u>	<u>\$ 2,037,056</u>	<u>\$ (12,377,888)</u>	<u>\$ (1,700,158)</u>
Additions:					
Real estate and equipment	173,119,868	5,814,306	-	1,661,926	180,596,100

**StorageVault Canada Inc.****Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

**Note 14 – Continued****For the Year Ended December 31, 2022**

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	\$ 248,624,166	\$ 11,308,895	\$ 1,895,228	\$ -	\$ 261,828,289
Operating costs	78,000,948	7,793,399	-	-	85,794,347
Net operating income	170,623,218	3,515,496	1,895,228	-	176,033,942
Acquisition and integration	-	-	-	9,587,840	9,587,840
Selling, general and admin.	-	-	-	21,048,950	21,048,950
Stock based compensation	-	-	-	13,631,028	13,631,028
Depreciation and amortization	101,624,227	1,658,206	-	844,228	104,126,661
Interest	74,801,847	-	-	-	74,801,847
Unrealized loss on derivative financial instruments	-	-	-	3,664,312	3,664,312
Deferred tax recovery	-	-	-	(9,584,739)	(9,584,739)
Net income (loss)	<u>\$ (5,802,856)</u>	<u>\$ 1,857,290</u>	<u>\$ 1,895,228</u>	<u>\$ (39,191,619)</u>	<u>\$ (41,241,957)</u>
Additions:					
Real estate and equipment	275,662,009	2,797,573	-	271,855	278,731,437

**Total Assets**

	Self Storage	Portable Storage	Management Division	Corporate	Total
As at December 31, 2022	\$ 1,963,914,228	\$ 18,003,918	\$ 16,564,940	\$ 22,269,074	\$ 2,020,752,160
As at December 31, 2023	<b>\$ 1,887,649,008</b>	<b>\$ 20,767,600</b>	<b>\$ 16,587,785</b>	<b>\$ 119,213,563</b>	<b>\$ 2,044,217,956</b>

**15. Commitments and Contingencies***Lease Liabilities*

The Corporation leases buildings and land in British Columbia, Alberta, Manitoba, Ontario and Quebec. The leases expire between 2026 and 2057, with the leases expiring in 2024 and 2027 having up to 5 years and 20 years of renewals, respectively, which are expected to be exercised by the Corporation.

The lease liabilities are measured at the present value of the lease payments that are not paid at the balance sheet date. Lease payments are apportioned between interest expense and a reduction of the lease liability using the Corporation's incremental borrowing rate to achieve a constant rate of interest on the remaining balances of the liability.

For the year ended December 31, 2023, the Corporation recognized \$3,668,569 (December 31, 2022 - \$3,035,180) in interest expense related to its lease liabilities.

**StorageVault Canada Inc.****Notes to the Financial Statements**For the Years Ended December 31, 2023 and 2022

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**Note 15 – Continued**

A reconciliation of the lease liabilities associated with self storage properties is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance, beginning of period	\$ 80,518,572	\$ 77,094,742
Additions and reassessments	23,416,757	6,356,372
Cash payments	(7,887,925)	(6,181,239)
Interest	3,668,569	3,035,180
Capitalized interest	-	213,517
Balance, end of period	<u>\$ 99,715,973</u>	<u>\$ 80,518,572</u>

*Contingency*

The Corporation has no legal contingency provisions at December 31, 2023 or December 31, 2022.

**16. Subsequent Events**

On February 22, 2024, the Corporation approved an increase to the quarterly dividend for Q1 2024 by 0.5% to \$0.002888 per common share.

**StorageVault Canada Inc.**

**Notes to the Financial Statements**

For the Years Ended December 31, 2023 and 2022

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**StorageVault Canada Inc.**

**DIRECTORS**

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Vancouver, BC

Ben Harris  
Bedford, NY

Iqbal Khan  
Toronto, ON

Steven Scott  
Toronto, ON

Alan Simpson  
Regina, SK

Mary Vitug  
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**OFFICERS**

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Chief Executive Officer

Iqbal Khan  
Chief Financial Officer

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