

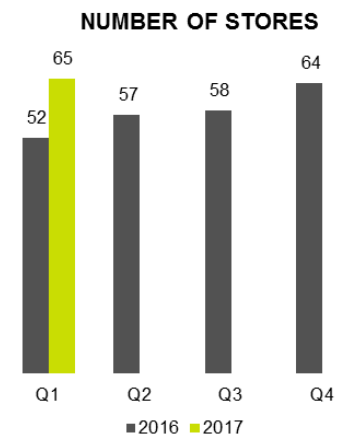
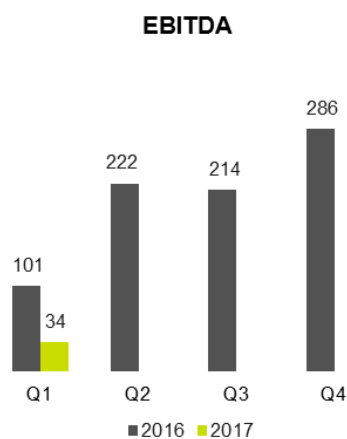
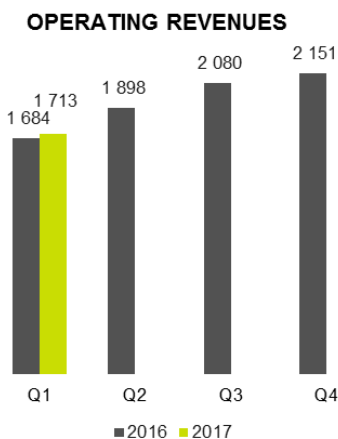
HIGHLIGHTS

- Total revenues of NOK 1 713 million (NOK 1 684 million), up 2 per cent
- Challenging winter season
- Actions taken to maintain gross margin
- EBITDA of NOK 34 million
- Good progression in Finland, including one new store



Q1 Growth

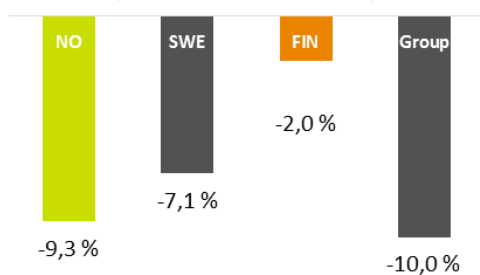
Revenue + 2%
EBITDA - 66%



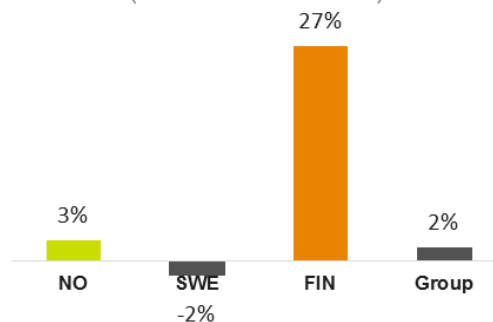
KEY FIGURES GROUP

(Amounts in NOK million)	Q1 2017	Q1 2016	FY 2016 Audited
GROUP			
Operating revenue	1 713	1 684	7 813
Growth (%)	1,7 %	23,0 %	20,4 %
Gross profit ⁴	625	624	3 119
Gross margin (%)	36,5 %	37,0 %	39,9 %
OPEX % ⁷	34,5 %	31,0 %	29,4 %
EBITDA ²	34	101	824
EBITDA margin (%)	2,0 %	6,0 %	10,5 %
EBIT ¹	-1	75	697
EBIT margin	0,0 %	4,4 %	8,9 %
**Basic Earnings per share (NOK)	-0,05	0,34	3,73
**Average number of shares (1 000 shares)	138 512	138 512	138 512
Net cash flow from operating activities	-153	-38	31
Like for like revenue growth ³	-10,0 %	11,2 %	7,5 %
Number of stores at period end	65	52	64

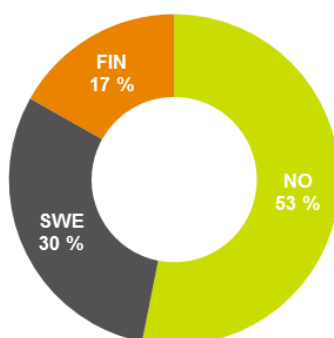
**GROWTH BY COUNTRY Q1
LIKE FOR LIKE
(LOCAL CURRENCY)**



**GROWTH BY COUNTRY Q1
(LOCAL CURRENCY)**



REVENUE SPLIT Q1



**Earnings per share: See Note 5.

Footnotes and definitions are described in the end of the report

KEY FIGURES SEGMENTS

<i>(Amounts in NOK million)</i>	Q1 2017	Q1 2016	FY 2016 Audited
SEGMENT			
Norway			
Operating revenue	905	882	4 151
Growth (%)	2,6 %	8,4 %	14,7 %
Gross profit ⁴	353	342	1 764
Gross margin (%)	39,0 %	38,8 %	42,5 %
OPEX % ⁷	25,1 %	22,8 %	21,9 %
EBITDA ²	125	141	857
EBITDA margin (%)	13,8 %	16,0 %	20,6 %
Number of stores at period end	31	24	31
Sweden			
Operating revenue	511	563	2 474
Growth (%)	-9,1 %	36,6 %	21,0 %
Gross profit ⁴	178	210	959
Gross margin (%)	34,8 %	37,3 %	38,8 %
OPEX % ⁷	33,7 %	29,3 %	28,4 %
EBITDA ²	6	45	257
EBITDA margin (%)	1,1 %	8,1 %	10,4 %
Number of stores at period end	22	20	22
Finland			
Operating revenue	287	240	1 161
Growth (%)	19,8 %	67,0 %	40,8 %
Gross profit ⁴	94	72	392
Gross margin (%)	32,6 %	29,9 %	33,8 %
OPEX % ⁷	32,5 %	32,5 %	30,3 %
EBITDA ²	0	-6	40
EBITDA margin (%)	0,1 %	-2,6 %	3,5 %
Number of stores at period end	12	8	11
Denmark			
Operating revenue	10	-	27
Gross profit ⁴	1	-	3
Gross margin (%)	14,2 %	-	11,2 %
OPEX % ⁷	41,2 %	-	57,9 %
EBITDA ²	-3	-	-13
EBITDA margin (%)	-27,0 %	-	-46,7 %
HQ & logistics			
EBITDA ²	-94	-79	-318
EBITDA margin (% of Group revenues)	-5,5 %	-4,7 %	-4,1 %

Footnotes and definitions are described in the end of the report

Challenging winter hampered revenue growth

Oslo, 25 April 2017: In the first quarter 2017 XXL ASA experienced challenging winter conditions with limited snow and cold combined with a March with no signs of the spring season. XXL delivered a growth of 2 per cent in the quarter compared to the same quarter last year. Through overall better pricing strategies XXL succeeded to improve gross margins in Norway and Finland, while the Swedish gross margin declined. The markets proved difficult with overall low demand. As a consequence, it was difficult to achieve scale in the stores. XXL compensated with cost cuts where possible resulting in an EBITDA of NOK 34 million with a corresponding margin of 2 per cent.

First quarter performance

(Figures in brackets = same quarter previous year, unless otherwise specified)

The winter season of 2017 proved to be very difficult with limited snow and cold early in the season. Most regions in the Nordics also experienced a slow start of the spring season in March. XXL Group delivered total operating revenues of NOK 1 713 million (NOK 1 684 million) in the first quarter 2017, representing a growth of 1.7 per cent. The growth was driven especially by new stores in Finland and Norway, and E-commerce in Denmark. Finland had the highest growth, where the revenues increased by 27.0 per cent in local currency. Norway reported 2.6 per cent revenue growth in the quarter, while the revenues from Sweden declined by 1.8 per cent in local currency. Denmark is still developing according to plan and delivered revenues of NOK 10 million in the quarter. E-commerce had a growth of 32.0 per cent, representing 12.3 per cent (9.5 per cent) of the total operating revenues of the Group in the quarter. XXL opened one new store, late in the quarter in Finland, and now operates in total 65 stores in addition to E-commerce operations in four countries.

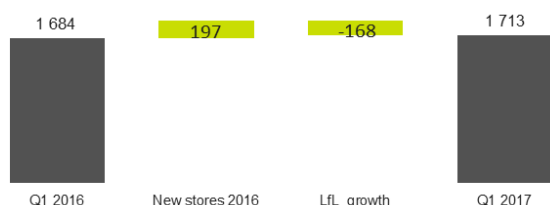
Like-for-like growth was negatively impacted by the challenging winter conditions, with low overall sales volume in the market, and decreased by 10.0 per cent in the quarter. Norway had a negative like-for-like growth of 9.3 per cent, also impacted by some cannibalization effects. Sweden delivered a negative like-for-like growth of 7.1 per cent in local currency and Finland a negative like-for-like growth of 2.0 per cent in local currency.

XXL started early in the quarter with clearance sales activities but the market proved difficult with low overall demand. XXL succeeded to however to improve gross margins later in the quarter through better pricing strategies, despite the unfavorable winter conditions and limited sales of spring related products. Gross margin for the Group declined to 36.5 per cent (37.0 per cent). However both Norway and Finland improved the gross margin compared to the same period last year, while the gross margin in Sweden declined. The Swedish operation experienced solid winter conditions last year, with overall high sales of winter related products and thereby lower share of clearance sales compared to the same period this year.

Operating expenses before depreciation as percentage of sales increased from 31.0 per cent in the first quarter 2016 to 34.5 per cent in the first quarter 2017. This is driven by low volumes in all markets and thereby negative like-for-like figures, impacting the scale benefits in the operations. Many cost saving initiatives have been implemented, such as the number of employees at work in the stores. Operating expenses before depreciation increased by 13.2 per cent in the quarter despite an increase of 25.0 per cent in the store base, costs related to the E-commerce start up in Denmark and increased costs after expanding the central warehouse capacity.

The Group EBITDA in the first quarter 2017 was NOK 34 million (NOK 101 million). This gave an EBITDA-margin of 2.0 per cent compared to 6.0 per cent in the same quarter last year.

GROWTH DRIVERS
Q1 2016 - Q1 2017
(Amounts in MNOK)



Operating segments

(Figures in brackets = same quarter previous year, unless otherwise specified)

The Group's reporting structure comprises four operational segments based on XXL's operations in Norway, Sweden, Finland and Denmark, in addition to HQ and Logistics.

Norway

Total operating revenues from the XXL's operations in Norway was NOK 905 million (NOK 882 million) which corresponded to a growth of 2.6 per cent compared to the same quarter last year. The growth was driven by new stores that opened in 2016 and by E-commerce. The like-for-like growth was negative of 9.3 per cent in the quarter and negative of 3.9 per cent when adjusting for cannibalization effects in Tønsberg, Bergen and Drammen. Please note that all the new stores that opened in 2016 are smaller stores and will yield lower than average sales per store.

Overall the Norwegian market experienced challenging winter conditions in January, some on-and-off cold periods in February and no signs of spring in March. The market was characterized by very low activity and demand. XXL commenced some early clearance sales campaigns but with limited response in the market. Through better pricing and sales strategies XXL was able to lift the gross margin during the quarter, resulting in an improvement from 38.8 per cent in Q1 2016 to 39.0 per cent in Q1 2017.

EBITDA amounted to NOK 125 million (NOK 141 million) and the corresponding margin was 13.8 per cent (16.0 per cent). The decline in margin is driven by low volumes in the market impacting the like-for-like growth negatively. As a result it was difficult to achieve scale in the stores. Operating expenses as percentage of sales equaled 25.1 per cent in the first quarter this year compared to 22.8 per cent last year.

Sweden

In the first quarter last year Sweden experienced good winter conditions with snow and cold in most of the regions and overall solid sales of winter related products. This year's winter season was characterized by lack of cold and snow which impacted the sales volumes of winter equipment negatively. According to market figures from HUI Research the sale of sporting goods in Sweden decreased by 10.6 per cent in January and by 10.3 per cent in February. Total operating revenues for XXL in Sweden in Q1 2017 declined by 1.8 per cent in local currency to NOK 511 million (NOK 563 million). The main drivers were a negative like-for-like figure of 7.1 percent in local currency. E-commerce and new stores that opened in 2016 contributed positively to growth.

The gross margin decreased from 37.3 per cent in Q1 2016 to 34.8 per cent in Q1 2017. However, adjusted for the revised allocation method for distribution of wholesale margin between Sweden and Finland as previously

communicated, the gross margin for Sweden in Q1 2016 was 36.8 per cent. The overall tough market this quarter with lack of winter conditions compared to the same quarter last year increased the share of clearance sales and impacted the gross margin negatively.

Operating expenses as percentage of sales were 33.7 per cent in the quarter (29.3 per cent). Due to the negative like-for-like growth, impacted by the low volume in the market, it was difficult to achieve scale in the stores. The EBITDA-margin decreased from 8.1 per cent in Q1 2016 to 1.1 per cent in Q1 2017 and from 7.5 per cent adjusted for the before mentioned reclassification effects on gross profit between Sweden and Finland. The lower EBITDA-margin is also driven by the lower gross margin.

Finland

Total operating revenues from the Finnish operations amounted to NOK 287 million (NOK 240 million), representing a growth of 27.0 per cent in local currency. The growth was driven by effects from stores that opened in 2016 and E-commerce. XXL opened a new store in the quarter, in Lappeenranta on 29 March 2017. The market was slow in the quarter with difficult winter conditions combined with a continued challenging macro situation. As a consequence the like-for-like figure declined by 2.0 per cent in local currency. According to market estimates the Finnish market decreased by around 4.5 per cent in the quarter which means that XXL again gained market shares.

Gross margin increased from 29.9 per cent in the first quarter last year to 32.6 per cent in the first quarter this year. Adjusted for the reclassification effects on gross profit last year between Sweden and Finland the gross margin was 31.2 per cent in Q1 2016. The improvement in gross margin is done by good craftsmanship including better sales and pricing strategies.

The cost position was stable and total operating expenses amounted to 32.5 per cent despite negative like-for-like figure and costs of opening a new store late in the quarter with limited revenue contribution. EBITDA amounted to NOK 0.2 million in the quarter and a corresponding margin of 0.1 per cent compared to negative margin in Q1 2016, both with and without the gross margin reclassification. The improvement is driven by the higher gross margin as described above.

Denmark

Total operating revenues in the first quarter 2017 amounted to NOK 10 million. XXL continues to build brand awareness through low prices and many market campaigns, both leading to low margins. The gross margin was 14.2 per cent, which represents a slight improvement from the last year's levels, but the EBITDA was negative of NOK 3 million in the quarter. XXL is still in an early phase in the Danish market and the operation and continues to perform according to plan of being a small Swedish store in revenues and a pay-back time of 4-5 years.

E-commerce

Please note that E-commerce is not a separate segment in the financial reporting but is reported under each country segment. Currently XXL has an online offering in Norway, Sweden, Finland and Denmark through xxl.no, xxl.se, xxl.fi and xxl.dk respectively.

E-commerce sales comprised 12.3 per cent of total Group operating revenues in Q1 2017 compared to 9.5 per cent in Q1 2016. The first quarter 2017 showed another quarter with good growth and operating revenues increased by 32.0 per cent to NOK 211 million (NOK 160 million). E-commerce sales of particularly hardware sporting goods were also negatively impacted by the difficult winter season. The E-commerce organization implemented a new customer service system in the quarter, with more automatization, improving the customer experience with faster response times. In addition XXL also focused on testing targeted CRM activities and invested resources on new and efficient analytical tools.

HQ and Logistics

The HQ and Logistics segment consists of costs related to the Group's headquarter and logistics operations, as well as costs related to the centralized E-commerce management and all financial income and financial expenses.

Operating expenses were NOK 94 million (NOK 78 million) in the quarter. This equals 5.5 per cent of total Group operating revenue and was also influenced by the lower than expected sales volume in the quarter. The corresponding figure for the first quarter last year was 4.7 per cent. The increased costs are related to the expansion of the central warehouse in Norway from 24 000 to 32 000 square meters, which was finalized and handed over in mid November 2016. This provided for higher rental and personnel costs in the first quarter 2017. In addition XXL had some start up costs related to the establishment in Austria which comprised of salaries to the first employees, head office and office supplies and costs related to training and recruitment.

Financials

Consolidated income statement

(Figures in brackets = same quarter previous year, unless otherwise specified)

Total operating revenue increased by 1.7 per cent to NOK 1 713 million (NOK 1 684 million).

Total operating expenses excluding depreciation equaled NOK 591 million (NOK 522 million) in the first quarter. As percentage of total operating revenues of the Group, operating expenses increased from 31.0 per cent last year to 34.5 per cent this year.

Net financial expense amounted to NOK 9 million for the first quarter (NOK 14 million). Net interest expenses equaled NOK 7.3 million in the quarter. The financial

expenses include a positive currency effect of NOK 2.8 million compared to a negative currency effect of 3.4 million in the same quarter last year.

Income tax expense for the first quarter was positive of NOK 2 million (negative of NOK 14 million).

Net profit for the period ended at a loss of NOK 8 million (profit of NOK 47 million).

Consolidated cash flow

(Figures in brackets = same quarter previous year, unless otherwise specified)

Cash used by operating activities ended at NOK 153 million in Q1 2017 compared to NOK 38 million in Q1 2016. The main reason for the negative deviation is lower profit before income tax, periodization of income tax paid and changes in working capital.

The inventory increased from NOK 1 978 million at the end of Q1 2016 to 2 704 million at the end of Q1 2017 due to 13 new stores, new product categories and currency effects. Inventory per store⁸ (including E-commerce) equaled NOK 39.2 million (NOK 35.9 million). The inventory level is too high and is a combination of lower sales than expected and a too high purchase volume in Q4 2016. There are a lot of initiatives to reduce the inventory to a normalized level by the end of Q3 2017. The inventory continues to be healthy and the winter related products are under control despite the difficult winter season. Currency effects equal NOK 0.7 million of the increase.

Cash used by investing activities was NOK 59 million (NOK 44 million) in Q1 2017. This is related to investments in new stores, maintenance CAPEX on existing stores and investments in infrastructure.

Cash provided from financing activities amounted to NOK 140 million of which NOK 147 million is related to draw down on existing credit facility.

Financial position and liquidity

(Figures in brackets = same quarter previous year, unless otherwise specified)

As of 31 March 2017, total assets amounted to NOK 6 658 million (NOK 5 792 million). Total equity was NOK 3 604 million (NOK 3 416 million), resulting in an equity ratio of 54.1 per cent (59.0 per cent). Net interest bearing debt increased to NOK 1 718 million (NOK 1 121 million) due to draw down of short term debt. This equalled a leverage ratio of 2.3x.

The Group had cash and cash equivalents of NOK 46 million (NOK 69 million) as of 31 March 2017, of which NOK 11 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 400 million whereof NOK 696 million was used as of 31 March 2017. Available liquidity reserves as of 31 March 2017 were NOK 753 million.

Changes in the Management team

Mr. Patrick Verwilligen has been appointed the Managing Director for XXL Austria. He will start in his new position on 1 May 2017. Patrick Verwilligen is currently employed as Head of Leasing and Member of the Country Management Team at Unibail-Rodamco, Europe's leading listed commercial property company. He holds a degree in Real Estate Economics from the University of Applied Sciences Kufstein, Austria. Mr. Verwilligen is a Dutch citizen that grew up and resides in Austria.

Long term incentive programs

In accordance with the resolution made by the Annual General Meeting in XXL ASA on 3 June 2016, a share option program for the management team and key employees was implemented on 21 February 2017. The strike price was NOK 95.17, equal to the volume weighted average price in the market from 15 February 2017 to 21 February 2017. In total 1 142 408 options were granted. The options are exercisable after three years, subject to a key performance criteria (EBITDA-target according to business plan) being met and subject to the holder at the time of exercise is employed in XXL. The value of the share option program is NOK 21.6 million and the costs related to this will be booked over the duration period of three years with effect from 21 February 2017.

In accordance with the resolution made by the Annual General Meeting in XXL ASA on 3 June 2016, a program of restricted share units for around 140 employees was implemented on 21 February 2017. The allocation price was NOK 95.17, equal to the volume weighted average price in the market from 15 February 2017 to 21 February 2017. In total 116 000 shares were allocated to employees. The shares are exercisable after three years subject to the holder at the time of exercise is employed in the company. All shares related to the program have been covered for by acquiring own shares in the market. In the period 23 February 2017 to 31 March 2017 XXL acquired a total of 116 000 shares in the market at an average price of NOK 93.36 per share and for an aggregate consideration of NOK 10.8 million. The value of the restricted share units program is NOK 11.0 million and the costs related to this will be booked over the duration period of three years with effect from 21 February 2017.

Outlook

XXL has signed 10 new lease agreements for store openings for 2017 where of 1 in Norway, 4 in Sweden, 3 in Finland and 2 in Austria. The aim for 2017 is 10-12 new stores in total.

Regarding Austria both of the stores are in Vienna, giving synergies to marketing cost. The opening will be in late 2017, and in addition XXL will launch an E-commerce offering together with the first store. It will also be added a local team for buying and support to establish XXL in the new area consisting of at least five employees. This organization will be scaled for the whole DACH-region (Germany, Austria and Switzerland). CAPEX per store will be in the range of EUR 1.7 -1.9 million and an average pay-back per store of 4-5 years. The average pay-back time is calculated after being 3 years in the market. Average sale per store is expected to be around EUR 12 million, while the gross margin and EBITDA-profile will be as in Sweden over time when excluding for the build up of a centralized organization. Hence, the start-up in Austria will have higher costs than the launch in Sweden, Finland and Denmark. XXL expects between 15-20 stores in total in the Austrian market.

To continue the growth strategy, in stores and E-commerce, in new markets and existing markets, XXL will invest in infrastructure, IT and training facilities. These investments are expected to be in the range of NOK 70-90 million for 2017. In addition XXL will refurbish at least two stores with CAPEX in the range of two new stores.

The Group maintains the following long term objectives (on full year basis):

- Like-for-like growth of mid-single digits over time including E-commerce
- Gross margins: In Norway at low 40's, high 30's in Sweden and between mid and high 30's in Finland. Due to the demanding macro in Finland the lift to high 30's may take longer time than in Sweden
- EBITDA-margins: In Norway at low 20's, in Sweden low double digits and in Finland high single digits. Due to the demanding macro in Finland the lift to high single digits may take longer time than in Sweden.
- Both gross margin and EBITDA-margin for the Group will be negatively affected by the establishment in new markets

Oslo, 25 April 2017
Board of Directors, XXL ASA

Condensed consolidated financial statements

UNAUDITED, FOR THE PERIOD ENDED March 31, 2017

Condensed Consolidated Interim Income Statement

<i>(Amounts in NOK million)</i>	Q1 2017	Q1 2016	FY 2016 Audited
Total Operating Revenue	1 713	1 684	7 813
Cost of goods sold	1 088	1 060	4 694
Personnel expenses	324	278	1 240
Depreciation	35	26	127
Other operating expenses	268	244	1 055
Total Operating Expenses	1 714	1 609	7 116
Operating Income	-1	75	697
Net Financial Income (+) / Expense (-)	-9	-14	-55
Profit before income tax	-10	61	642
Income tax expense	-2	14	126
Profit for the period	-8	47	516
Basic Earnings per share (NOK)	-0,05	0,34	3,73
Diluted Earnings per share (NOK)	-0,05	0,34	3,70
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Foreign currency rate changes	1	0	3
Total Other Income and Expense	1	0	3
Total comprehensive income for the period	-7	47	519

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

<i>(Amounts in NOK million)</i>	31.3.17	31.3.16	31.12.2016 Audited
NON CURRENT ASSETS			
Intangible Assets			
Goodwill	2 734	2 734	2 734
Other intangible assets	256	231	253
Total Intangible Assets	2 990	2 965	2 987
Fixed Assets	710	571	681
Non current Financial Assets	2	0	2
Total Non Current Assets	3 701	3 536	3 670
CURRENT ASSETS			
Inventory	2 704	1 978	2 610
Trade and Other Receivables	206	209	277
Cash and Cash Equivalents	46	69	115
Total Current Assets	2 956	2 256	3 003
TOTAL ASSETS	6 658	5 792	6 673
SHAREHOLDERS' EQUITY			
Paid-in Capital	2 890	2 888	2 887
Other equity	714	527	722
Total Shareholders' Equity	3 604	3 416	3 608
LIABILITIES			
Deferred tax liability	52	71	51
Total Provisions	52	71	51
Other long-term debt			
Interest bearing long-term debt	1 054	1 102	1 051
Non-interest bearing long-term debt	56	-	54
Total other long-term debt	1 110	1 102	1 105
Total long-term debt	1 162	1 173	1 156
Short-term debt			
Accounts payable	617	483	639
Short-term interest bearing debt	710	87	563
Tax payable	63	186	123
Public duties payable	150	132	255
Other short-term debt	352	315	329
Total short-term debt	1 891	1 203	1 909
TOTAL LIABILITIES	3 054	2 376	3 066
TOTAL EQUITY AND LIABILITIES	6 658	5 792	6 674

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed consolidated interim statement of cash flows

<i>(Amounts in NOK million)</i>	Q1 2017	Q1 2016	FY2016 Audited
Operating Activities			
Profit before income tax	-10	61	642
<i>Adjustments for:</i>			
Income tax paid	-61	-4	-182
Depreciation	35	26	127
Items classified as investments or financing	7	5	19
Amortisation of capitalised transaction costs	1	2	7
Fair value movement of financial derivatives	1	4	1
<i>Changes in working capital:</i>			
Changes in inventory	-79	-50	-777
Changes in accounts receivable	72	87	14
Changes in accounts payable	-24	-95	73
Prepayments of financial leases	-3	-3	-8
Changes in other assets and liabilities	-93	-70	115
Cash provided (used) by operating activities	-153	-38	31
Investing Activities			
Acquisition of fixed assets and intangible assets	-59	-44	-239
Cash provided (used) by investing activities	-59	-44	-239
Financing Activities			
Purchase of own shares/other equity transactions	0	0	-9
Proceeds from new long/short-term debt	147	69	549
Interest payments	-7	-5	-19
Dividend	0	0	-277
Cash provided (used) by financing activities	140	64	243
Net Change in Cash and Cash Equivalents	-72	-18	36
Cash and cash equivalents - beginning of period	115	87	87
Effect of foreign currency rate changes on cash and equivalent:	3	0	-8
Cash and Cash Equivalents - End of Period	46	69	115
<i>The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements</i>			

Condensed consolidated interim Statement of Changes in Equity

<i>(Amounts in NOK million)</i>	Share capital	Share premium	Other Paid in Equity	Retained earnings	Foreign Currency Rate Changes	Total Shareholders' Equity
Shareholders' Equity 01.01.16	48	2 834	4	479	1	3 219
Net income YTD 2016				516		516
Foreign currency rate changes					3	3
Transactions with owners:						
Purchase own shares	-9					-9
Employee share incentive program			10			10
Dividend				-277		-277
Shareholders' Equity 31.12.16	38	2 834	14	718	3	3 608
Shareholders' Equity 01.01.17	38	2 834	14	718	3	3 608
Net income YTD 2017				-8		-8
Foreign currency rate changes					1	1
Transactions with owners:						
Employee share incentive program			3			3
Shareholders' Equity 31.03.17	38	2 834	17	711	4	3 604

The share capital as of 31.03.2017 is 55.4 million NOK

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Notes to the interim financial statements

Note 1 General information

XXL ASA and its subsidiaries' (together the "company" or the "Group") operating activities are related to the resale of sports and leisure equipment in the Nordic countries.

All amounts in the interim financial statements are presented in NOK million unless otherwise stated. Due to rounding, there may be differences in the summation columns.

These condensed interim financial statements have not been audited.

Note 2 Basis of preparation

These condensed interim financial statements for the three months ended 31 March 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2016.

Note 4 Estimates, judgments and assumptions

The preparation of interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

Note 5 Earnings per share

	Q1 2017	Q1 2016	YE 2016
Total profit (in NOK million)	-8	47	516
Weighted average number of ordinary shares in issue	138 512 123	138 512 123	138 512 123
Adjustment for:			
Effect share options	2 127 812	625 665	985 404
Weighted number of ordinary shares in issue for diluted earnings per share	140 639 935	139 137 788	139 497 527
Basic Earnings per share (in NOK)	-0,05	0,34	3,73
Diluted Earnings per share (in NOK)	-0,05	0,34	3,70

Note 6 Operating Segments

The Group's business is the sale of sports and leisure equipment. Segment performance is reviewed by Management and the Board of Directors as four reportable geographical segments and HQ & Logistics segment. The following presents the Group's revenue by operating segment:

Q1 2017

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	HQ & Logistics	Total
Operating revenue	905	511	287	10	-	1 713
Gross profit	353	178	94	1	-	625
EBITDA ²	125	6	0	-3	-94	34
Operating Income	114	-3	-4	-3	-106	-1

Q1 2016

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	HQ & Logistics	Total
Operating revenue	882	563	240	-	-	1 684
Gross profit	342	210	72	-	-	624
EBITDA ²	141	45	-6	-	-79	101
Operating Income	133	38	-9	-	-87	75

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<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	HQ & Logistics	Total
Operating revenue	4 151	2 474	1 161	27	-	7 813
Gross profit	1 764	959	392	3	-	3 119
EBITDA ²	857	257	40	-13	-318	824
Operating Income	819	224	27	-13	-360	697

The reclassification effects of wholesale margin between Sweden and Finland is shown per quarter in the tables below, first after reclassification and then the actual reported figures for 2016.

Margin adjusted

<i>Amounts in NOK million</i>	Q1	Q2	Q3	Q4	YTD
Sweden Gross Margin %	36,8 %	41,3 %	37,5 %	39,3 %	38,8 %
Sweden EBITDA %	7,5 %	13,1 %	10,8 %	9,8 %	10,4 %
Finland Gross Margin %	31,2 %	35,9 %	30,3 %	37,1 %	33,8 %
Finland EBITDA %	-1,3 %	4,7 %	1,5 %	7,7 %	3,5 %

Margin reported

<i>Amounts in NOK million</i>	Q1	Q2	Q3	Q4	YTD
Sweden Gross Margin %	37,3 %	41,7 %	38,0 %	37,8 %	38,8 %
Sweden EBITDA %	8,1 %	13,5 %	11,3 %	8,3 %	10,4 %
Finland Gross Margin %	29,9 %	35,1 %	29,1 %	39,9 %	33,8 %
Finland EBITDA %	-2,6 %	3,9 %	0,4 %	10,4 %	3,5 %

Note 7 Related Party Transactions

The Group's related parties include its associates, key Management, members of the Board of Directors and majority shareholders.

There are no major related party transactions for XXL Group in Q1 2017. Further, none of the Board members have been granted loans or guarantees in the current year or are included in the Group's pension or bonus plans. All related party transactions are concluded on an arms-length basis.

Note 8 Risk Management

A description of main risk factors in XXL is included in Note 19 in the Annual Report for 2016.

Disclaimer

This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

Footnotes/Definitions

Non – GAAP Measures / APM

Certain financial measures and ratios related thereto in this quarterly report, including growth, gross profit, gross margin, EBIT, EBIT margin, EBITDA, EBITDA margin, working capital and net interest bearing debt (collectively, the “Non-GAAP Measures”), are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this quarterly report because they are among the measures used by Management to evaluate the cash available to fund ongoing, long-term obligations and they are frequently used by other interested parties for valuation purposes or as a common measure of the ability of a company to incur and meet debt service obligations. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, and you should not consider such items as alternatives to profit for the year, total operating revenues, operating income or any other performance measures derived in accordance with IFRS, and they may be different from similarly titled measures used by other companies.

¹⁾ **EBIT**

Our EBIT represents operating income.

²⁾ **EBITDA**

Our EBITDA represents operating income plus depreciation.

³⁾ **Like for Like**

Like for Like include comparable stores and E-commerce. Comparable stores are stores that have been open all months of the current year and all months of the previous year. Stores that have been relocated or significantly expanded are excluded from Like for Like stores.

⁴⁾ **Gross profit**

Gross profit represents operating revenue less cost of goods sold.

⁵⁾ **Working capital**

Working capital consists of accounts receivables, accounts payables, inventory, other receivables and other current liabilities.

⁶⁾ **Net interest bearing debt**

Net interest bearing debt is defined as total other long-term debt and short-term borrowings less cash and cash equivalents

⁷⁾ **OPEX**

OPEX is defined as other operating expenses including personnel expenses, but excluding depreciation and amortization

⁸⁾ **Inventory per store**

Total inventory divided on number of stores and number of E-commerce markets at end of period

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FINANCIAL CALENDAR

Annual General Meeting:	07.06.2017
Q2 2017 and 1H 2017 results:	21.07.2017
Q3 2017 results:	25.10.2017

INVESTOR CONTACT

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