

HIGHLIGHTS

- Total revenues of NOK 2 080 million (NOK 1 753 million), up 19 per cent
- Like-for-like growth of 4 per cent
- EBITDA of NOK 214 million (NOK 201 million)
- Opened one new store in Norway
- Signed first two lease contracts in Austria



Q3
Growth

Revenue
+19%
EBITDA
+7%

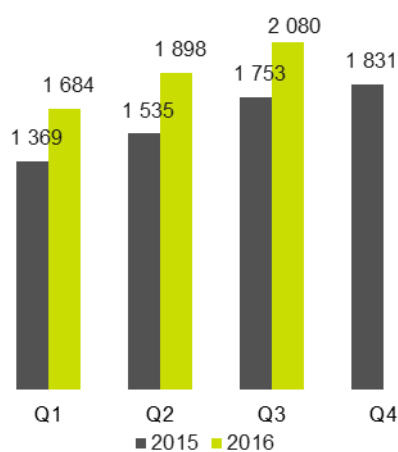
YTD
Growth

Revenue
+22%
EBITDA
+8%

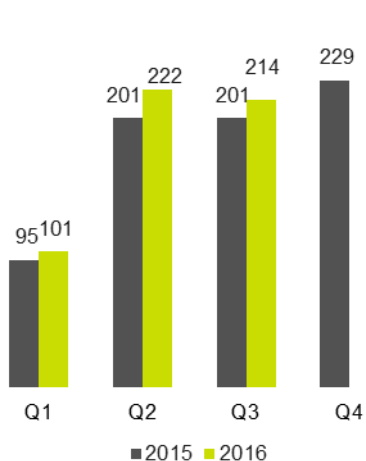
KEY FIGURES GROUP

| (Amounts in NOK million) | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 | FY 2015 Audited |
|---|---------|---------|----------|----------|--------------------|
| GROUP | | | | | |
| Operating revenue | 2 080 | 1 753 | 5 661 | 4 656 | 6 487 |
| Growth (%) | 18,7 % | 23,8 % | 21,6 % | 26,0 % | 24,4 % |
| Gross profit ⁴ | 801 | 684 | 2 207 | 1 828 | 2 579 |
| Gross margin (%) | 38,5 % | 39,0 % | 39,0 % | 39,3 % | 39,8 % |
| EBITDA ² | 214 | 201 | 537 | 496 | 725 |
| EBITDA margin (%) | 10,3 % | 11,4 % | 9,5 % | 10,7 % | 11,2 % |
| EBIT ¹ | 181 | 177 | 450 | 431 | 634 |
| EBIT margin | 8,7 % | 10,1 % | 8,0 % | 9,2 % | 9,8 % |
| **Basic Earnings per share (NOK) | 0,89 | 1,05 | 2,26 | 2,33 | 3,08 |
| **Average number of shares (1 000 shares) | 138 512 | 138 512 | 138 512 | 138 512 | 138 512 |
| Net cash flow from operating activities | 59 | 137 | 27 | 141 | 352 |
| Like for like revenue growth ³ | 4,1 % | 8,5 % | 8,6 % | 8,9 % | 9,4 % |
| Number of stores at quarter end | 58 | 48 | 58 | 48 | 52 |

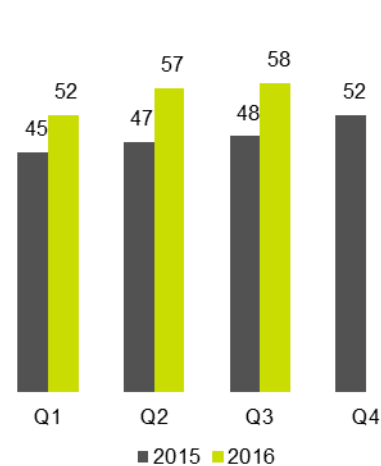
OPERATING REVENUES



EBITDA



NUMBER OF STORES



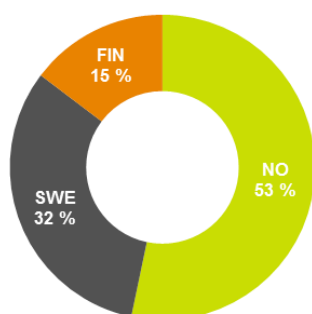
**Earnings per share: See Note 5.
Footnotes and definitions are described in the end of the report

KEY FIGURES SEGMENTS

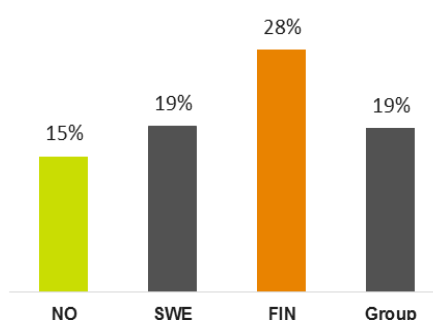
(Amounts in NOK million)

| SEGMENT | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 | FY 2015 Audited |
|-------------------------------------|---------|---------|----------|----------|-----------------|
| Norway | | | | | |
| Operating revenue | 1 103 | 956 | 2 947 | 2 610 | 3 617 |
| Growth (%) | 15,4 % | 3,7 % | 12,9 % | 7,4 % | 8,3 % |
| Gross profit ⁴ | 459 | 397 | 1 215 | 1 087 | 1 529 |
| Gross margin (%) | 41,6 % | 41,5 % | 41,2 % | 41,6 % | 42,3 % |
| EBITDA ² | 227 | 193 | 570 | 530 | 763 |
| EBITDA margin (%) | 20,5 % | 20,2 % | 19,3 % | 20,3 % | 21,1 % |
| Number of stores at quarter end | 28 | 23 | 28 | 23 | 24 |
| Sweden | | | | | |
| Operating revenue | 663 | 558 | 1 865 | 1 467 | 2 045 |
| Growth (%) | 18,8 % | 32,5 % | 27,2 % | 31,3 % | 29,2 % |
| Gross profit ⁴ | 252 | 215 | 729 | 558 | 783 |
| Gross margin (%) | 38,0 % | 38,6 % | 39,1 % | 38,0 % | 38,3 % |
| EBITDA ² | 75 | 65 | 206 | 135 | 188 |
| EBITDA margin (%) | 11,3 % | 11,6 % | 11,1 % | 9,2 % | 9,2 % |
| Number of stores at quarter end | 21 | 18 | 21 | 18 | 20 |
| Finland | | | | | |
| Operating revenue | 304 | 238 | 835 | 579 | 825 |
| Growth (%) | 27,6 % | 229,6 % | 44,1 % | 289,2 % | 2 |
| Gross profit ⁴ | 89 | 72 | 262 | 183 | 268 |
| Gross margin (%) | 29,1 % | 30,3 % | 31,4 % | 31,6 % | 32,5 % |
| EBITDA ² | 1 | 6 | 6 | 11 | 19 |
| EBITDA margin (%) | 0,4 % | 2,7 % | 0,7 % | 2,0 % | 2,3 % |
| Number of stores at quarter end | 9 | 7 | 9 | 7 | 8 |
| Denmark | | | | | |
| Operating revenue | 9 | - | 14 | - | - |
| Gross profit ⁴ | 1 | - | 2 | - | - |
| Gross margin (%) | 13,6 % | - | 11,5 % | - | - |
| EBITDA ² | -2 | - | -7 | - | - |
| EBITDA margin (%) | -22,9 % | - | -51,8 % | - | - |
| HQ & logistics | | | | | |
| EBITDA ² | -87 | -63 | -237 | -180 | -244 |
| EBITDA margin (% of Group revenues) | -4,2 % | -3,6 % | -4,2 % | -3,9 % | -3,8 % |

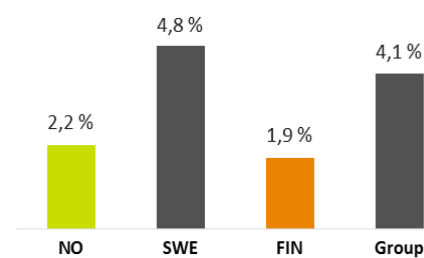
REVENUE SPLIT Q3



GROWTH BY COUNTRY Q3



GROWTH BY COUNTRY Q3, LIKE FOR LIKE (LOCAL CURRENCY)



Strong Norwegian performance

Oslo, 25 October 2016: XXL delivered a growth of 19 per cent for the third quarter 2016, driven by new stores and E-commerce. September was challenging with unseasonal warm weather in all regions, impacting like-for-like growth and gross margin. However, XXL is gaining market shares and both Norway and Sweden improved the cost position in the quarter. EBITDA for the Group amounted to NOK 214 million in the quarter with a corresponding margin of 10.3 per cent, where the Norwegian operation is standing out with the strongest improvement compared to last year.

XXL has signed its first two lease contracts in Austria with an intention to open at least one store late 2017. Austria is an attractive market with four distinctive seasons, brand and service minded consumers, and with a competitive landscape similar to the Nordic markets.

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

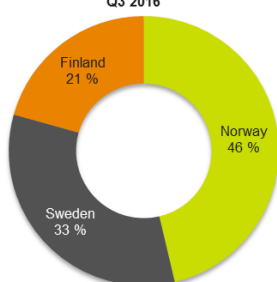
Third quarter performance

Total operating revenues in the third quarter 2016 amounted to NOK 2 080 million (NOK 1 753 million), representing a growth of 18.7 per cent. July and August were characterized by normal summer conditions, while September was challenging with unseasonably warm and dry weather conditions. As a result XXL experienced less traffic to the stores and a slow start to the autumn season.

SHARE OF GROWTH BY MATURITY
Q3 2016



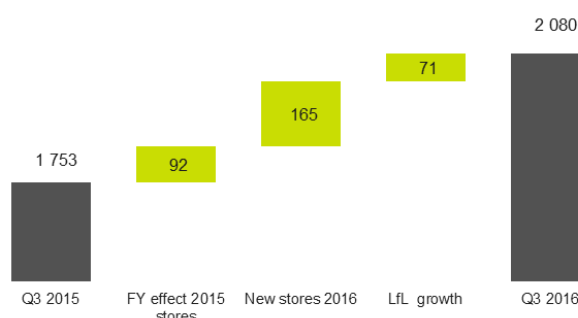
SHARE OF GROWTH BY GEOGRAPHY
Q3 2016



Norway delivered 15.4 per cent revenue growth, while Sweden achieved 18.8 per cent and Finland 27.6 per cent. E-commerce had a growth of 68.2 per cent, representing 25.0 per cent of the total growth of the Group. This is the first full quarter for the operation in Denmark and total revenues amounted to NOK 9 million. The sales figure in Denmark is limited so far but the organization is building attraction and brand awareness in the market every day. XXL Group delivered a like-for like growth of 4.1 per cent in the quarter driven by E-commerce. Norway had a like-for-like growth of 2.2 per cent, Sweden 4.8 per cent in local currency and Finland had a like-for-like growth of 1.9 per cent in local currency. The reported revenue growth was further driven by effects from new store openings this year

and stores established in 2015 with full effect this year. XXL opened one new store in the quarter, in the city of Skien in Norway.

GROWTH DRIVERS
Q3 2015 - 2016
(Amounts in MNOK)



Gross margin for the Group declined from 39.0 per cent in the third quarter last year to 38.5 per cent this year driven by change in the geographical mix and lower gross margin in Sweden and Finland. Norway maintained the same margin as the corresponding quarter last year. September represented a slow start of the autumn season with higher share of clearance sales and lower share of new products for the upcoming fall with higher margin.

Operating expenses before depreciation as percentage of sales increased from 27.6 per cent in the third quarter 2015 to 28.2 per cent in the third quarter 2016. However, both Norway and Sweden improved. The increase is driven by higher costs in Finland, the establishment of an E-commerce operation in Denmark and higher costs in the HQ and Logistics segment. The increase in logistic cost is related to the expansion of the central warehouse in Sweden and increased work load on the central warehouse in Norway due to higher sales volume.

The Group EBITDA in the third quarter 2016 was NOK 214 million (NOK 201 million), which equaled an EBITDA-margin

of 10.3 per cent compared to 11.4 per cent in the same quarter last year. Adjusted for the start-up in Denmark, the EBITDA-margin was 10.4 per cent and the EBITDA amounted to NOK 216 million. The main reason for the decrease in EBITDA-margin from the same quarter last year is growth with limited operating margin in Finland and in the HQ and Logistics segment.

The financial position of XXL is good. Total liquidity reserves as of 30 September 2016 amounted to NOK 286 million. Total credit facilities equal NOK 700 million, whereof NOK 414 million was used as of 30 September 2016. The equity ratio ended at 54.4 per cent and the leverage ratio at 1.8x.

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

According to market data from Sportsbransjen AS in Norway, XXL gained a market share of around 29 per cent in 1H 2016 and passed 30 per cent for Q2 2016 alone.

Total operating revenues in the third quarter 2016 increased by 15.4 per cent to NOK 1 103 million (NOK 956 million). The growth was driven by E-commerce and new stores that opened in 2015 and 2016. On 1 September 2016 XXL established a store in a new region of Norway, in the city of Skien, with good opening sales figures.

The like-for-like growth was 2.2 per cent in the quarter despite cannibalization effects in Tønsberg (after the opening of a store in Sandefjord in June 2016) and Bergen (after the opening of the third store in the Bergen area, at Sartor in June 2016). The growth figure was 3.4 per cent when adjusting for cannibalization effects.

Overall the Norwegian market experienced sound selling conditions in July and August. September were coloured by the unseasonably warm weather in all regions. As a result, many regions experienced a slow start to the autumn season. The gross margin was stable at 41.6 per cent in the quarter (41.5 per cent).

EBITDA ended at NOK 227 million (NOK 193 million) corresponding to an EBITDA margin of 20.5 per cent (20.2 per cent). Operating expenses as percentage of sales decreased from 21.3 per cent last year to 21.0 per cent this year. The improvement is due to increased cost focus after a couple of quarters with a negative development.

In September the consumer research agency Opinion disclosed the results of an extensive test of the whole sports industry in Norway (called Aktiv Livsstil 2016-2017). The report concluded that XXL is the most preferred retailer

among top athletes in Norway, showing that the XXL concept is strong in all market segments. XXL is impressed by the work of all employees in the Norwegian operations enhancing the XXL brand and customer experience.

Sweden

The market conditions in Sweden were equal to Norway with overall decent months in July and August but with a more challenging September. According to market figures from HUI Research, the sale of sporting goods in Sweden declined by 0.2 per cent in July and increased by 7.9 per cent in August compared to the same months last year. XXL is gaining market shares and the growth rate of XXL in Sweden was 17.0 per cent in local currency this quarter. The main drivers were growth from stores that opened last year and like-for-like growth. The like-for-like figure equaled 4.8 per cent in local currency in Q3 2016. Total operating revenues were NOK 663 million (NOK 558 million), representing a growth rate of 18.8 per cent in the third quarter.

The gross margin declined to 38.0 per cent in the quarter (38.6 per cent in Q3 2015). The main reason for the lower gross margin this year is the slow start of the autumn season in September with less sales of new products with higher margins.

EBITDA amounted to NOK 75 million (NOK 65 million) and the EBITDA-margin declined from 11.6 per cent in Q3 2015 to 11.3 per cent in Q3 2016. The lower gross margin as described above is the key reason for this. However, operating expenses as percentage of sales improved to 26.7 per cent in the quarter (26.9 per cent). This reduction is achieved through overall cost focus and more efficient operations.

In September XXL was nominated best in customer service in the sport retail industry in Sweden by market.se. This is another good achievement by all employees in the Swedish organization serving satisfied customers every day.

Finland

Total operating revenues from Finland amounted to NOK 304 million in the quarter, representing a growth of 27.6 per cent (24.2 per cent in local currency). In the third quarter the Finnish operations delivered a like-for-like growth of 1.9 per cent in local currency under challenging market conditions and driven by the E-commerce development. The overall macro situation in Finland continues to be difficult. Especially the month of September was depressed for the overall retail industry under unseasonably warm weather conditions. As a result, the degree of clearance sales were higher this year due to the slow change of seasons. The gross margin in the quarter decreased to 29.1 per cent from 30.3 per cent in Q3 2015.

The positive like-for-like growth in the quarter was again driven by E-commerce and it was more challenging to achieve scale in the stores. As a result, the operating expenses as percentage of sales increased to 28.7 per cent (27.7 per cent).

EBITDA was positive of NOK 1 million but the EBITDA-margin decreased to 0.4 per cent (2.7 per cent) driven by the lower gross margin and higher cost percentage as described above.

Denmark

XXL launched an E-commerce offering in Denmark on 27 May 2016, utilizing existing infrastructure in the XXL Group, and third quarter was the first full operational quarter in Denmark. Total operating revenues in the third quarter 2016 amounted to NOK 9 million. XXL has seen a positive revenue development during the quarter with steady increase in both traffic and conversion rates. Four dedicated employees, with support from the rest of the XXL organization, is building brand awareness and perception in the market every day. The Danish operation is still in a start-up phase, investing a lot on visibility. The launch is colored by aggressive pricing and high marketing spend leading to low margins. As a result, the gross margin was 13.6 per cent and the EBITDA was negative of NOK 2 million in the quarter.

The launch is going according to plan of being a small Swedish store in revenues and a pay-back time of 4-5 years. Logistics, delivery times and organization is still surpassing expectations.

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.

The third quarter 2016 proved to be another quarter with strong growth and operating revenues increased by 68.2 per cent to NOK 202 million (NOK 120 million). E-commerce sales comprised 9.7 per cent of total Group operating revenues in Q3 2016 compared to 6.8 per cent in Q3 2015. Historically online sales are impacted by lower activity in the summer months but all markets experienced high growth.

XXL is continually improving its E-commerce offering and the organization has in the quarter commenced the work of establishing an omni-channel customer service function for the XXL Group. Building a robust digital customer database is important for further success and is supported by more focused digital marketing efforts. On-site improvements include pop-ups for newsletter subscriptions, building customer database as well. Technically the move over to cloud services secures scalability going forward.

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 87 million (NOK 64 million)

in the quarter. This equals 4.2 per cent of total Group operating revenue (3.6 per cent). The increased costs are related to the expansion of the central warehouse in Sweden from 20 000 to 40 000 square meters, which was finalized and handed over in late November 2015. This provided for higher rental and personnel costs in the third quarter 2016. Further the higher sales volume in Norway has increased the work load at the central warehouse in Norway, leading to additional shifts and Sunday as a work day.

As mentioned in the second quarter report XXL has upgraded the ERP-system for all its operations. This continued to have some negative impacts on delivery times, flow of goods and order placing systems in the third quarter. The Norwegian central warehouse is also in an expansion phase from 24 000 to 32 000 square meters with some cost elements in the quarter. The handover is expected in November 2016, but additional investments will be carried out in the first half of 2017.

Financials

Consolidated income statement

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

Operating revenues increased by 18.7 per cent to NOK 2 080 million (NOK 1 753 million). The growth is driven by new stores established in 2016, stores that opened during 2015 and like-for-like growth. At the end of the quarter, XXL operated 58 stores compared to 48 stores at the end of the third quarter 2015.

Gross profit equaled NOK 801 million (NOK 684 million) this quarter, an increase of 17.0 per cent compared to the same period last year. The gross margin for the Group declined to 38.5 per cent (39.0 per cent) due to change in geographical mix. Both Sweden and Finland delivered lower margins driven by a slow start of the autumn season, while Norway maintained the gross margin.

Operating expenses excluding depreciation equaled NOK 587 million (NOK 484 million) in the third quarter. As percentage of total operating revenues of the Group, operating expenses increased from 27.6 per cent last year to 28.2 per cent this year. This is due to costs related to the establishment of an E-commerce operation in Denmark, increased cost percentage in Finland and higher costs in HQ and Logistics after doubling the capacity at the central warehouse in Sweden.

Operating income equaled NOK 181 million (NOK 177 million).

Net financial expenses amounted to NOK 23 million for the third quarter (NOK 13 million in net financial income). Net interest expenses equaled NOK 7 million in the quarter. The financial expenses included a negative currency effect of NOK 13 million compared to a positive currency effect of NOK 25 million last year. The rest of the expenses were

related to amortization of loan costs, interests on lease contracts and transaction costs.

Tax expenses for the third quarter were NOK 34 million (NOK 45 million) and the effective tax rate was estimated to 21.8 per cent.

Net profit ended at NOK 124 million (NOK 145 million).

Consolidated cash flow

(Figures in brackets = same period previous year, unless otherwise specified. Cash flow commented on year to date basis)

Cash provided by operating activities ended at NOK 27 million at the end of Q3 2016 compared to NOK 141 million at the end of Q3 2015. The main reason for the negative deviation is the inventory increase from NOK 1 749 million at the end of Q3 2015 to 2 330 million at the end of Q3 2016 due to new products coming in for the next season, new stores, growth and currency effects. Inventory per store (including E-commerce) equaled NOK 38.2 million (NOK 35.0 million). The inventory continues to be healthy.

Cash used by investing activities was NOK 169 million (NOK 98 million) at the end of Q3 2016. This is related to investments in new stores, maintenance CAPEX on existing stores, investments in central warehouses and IT and purchase of own shares of NOK 9 million.

Cash provided from financing activities amounted to NOK 122 million compared to use of NOK 213 million at the same time last year. This is due to a draw down of NOK 414 million on existing credit facility related to more store openings and dividend payment of NOK 277 million in early July 2016.

Financial position and liquidity

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

As of 30 September 2016, total assets amounted to NOK 6 258 million (NOK 5 504 million). Total equity was NOK 3 406 million (NOK 3 260 million), resulting in an equity ratio of 54.4 per cent (59.2 per cent). Net interest bearing debt increased to NOK 1 409 million (NOK 1 165 million) due to investments in new stores and infrastructure, increased net working capital and dividend payment.

The Group had cash and cash equivalents of NOK 59 million (NOK 52 million) as of 30 September 2016, of which NOK 12 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 700 million whereof NOK 414 million was used as of 30 September 2016. Available liquidity reserves as of 30 September 2016 were NOK 286 million.

Outlook

XXL has signed 12 new lease agreements for store openings in 2016 where of 7 in Norway, 2 in Sweden and 3

in Finland. This includes 6 stores that XXL had opened by the end of Q3 2016.

In addition, XXL launched an E-commerce offering in Denmark in May 2016. The launch is colored by aggressive pricing and high marketing spending and will return negative profits the first years of operation. The business case has minor initial CAPEX but the total investment should be considered as a small store outside Norway with 4-5 years of pay-back.

Due to more stores and growth in E-commerce in Norway XXL will invest in the central warehouse. The central warehouse in Norway will increase from approximately 24 000 square meters to 32 000 square meters. In addition, XXL will increase the capacity of the Autostore system in Sweden. Total infrastructure investments will be in the range of NOK 50-65 million in 2016.

The distribution channels for XXL marketing material is under substantial change where the existing print and TV marketing is under pressure. XXL will focus more on digital marketing channels in addition to the existing channels. The new strategy will increase the marketing cost in per cent of sales in all countries in a transition period by approximately 0.5 percentage points year over year.

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 to be stable. 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-margin stable as a result of stable gross margins and operating expenses. 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.

XXL has already signed 9 new lease agreements for new store openings including 2 stores in Austria and aims for 9-12 new stores in total for 2017.

XXL has signed two lease contracts for store openings in Austria, whereof one is subject to authorities approvals. XXL intends to open at least one store in Austria, and possibly two stores, late 2017 and to launch E-commerce from the same date as the first store opening. XXL has ongoing negotiations for more lease contracts and has received offers in several cities. The launch will be colored by aggressive pricing and high marketing spending and will return negative profits the first years of operations. 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. XXL will also establish a local team for buying and support and will at least employ five more employees in central functions than

in Sweden and Finland. This organization will be scaled for the whole DACH-region (Germany, Austria and Switzerland). 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 or Finland. XXL expects between 15-20 stores in total in the Austrian market.

Oslo, 25 October 2016
Board of Directors, XXL ASA

Condensed consolidated financial statements

UNAUDITED, FOR THE PERIOD ENDED September 30, 2016

Condensed Consolidated Interim Income Statement

| <i>(Amounts in NOK million)</i> | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 | FY 2015 Audited |
|--|----------------|---------|-----------------|----------|--------------------|
| Total Operating Revenue | 2 080 | 1 753 | 5 661 | 4 656 | 6 487 |
| Cost of goods sold | 1 279 | 1 068 | 3 454 | 2 828 | 3 908 |
| Personnel expenses | 331 | 264 | 905 | 715 | 991 |
| Depreciation | 33 | 23 | 87 | 66 | 91 |
| Other operating expenses | 255 | 220 | 765 | 616 | 863 |
| Total Operating Expenses | 1 899 | 1 576 | 5 211 | 4 225 | 5 853 |
| Operating Income | 181 | 177 | 450 | 431 | 634 |
| Net Financial Income (+) / Expense (-) | -23 | 13 | -48 | -10 | -28 |
| Profit before income tax | 158 | 190 | 402 | 421 | 606 |
| Income tax expense | 34 | 45 | 88 | 98 | 179 |
| Profit for the period | 124 | 145 | 313 | 323 | 427 |
| Basic Earnings per share (NOK) | 0,89 | 1,05 | 2,26 | 2,33 | 3,08 |
| Diluted Earnings per share (NOK) | 0,88 | 1,04 | 2,25 | 2,32 | 3,07 |
| Other comprehensive income | | | | | |
| <u>Items that may be subsequently reclassified to profit or loss</u> | | | | | |
| Foreign currency rate changes | -3 | 0 | 5 | 1 | 0 |
| Total Other Income and Expense | -3 | 0 | 5 | 1 | 0 |
| Total comprehensive income for the period | 121 | 145 | 318 | 324 | 427 |

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> | 30.9.16 | 30.9.15 | 31.12.2015 Audited |
|-------------------------------------|----------------|---------|-----------------------|
| NON CURRENT ASSETS | | | |
| Intangible Assets | | | |
| Goodwill | 2 734 | 2 734 | 2 734 |
| Other intangible assets | 247 | 222 | 225 |
| Total Intangible Assets | 2 981 | 2 955 | 2 959 |
| Fixed Assets | 599 | 511 | 569 |
| Total Non Current Assets | 3 581 | 3 467 | 3 529 |
| CURRENT ASSETS | | | |
| Inventory | 2 330 | 1 749 | 1 928 |
| Trade and Other Receivables | 288 | 236 | 296 |
| Cash and Cash Equivalents | 59 | 52 | 87 |
| Total Current Assets | 2 677 | 2 037 | 2 310 |
| TOTAL ASSETS | 6 258 | 5 504 | 5 839 |
| SHAREHOLDERS' EQUITY | | | |
| Paid-in Capital | 2 884 | 2 885 | 2 886 |
| Other equity | 521 | 375 | 480 |
| Total Shareholders' Equity | 3 406 | 3 260 | 3 366 |
| LIABILITIES | | | |
| Deferred tax liability | 128 | 158 | 61 |
| Total Provisions | 128 | 158 | 61 |
| Other long-term debt | | | |
| Interest bearing long-term debt | 1 054 | 1 201 | 1 116 |
| Total other long-term debt | 1 054 | 1 201 | 1 116 |
| Total long-term debt | 1 182 | 1 359 | 1 177 |
| Short-term debt | | | |
| Accounts payable | 640 | 451 | 578 |
| Short-term borrowings | 414 | 15 | 8 |
| Tax payable | 126 | 29 | 193 |
| Public duties payable | 219 | 155 | 228 |
| Other short-term debt | 272 | 234 | 289 |
| Total short-term debt | 1 670 | 884 | 1 295 |
| TOTAL LIABILITIES | 2 853 | 2 243 | 2 473 |
| TOTAL EQUITY AND LIABILITIES | 6 258 | 5 504 | 5 839 |

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> | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 | FY 2015 Audited |
|--|-------------|-------------|-------------|-------------|--------------------|
| Operating Activities | | | | | |
| Profit before income tax | 158 | 190 | 402 | 421 | 606 |
| <i>Adjustments for:</i> | | | | | |
| Income tax paid | -1 | 0 | -65 | -46 | -73 |
| Depreciation | 33 | 23 | 87 | 66 | 91 |
| Items classified as investments or financing | 1 | 18 | 15 | 36 | 42 |
| Amortisation of capitalised transaction costs | 2 | 1 | 7 | 6 | 8 |
| Fair value movement of financial derivatives | 1 | -6 | 2 | -4 | -1 |
| <i>Changes in working capital:</i> | | | | | |
| Changes in inventory | -168 | -84 | -508 | -352 | -531 |
| Changes in accounts receivable | -90 | -19 | 2 | 49 | -11 |
| Changes in accounts payable | 38 | 18 | 79 | -4 | 124 |
| Prepayments of financial leases | -2 | -1 | -1 | -6 | -11 |
| Changes in other assets and liabilities | 88 | -2 | 7 | -24 | 108 |
| Cash provided (used) by operating activities | 59 | 137 | 27 | 141 | 352 |
| Investing Activities | | | | | |
| Acquisition of fixed assets and intangible assets | -24 | -32 | -160 | -92 | -162 |
| Proceeds from disposal of financial assets | 0 | 1 | 0 | 1 | 1 |
| Purchase of own shares/other equity transactions | 0 | 0 | -9 | -8 | -8 |
| Cash provided (used) by investing activities | -24 | -31 | -169 | -98 | -169 |
| Financing Activities | | | | | |
| Payments on long/short term debt | 0 | 0 | 0 | 0 | -787 |
| Proceeds from new long/short-term debt | 114 | 0 | 414 | 100 | 787 |
| Interest payments | -1 | -18 | -15 | -36 | -42 |
| Currency and other effects | 28 | 0 | 0 | 0 | 0 |
| Dividend | -277 | -277 | -277 | -277 | -277 |
| Cash provided (used) by financing activities | -136 | -295 | 122 | -213 | -319 |
| Net Change in Cash and Cash Equivalents | -102 | -189 | -20 | -170 | -135 |
| Cash and cash equivalents - beginning of period | 169 | 241 | 87 | 222 | 222 |
| Effect of foreign currency rate changes on cash and equivalent | -7 | 0 | -7 | 0 | 0 |
| Cash and Cash Equivalents - End of Period | 59 | 52 | 59 | 52 | 87 |

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

Condensed consolidated interim Statement of Changes in Equity

| <i>(Amounts in NOK million)</i> | Paid-in Capital | Retained earnings | Foreign Currency Rate Changes | Total Shareholders' Equity |
|--------------------------------------|--------------------|----------------------|----------------------------------|-------------------------------|
| Shareholders' Equity 01.01.15 | 2 890 | 329 | 1 | 3 219 |
| Net income YTD 2015 | | 323 | | 323 |
| Purchase own shares | -8 | | | -8 |
| Employee share incentive program | 3 | | | 3 |
| Dividend | | -277 | | -277 |
| Foreign currency rate changes | | | 0 | 0 |
| Shareholders' Equity 30.09.15 | 2 885 | 375 | 0 | 3 260 |
| Shareholders' Equity 01.01.16 | 2 886 | 479 | 1 | 3 366 |
| Net income YTD 2016 | | 313 | | 313 |
| Purchase own shares | -9 | | | -9 |
| Employee share incentive program | 7 | | | 7 |
| Dividend | | -277 | | -277 |
| Foreign currency rate changes | | | 5 | 5 |
| Shareholders' Equity 30.09.16 | 2 884 | 516 | 6 | 3 406 |

The share capital as of 30.09.2016 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 six months ended 30 September 2016 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 2015, 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 2015.

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 2015.

Note 5 Earnings per share

| | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 | YE 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| Total profit (in NOK million) | 124 | 145 | 313 | 323 | 427 |
| Weighted average number of ordinary shares in issue | 138 512 123 | 138 512 123 | 138 512 123 | 138 512 123 | 138 512 123 |
| Adjustment for: | | | | | |
| Effect share options | 1 055 790 | 625 665 | 1 055 790 | 625 665 | 625 665 |
| Weighted number of ordinary shares in issue for diluted earnings per share | 139 567 913 | 139 137 788 | 139 567 913 | 139 137 788 | 139 137 788 |
| Basic Earnings per share (in NOK) | 0,89 | 1,05 | 2,26 | 2,33 | 3,08 |
| Diluted Earnings per share (in NOK) | 0,88 | 1,04 | 2,25 | 2,32 | 3,07 |

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:

Q3 2016

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|----------------|-------|
| Operating revenue | 1 103 | 663 | 304 | 9 | - | 2 080 |
| Gross profit | 459 | 252 | 89 | 1 | - | 801 |
| EBITDA ² | 227 | 75 | 1 | -2 | -87 | 214 |
| Operating Income | 217 | 67 | -3 | -2 | -98 | 181 |

Q3 2015

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|----------------|-------|
| Operating revenue | 956 | 558 | 238 | - | - | 1 753 |
| Gross profit | 397 | 215 | 72 | - | - | 684 |
| EBITDA ² | 193 | 65 | 6 | - | -63 | 201 |
| Operating Income | 186 | 58 | 4 | - | -71 | 177 |

01.01.2016 - 30.09.2016

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|----------------|-------|
| Operating revenue | 2 947 | 1 865 | 835 | 14 | - | 5 661 |
| Gross profit | 1 215 | 729 | 262 | 2 | - | 2 207 |
| EBITDA ² | 570 | 206 | 6 | -7 | -237 | 537 |
| Operating Income | 545 | 183 | -4 | -7 | -266 | 450 |

01.01.2015 - 30.09.2015

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|----------------|-------|
| Operating revenue | 2 610 | 1 467 | 579 | - | - | 4 656 |
| Gross profit | 1 087 | 558 | 183 | - | - | 1 828 |
| EBITDA ² | 530 | 135 | 11 | - | -180 | 496 |
| Operating Income | 510 | 115 | 6 | - | -200 | 431 |

Note 7 Related Party Transactions

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

Other than dividend, there are no major related party transactions for XXL Group in Q3 2016. 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 9 Risk Management

A description of main risk factors in XXL is included in Note 19 in the Annual Report for 2015.

Note 8 Fixed Assets and intangible assets

Property, plant and equipment and intangible assets

| <i>(Amounts in NOK million)</i> | PPE | Goodwill | Other intangible assets |
|---------------------------------|------------|--------------|-------------------------|
| Balance 01.01.2016 | 569 | 2 734 | 225 |
| Additions | 132 | 0 | 28 |
| Disposals and write-downs | 0 | 0 | 0 |
| Depreciation and amortisation | -77 | 0 | -10 |
| Net exchange differences | -26 | 0 | 5 |
| Balance 30.09.2016 | 599 | 2 734 | 247 |

Additions mainly related to purchase of fixtures and fittings in new and existing stores.

| <i>(Amounts in NOK million)</i> | PPE | Goodwill | Other intangible assets |
|---------------------------------|------------|--------------|-------------------------|
| Balance 01.01.2015 | 474 | 2 734 | 221 |
| Additions | 84 | 0 | 7 |
| Disposals and write-downs | 0 | 0 | 0 |
| Depreciation and amortisation | -58 | 0 | -7 |
| Net exchange differences | 11 | 0 | 1 |
| Balance 30.09.2015 | 511 | 2 734 | 221 |

Additions mainly related to purchase of fixtures and fittings in new and existing stores.

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

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

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FINANCIAL CALENDAR

| | |
|--------------------------------|------------|
| Q4 2016 and full year results: | 15.02.2017 |
| Q1 2017 results: | 26.04.2017 |
| Annual General Meeting: | 07.06.2017 |

INVESTOR CONTACT

| | |
|-----------------|--|
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