

## HIGHLIGHTS

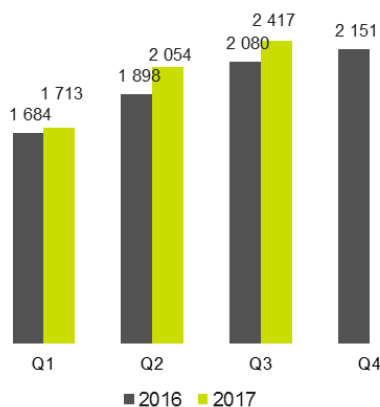
- Total revenues of NOK 2 417 million (NOK 2 080 million), up 16 per cent
- Like-for-like growth of 6 per cent
- EBITDA of NOK 252 million (NOK 214 million)
- Solid results driven by Sweden and Finland
- Launch in Austria proving the strength of the XXL concept



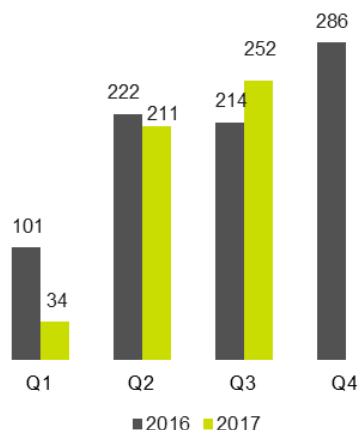
### Q3 Growth

Revenue  
**+ 16%**  
EBITDA  
**+ 18%**

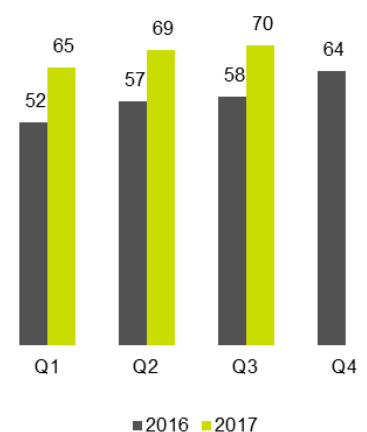
OPERATING REVENUES



EBITDA



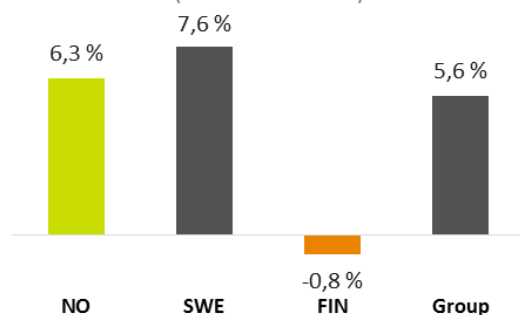
NUMBER OF STORES



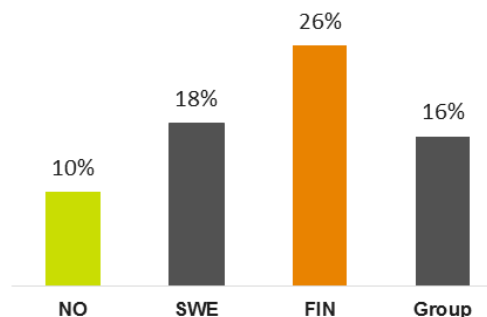
## KEY FIGURES GROUP

(Amounts in NOK million)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016 Audited
<b>GROUP</b>					
Operating revenue	2 417	2 080	6 184	5 661	7 813
Growth (%)	16,2 %	18,7 %	9,2 %	21,6 %	20,4 %
Gross profit <sup>a</sup>	935	801	2 383	2 207	3 119
Gross margin (%)	38,7 %	38,5 %	38,5 %	39,0 %	39,9 %
OPEX % <sup>7</sup>	28,3 %	28,2 %	30,5 %	29,5 %	29,4 %
EBITDA <sup>a</sup>	252	214	497	537	824
EBITDA margin (%)	10,4 %	10,3 %	8,0 %	9,5 %	10,5 %
EBIT <sup>a</sup>	213	181	385	450	697
EBIT margin	8,8 %	8,7 %	6,2 %	8,0 %	8,9 %
Profit for the period	152	124	279	313	516
**Basic Earnings per share (NOK)	1,09	0,89	2,01	2,26	3,73
**Average number of shares (1 000 shares)	138 512	138 512	138 512	138 512	138 512
Net cash flow from operating activities	310	59	105	27	31
Like for like revenue growth <sup>3</sup>	5,6 %	4,1 %	-1,7 %	8,6 %	7,5 %
Number of stores at period end	70	58	70	58	64
New stores in the period	1	1	6	6	12

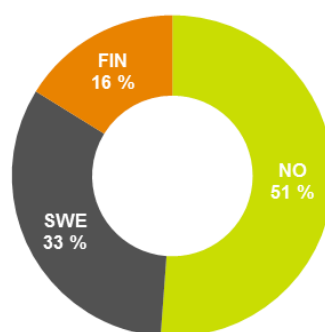
**GROWTH BY COUNTRY Q3, LIKE FOR LIKE**  
(LOCAL CURRENCY)



**GROWTH BY COUNTRY Q3**  
(LOCAL CURRENCY)



**REVENUE SPLIT Q3**



\*\*Earnings per share: See Note 5.

Footnotes and definitions are described in the end of the report

## KEY FIGURES SEGMENTS

(Amounts in NOK million)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016 Audited
<b>SEGMENT</b>					
<b>Norway</b>					
Operating revenue	1 216	1 103	3 145	2 947	4 151
Growth (%)	10,2 %	15,4 %	6,7 %	12,9 %	14,7 %
Gross profit <sup>†</sup>	488	459	1 277	1 215	1 764
Gross margin (%)	40,1 %	41,6 %	40,6 %	41,2 %	42,5 %
OPEX % <sup>‡</sup>	21,1 %	21,0 %	22,3 %	21,9 %	21,9 %
EBITDA <sup>‡</sup>	232	227	576	570	857
EBITDA margin (%)	19,0 %	20,5 %	18,3 %	19,3 %	20,6 %
Number of stores at period end	31	28	31	28	31
New stores in the period	-	1	-	4	7
<b>Sweden</b>					
Operating revenue	776	663	1 931	1 865	2 474
Growth (%)	17,0 %	18,8 %	3,5 %	27,2 %	21,0 %
Gross profit <sup>†</sup>	299	252	722	729	959
Gross margin (%)	38,6 %	38,0 %	37,4 %	39,1 %	38,8 %
OPEX % <sup>‡</sup>	26,1 %	26,7 %	29,6 %	28,0 %	28,4 %
EBITDA <sup>‡</sup>	97	75	150	206	257
EBITDA margin (%)	12,5 %	11,3 %	7,8 %	11,1 %	10,4 %
Number of stores at period end	25	21	25	21	22
New stores in the period	-	-	3	1	2
<b>Finland</b>					
Operating revenue	385	304	1 047	835	1 161
Growth (%)	26,5 %	27,6 %	25,5 %	44,1 %	40,8 %
Gross profit <sup>†</sup>	138	89	371	262	392
Gross margin (%)	36,0 %	29,1 %	35,4 %	31,4 %	33,8 %
OPEX % <sup>‡</sup>	26,6 %	28,7 %	28,9 %	30,7 %	30,3 %
EBITDA <sup>‡</sup>	36	1	67	6	40
EBITDA margin (%)	9,4 %	0,4 %	6,4 %	0,7 %	3,5 %
Number of stores at period end	13	9	13	9	11
New stores in the period	-	-	2	1	3
<b>Denmark</b>					
Operating revenue	11	9	33	14	27
Growth (%)	26,6 %		126,9 %		
Gross profit <sup>†</sup>	2	1	6	2	3
Gross margin (%)	21,5 %	13,6 %	19,9 %	11,5 %	11,2 %
OPEX % <sup>‡</sup>	35,8 %	36,5 %	38,1 %	63,3 %	57,9 %
EBITDA <sup>‡</sup>	-2	-2	-6	-7	-13
EBITDA margin (%)	-14,3 %	-22,9 %	-18,2 %	-51,8 %	-46,7 %
<b>Austria</b>					
Operating revenue	29	-	29	-	-
Gross profit <sup>†</sup>	7	-	7	-	-
Gross margin (%)	25,2 %	-	25,2 %	-	-
OPEX % <sup>‡</sup>	79,9 %	-	108,1 %	-	-
EBITDA <sup>‡</sup>	-16	-	-24	-	-
EBITDA margin (%)	-54,7 %	-	-82,9 %	-	-
Number of stores at period end	1	-	1	-	-
New stores in the period	1	-	1	-	-
<b>HQ &amp; logistics</b>					
EBITDA <sup>‡</sup>	-95	-87	-267	-237	-318
EBITDA margin (% of Group revenues)	-3,9 %	-4,2 %	-4,3 %	-4,2 %	-4,1 %

# Results back on track and solid start in Austria

Oslo, 24 October 2017: XXL ASA delivered a growth of 16 per cent for the third quarter 2017, driven by new stores and like-for-like growth of 6 per cent. The Swedish and Finnish operations showed the strongest improvements compared to last year. EBITDA for the Group amounted to NOK 252 million in the quarter, corresponding to 18 per cent growth and a stable margin of 10.4 per cent, despite the establishment of XXL in Austria. Group EBITDA adjusted for the start-up in Austria were NOK 268 million, corresponding to a margin of 11.1 per cent. XXL has been well received by the Austrian consumers both in the store and online, proving the uniqueness of the XXL concept.

## Third quarter performance

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

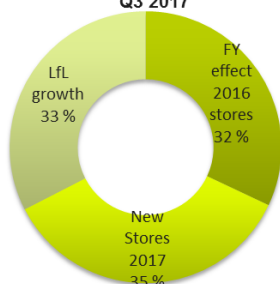
Total operating revenues in the third quarter 2017 amounted to NOK 2 417 million (NOK 2 080 million), representing a growth of 16.2 per cent. The growth is back on track after a difficult first half of the year. July and August were characterized by normal summer conditions and September represented a good start to the autumn season. Like-for-like growth of the Group amounted to 5.6 per cent. Norway and Sweden delivered like-for-like growth in local currencies of 6.3 per cent and 7.6 per cent respectively. Note that the stores are taking a significant share of the growth, where E-commerce has been the more dominating growth driver in earlier periods. Finland experienced a slightly negative like-for-like growth of 0.8 per cent in local currency in a still difficult retail market.

in local currency. E-commerce had a growth of 27.6 per cent, representing 10.6 per cent (9.7 per cent) of the Group operating revenues.

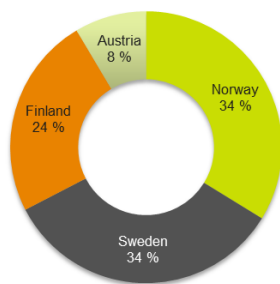
**GROWTH DRIVERS**  
Q3 2016 - Q3 2017  
*(Amounts in MNOK)*



**SHARE OF GROWTH BY MATURITY**  
Q3 2017



**SHARE OF GROWTH BY GEOGRAPHY**  
Q3 2017



The revenue growth was further driven by effects from new stores opened in 2017 and by stores established in 2016 with full year effect this year. XXL opened one new store in the quarter, in the city of Vienna in Austria. This represented a key milestone for XXL as this was the first store outside the Nordic markets. Overall XXL is pleased with the reception in the Austrian market and revenues of NOK 29 million in the quarter. The first store opened on 29 August 2017 followed by the launch of E-commerce offering on 17 September 2017. Norway delivered 10.2 per cent revenue growth in the quarter, while Sweden achieved 17.6 per cent, Finland 26.0 per cent and Denmark 26.6 per cent growth, all

XXL Group delivered a gross margin of 38.7 per cent in the quarter compared to 38.5 per cent in the same quarter last year despite lower gross margin in Norway and the start-up in Austria with low gross margins from opening campaigns. The increased gross margin is driven by improvements in Sweden and Finland. Denmark improved as well but the sales volume is lower.

Operating expenses before depreciation as percentage of sales was stable of 28.3 per cent in the third quarter this year (28.2 per cent) despite the costs of establishing operations in Austria. Total operating expenses in Austria amounted to NOK 23 million in the quarter and the Group operating expenses as percentage of sales improved to 27.6 per cent when excluding Austria. Sweden, Finland and Denmark improved its relative operating expenses while Norway was stable. The improvement is driven by many cost initiatives and fine tuning of operations over time, such as benchmarking between stores and countries and better personnel planning.

The Group EBITDA in the third quarter 2017 was NOK 252 million (NOK 214 million), which equaled a stable EBITDA-margin of 10.4 per cent compared to 10.3 per cent in the same quarter last year. Adjusted for the start-up in Austria, the EBITDA-margin was 11.1 per cent and the EBITDA amounted to NOK 268 million



## Operating segments

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

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

Austria is a new segment for the quarter. In the previous quarters the operating expenses in Austria have been included in the HQ and Logistics segment. In this report the operating expenses for H1 2017 have been extracted from the HQ and Logistic segment to the Austria segment. See Note 6 for effects.

### Norway

Total operating revenues in the third quarter 2017 increased by 10.2 per cent to NOK 1 216 million (NOK 1 103 million). The growth was driven by like-for-like growth and by new stores that opened in 2016. The like-for-like growth was 6.3 per cent in the quarter and 7.2 per cent when adjusting for cannibalization effects in Drammen. The positive like-for-like growth this quarter was driven by both stores and E-commerce.

Overall the Norwegian market was characterized by good selling conditions throughout the quarter driven by normal seasonal patterns and by more aggressive campaigns by XXL. This impacted the gross margin negatively but led to a positive like-for-like growth. The latter contributed to stable operating expenses as percentage of sales of 21.1 per cent (21.0 per cent) despite negative effects from smaller stores opened in 2016. However, the gross margin declined from 41.6 per cent in Q3 2016 to 40.1 per cent in Q3 2017 due to the more aggressive campaigns.

EBITDA ended at NOK 232 million (NOK 227 million) corresponding to an EBITDA margin of 19.0 per cent (20.5 per cent) because of the lower gross margin as described above.

### Sweden

According to market figures from HUI Research, the sale of sporting goods in Sweden increased by 1.3 per cent in July and by 3.4 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 17.6 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 7.6 per cent in local currency in Q3 2017. Total operating revenues were NOK 776 million (NOK 663 million).

XXL experienced normal summer conditions in July and August. September proved to be a good start of the autumn season with some cold and rain. Last year XXL experienced a slow start of autumn sales due to warm temperatures which lead to lower sales of new products with higher margins. After the somewhat disappointing second quarter

this year XXL has commenced many initiatives to improve the gross margin in Sweden. The gross margin increased to 38.6 per cent (38.0 per cent). Adjusted for the revised allocation method for distribution of wholesale margin between Sweden and Finland as previously communicated, the gross margin improved from 37.5 per cent in Q3 2016.

EBITDA ended at NOK 97 million (NOK 75 million). This corresponded to an EBITDA-margin of 12.5 per cent, up from 11.3 per cent in Q3 2016 and from 10.8 per cent adjusted for the before mentioned reclassification effects on gross profit between Sweden and Finland. The improved EBITDA is driven by both better gross margin and lower operating expenses as percentage of sales. The positive like-for-like growth and even better operations contributed to operating expenses as percentage of sales, ending at 26.1 per cent in the quarter (26.7 per cent).

### Finland

Total operating revenues from the Finnish operations amounted to NOK 385 million (NOK 304 million) in the quarter, representing a growth of 26.0 per cent in local currency. Under still challenging retail conditions XXL delivered a negative like-for-like growth of 0.8 per cent. As an example of the difficult retail conditions in Finland, the retail chains Seppälä, Erätukku and Anttila have recently closed down or are currently under restructuring. Even with negative like-for-like, XXL is taking market shares. The growth of 26.0 per cent was driven by effects from new stores opened in 2016 and earlier this year.

Last year was dominated by a high degree of clearance sales due to warm autumn conditions. This year XXL experienced more normal conditions and the gross margin in the quarter improved to 36.0 per cent from 29.1 per cent in Q3 2016. However, the improvement is also driven by better store operations, pricing and sales strategies. Adjusted for the reclassification effects in gross profit last year between Sweden and Finland the gross margin was 30.3 per cent in Q3 2016.

EBITDA amounted to NOK 36 million (NOK 1 million) and the EBITDA-margin improved from 0.4 per cent in Q3 2016 to 9.4 per cent in Q3 2017. This includes a positive effect related to reversal of accrued pension costs of NOK 4 million and adjusted for this the EBITDA-margin was 8.3 per cent. This is to be compared to 1.5 per cent in Q3 2016, which was the margin adjusted for the reclassification effects of gross profit last year between Sweden and Finland. Higher gross margins as well as better store operations are key drivers behind the improved EBITDA-margin. Operating expenses as percentage of sales improved to 26.6 per cent in the quarter and to 27.6 per cent adjusted for the before mentioned pension costs adjustment (28.7 per cent). This is despite a negative like-for-like growth and is a result of cost efficiency and focus over time.

### Denmark

Total operating revenues for XXL in Denmark in the third quarter 2017 amounted to NOK 11 million (NOK 9 million),

corresponding to a growth rate of 26.6 per cent in local currency. XXL has seen a positive development in traffic figures during the quarter and initiatives on freight rates and order value have lifted the gross margin from 13.6 per cent in Q3 2016 to 21.5 per cent in Q3 2017. However, the EBITDA was negative of NOK 2 million and is due to gross margin and investments in marketing. XXL has now strengthened the local management to improve the performance further. The new country manager is fully operational in Denmark from 1 October 2017.

Denmark is a fragmented market and the operations demands a lot on marketing and visibility without having the help and synergies from physical stores. XXL will evaluate to open stores in Denmark, giving synergies and offering omni-channel services also to the Danish consumers.

### **Austria**

On 29 August 2017 XXL opened its first store outside the Nordic markets, in Shopping City Süd outside Vienna. Austria is an attractive market with four distinctive seasons, brand and service minded consumers and with a competitive landscape similar to the Nordic markets. XXL was well received by the Austrian consumers and around 13,000 customers visited the store the opening day and contributed to sales of around NOK 8 million.



E-commerce services were launched in the Austrian market on 17 September 2017 with an opening campaign through xxlsports.at. E-commerce sales have been strong since then and totaled NOK 5 million for the quarter. XXL has over a longer time period built a customer database in the Austrian market and traffic has gradually increased but it really took off after the first physical store opening. This is showing the uniqueness of the omni-channel model of XXL.

Total operating revenues from the XXL's operations in Austria amounted to NOK 29 million in Q3 and mainly in September. The launch is colored by opening campaigns and high marketing spend leading to low margins. The gross margin was 25.2 per cent and the EBITDA was negative of NOK 16 million. Operating expenses included costs of several campaigns prior to the opening of the first store as well as costs related to the second store in Austria, which opened on 9 October 2017. XXL has high ambitions in Austria and are delivering according to plan. The launch of XXL in Austria is nominated as one of the best online

campaigns in the market in September by the daily newspaper "der Standard".

### **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, Denmark and Austria through xxl.no, xxl.se, xxl.fi, xxl.dk and xxlsports.at respectively.

The third quarter 2017 proved to be another quarter with good growth and operating revenues increased by 27.6 per cent to NOK 257 million (NOK 202 million). Especially Sweden and Austria showed strong sales figures. E-commerce sales comprised 10.6 per cent of total Group operating revenues in Q3 2017 compared to 9.7 per cent in Q3 2016.

XXL is continually renewing its E-commerce offering and the organization has in the quarter improved the mobile loading speed and performance further and invested in new security solutions to avoid fraud, attacks and hacking. Activities of targeted marketing utilizing the customer database and personalization have enhanced and will be strengthened with the employment of a new CRM-manager. XXL has also employed a new system architect to further develop technical solutions and new initiatives on the E-commerce platform. In addition, XXL has entered the team sales / sports clubs market with a full digital sales platform. The new platform has the possibility to serve the B2B market as well. Finally, XXL has launched E-commerce services in Austria in the quarter with a solid opening sales period.

### **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 95 million (NOK 87 million) in the quarter, an increase of 9.7 per cent and to be compared to a growth in total Group operating revenues of 16.2 per cent. Operating expenses equals 3.9 per cent of total Group operating revenue (4.2 per cent). The increased absolute costs are related to higher volumes at the central warehouses and 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 third quarter 2017. However, at the same time last year XXL had some negative impacts on delivery times, flow of goods and order placing systems related to an upgrade of the ERP-system.

## Financials

### Consolidated income statement

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

**Total operating revenue** increased by 16.2 per cent to NOK 2 417 million (NOK 2 080 million).

**Total operating expenses**, excluding depreciation and cost of goods sold equaled NOK 683 million (NOK 587 million) in the third quarter. As percentage of total operating revenues of the Group, operating expenses increased from 28.2 per cent last year to 28.3 per cent this year.

**Net financial expense** amounted to NOK 23 million for the third quarter (NOK 23 million in net financial income). Net interest expenses equaled NOK 9 million in the quarter. The financial expenses include a negative currency effect of NOK 9 million compared to a negative currency effect of NOK 13 million last year. The rest of the expenses were related to amortization of loan costs, interests on lease contracts and other financial costs.

**Income tax expense** for the third quarter were NOK 38 million (NOK 34 million) and the effective tax rate was estimated to 20.0 per cent.

**Profit for the period** ended at NOK 152 million (NOK 124 million).

### Consolidated cash flow

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

Cash provided by operating activities was NOK 310 million (NOK 59 million) in the third quarter and ended at NOK 105 million at the end of Q3 2017 compared to NOK 27 million at the end of Q3 2016. The main reason for the positive deviation is improved working capital<sup>5</sup>.

The inventory increased from NOK 2 330 million at the end of Q3 2016 to 2 926 million at the end of Q3 2017 due to new product categories, new stores, growth and currency effects. Inventory per store<sup>8</sup> (including E-commerce) equaled NOK 39.0 million (NOK 38.2 million) whereof currency effects and impact of inventory in a store opened early October amounted to NOK 1.6 million. Adjusted inventory per store was therefore NOK 37.4 million. The inventory level is still too high and is related to lower sales than expected in a difficult winter and spring season. There are a lot of initiatives to reduce the inventory and some effects have already taken effect. XXL aims to be close to the target of mid NOK 30's million per store (including E-commerce) by the end of the year. The inventory continues to be healthy and the inventory per store is sequentially lower from the NOK 40.1 million reported in Q2 2017.

Cash used by investing activities was NOK 44 million (NOK 24 million) in the third quarter and ended at NOK 181 million (NOK 160 million) at the end of Q3 2017. This is related to

investments in new stores, maintenance CAPEX on existing stores and investments in infrastructure. XXL has also invested in an upgraded store concept, which is launched in Austria. Investments in infrastructure were NOK 54 million by the end of Q3 2017.

Cash used by financing activities was NOK 463 million (NOK 136 million) in the third quarter where the dividend payout of NOK 277 million was the main driver. Year to date cash provided from financing activities amounted to NOK 56 million (NOK 113 million) of which NOK 367 million is related to draw down on existing credit facilities.

### Financial position and liquidity

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

As of 30 September 2017, total assets amounted to NOK 7 115 million (NOK 6 258 million). Total equity was NOK 3 610 million (NOK 3 406 million), resulting in an equity ratio of 50.7 per cent (54.4 per cent). Net interest bearing debt<sup>6</sup> increased to NOK 1 904 million (NOK 1 409 million) due to investments in new stores and infrastructure, increased net working capital and dividend payment. The leverage ratio equalled 2.4x.

The Group had cash and cash equivalents of NOK 95 million (NOK 59 million) as of 30 September 2017, of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 400 million whereof NOK 918 million was utilized as of 30 September 2017. Available liquidity reserves as of 30 September 2017 were NOK 577 million (NOK 286 million).

### Change in the executive management team

Mr. Robert Iversen, Training Director for the XXL Group, will leave his position in XXL ASA as of 1 December 2017. This is according to plan as he has focused on introduction courses for the new XXL employees in Austria and educated them in the XXL business culture and concept. XXL recognizes this project as well done and an important part of the future success of XXL in the Hearth of Europe. In addition he has continued the task of building Camp XXL whereof commenced several new motivational courses for XXL employees from different parts of the organization. Mr. Iversen will continue being a member of the Nomination Committee of XXL ASA. Mr. Anders Fjeld, COO, will take over the responsibility of training for the XXL Group.

### Outlook

XXL has signed 11 new lease agreements for store openings in 2017 where of 1 in Norway, 4 in Sweden, 4 in Finland and 2 in Austria. This includes 6 stores that XXL had opened by the end of Q3 2017.

XXL has already signed 5 new lease agreements for future store openings in 2018 and aims for 7-10 new stores in total for 2018. XXL will at all time evaluate the trend of E-commerce growth compared to opening of new stores. The required market size for a new store will be increased.

To continue the growth strategy, within both stores and E-commerce, and in new markets as well as 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 has refurbished two stores with CAPEX similar to 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 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.

Austria – 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 for buying and support. Hence, the start-up in Austria will have higher costs than the launch in Sweden, Finland and Denmark. CAPEX per store will be in the range of EUR 1.7-1.9 million and the average pay-back per store is estimated to 4-5 years including net working capital. The average pay-back time is after being some time in the market, following an establishing period. XXL expects between 15-20 stores in total in the Austrian market.

Oslo, 24 October 2017  
Board of Directors, XXL ASA



# Condensed consolidated financial statements

UNAUDITED, FOR THE PERIOD ENDED September 30, 2017

Condensed Consolidated Interim Income Statement

<i>(Amounts in NOK million)</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>YTD 2017</b>	<b>YTD 2016</b>	<b>FY 2016 Audited</b>
<b>Total Operating Revenue</b>	<b>2 417</b>	<b>2 080</b>	<b>6 184</b>	<b>5 661</b>	<b>7 813</b>
Cost of goods sold	<b>1 482</b>	1 279	<b>3 801</b>	3 454	4 694
Personnel expenses	<b>376</b>	331	<b>1 027</b>	905	1 240
Depreciation	<b>39</b>	33	<b>112</b>	87	127
Other operating expenses	<b>307</b>	255	<b>860</b>	765	1 055
<b>Total Operating Expenses</b>	<b>2 204</b>	<b>1 899</b>	<b>5 799</b>	<b>5 211</b>	<b>7 116</b>
<b>Operating Income</b>	<b>213</b>	<b>181</b>	<b>385</b>	<b>450</b>	<b>697</b>
<b>Net Financial Income (+) / Expense (-)</b>	<b>-23</b>	<b>-23</b>	<b>-37</b>	<b>-48</b>	<b>-55</b>
<b>Profit before income tax</b>	<b>190</b>	<b>158</b>	<b>348</b>	<b>402</b>	<b>642</b>
Income tax expense	<b>38</b>	34	<b>70</b>	88	126
<b>Profit for the period</b>	<b>152</b>	<b>124</b>	<b>279</b>	<b>313</b>	<b>516</b>
<b>Basic Earnings per share (NOK)</b>	<b>1,09</b>	0,89	<b>2,01</b>	2,26	3,73
<b>Diluted Earnings per share (NOK)</b>	<b>1,08</b>	0,88	<b>1,98</b>	2,25	3,70
<b>Other comprehensive income</b>					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Foreign currency rate changes	<b>5</b>	-3	<b>5</b>	5	3
<b>Total Other Income and Expense</b>	<b>5</b>	<b>-3</b>	<b>5</b>	<b>5</b>	<b>3</b>
<b>Total comprehensive income for the period</b>	<b>157</b>	<b>121</b>	<b>284</b>	<b>318</b>	<b>519</b>

*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>	<b>30.9.17</b>	30.9.16	31.12.2016 Audited
<b>NON CURRENT ASSETS</b>			
<b>Intangible Assets</b>			
Goodwill	2 734	2 734	2 734
Other intangible assets	254	247	253
<b>Total Intangible Assets</b>	<b>2 988</b>	2 981	2 987
Fixed Assets	769	599	681
Non current Financial Assets	2	0	2
<b>Total Non Current Assets</b>	<b>3 759</b>	3 581	3 670
<b>CURRENT ASSETS</b>			
Inventory	2 926	2 330	2 610
Trade and Other Receivables	336	288	277
Cash and Cash Equivalents	95	59	115
<b>Total Current Assets</b>	<b>3 356</b>	2 677	3 003
<b>TOTAL ASSETS</b>	<b>7 115</b>	6 258	6 673
<b>SHAREHOLDERS' EQUITY</b>			
Paid-in Capital	2 885	2 884	2 887
Other equity	725	521	722
<b>Total Shareholders' Equity</b>	<b>3 610</b>	3 406	3 608
<b>LIABILITIES</b>			
Deferred tax liability	114	128	51
<b>Total Provisions</b>	<b>114</b>	128	51
<b>Other long-term debt</b>			
Interest bearing long-term debt	1 082	1 054	1 051
Non-interest bearing long-term debt	77	-	54
<b>Total other long-term debt</b>	<b>1 159</b>	1 054	1 105
<b>Total long-term debt</b>	<b>1 273</b>	1 182	1 156
<b>Short-term debt</b>			
Accounts payable	729	640	639
Short-term interest bearing debt	918	414	563
Tax payable	16	126	123
Public duties payable	271	219	255
Other short-term debt	299	272	329
<b>Total short-term debt</b>	<b>2 232</b>	1 670	1 909
<b>TOTAL LIABILITIES</b>	<b>3 505</b>	2 853	3 066
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 115</b>	6 258	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>	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY2016 Audited
<b>Operating Activities</b>					
Profit before income tax	190	158	348	402	642
<i>Adjustments for:</i>					
Income tax paid	0	-1	-121	-65	-182
Depreciation	39	33	112	87	127
Items classified as investments or financing	9	1	24	15	19
Amortisation of capitalised transaction costs	3	2	4	7	7
Fair value movement of financial derivatives	-1	1	2	2	1
<i>Changes in working capital:</i>					
Changes in inventory	-24	-168	-274	-508	-777
Changes in accounts receivable	-73	-90	-11	2	14
Changes in accounts payable	108	38	78	79	73
Prepayments of financial leases	-4	-2	-11	-1	-8
Changes in other assets and liabilities	63	88	-47	7	115
<b>Cash provided (used) by operating activities</b>	<b>310</b>	<b>59</b>	<b>105</b>	<b>27</b>	<b>31</b>
<b>Investing Activities</b>					
Acquisition of fixed assets and intangible assets	-44	-24	-181	-160	-239
<b>Cash provided (used) by investing activities</b>	<b>-44</b>	<b>-24</b>	<b>-181</b>	<b>-160</b>	<b>-239</b>
<b>Financing Activities</b>					
Purchase of own shares/other equity transactions	0	0	-11	-9	-9
Payments on long/short term debt	-200	0	-249	0	0
Proceeds from new long/short-term debt	23	114	616	414	549
Interest payments	-9	-1	-24	-15	-19
Currency and other effects	0	28	0	0	0
Dividend	-277	-277	-277	-277	-277
<b>Cash provided (used) by financing activities</b>	<b>-463</b>	<b>-136</b>	<b>56</b>	<b>113</b>	<b>243</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-197</b>	<b>-102</b>	<b>-20</b>	<b>-20</b>	<b>36</b>
Cash and cash equivalents - beginning of period	292	169	115	87	87
Effect of foreign currency rate changes on cash and equivalent	0	-7	0	-7	-8
<b>Cash and Cash Equivalents - End of Period</b>	<b>95</b>	<b>59</b>	<b>95</b>	<b>59</b>	<b>115</b>

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

## Condensed consolidated interim Statement of Changes in Equity

(Amounts in NOK million)

	Share capital	Share premium	Other Paid in Equity	Retained earnings	Foreign Currency Rate Changes	Total Shareholders' Equity
<b>Shareholders' Equity 01.01.16</b>	<b>48</b>	<b>2 834</b>	<b>4</b>	<b>479</b>	<b>1</b>	<b>3 219</b>
Net income YTD 2016				313		313
Foreign currency rate changes					5	5
<b>Transactions with owners:</b>						
Purchase own shares	-9					-9
Employee share incentive program			7			7
Dividend				-277		-277
<b>Shareholders' Equity 30.09.16</b>	<b>38</b>	<b>2 834</b>	<b>12</b>	<b>516</b>	<b>6</b>	<b>3 406</b>
<b>Shareholders' Equity 01.01.17</b>	<b>38</b>	<b>2 834</b>	<b>14</b>	<b>718</b>	<b>3</b>	<b>3 608</b>
Net income YTD 2017				279		279
Foreign currency rate changes					2	2
<b>Transactions with owners:</b>						
Purchase own shares	-11					-11
Dividend				-277		-277
Employee share incentive program			9			9
<b>Shareholders' Equity 30.09.17</b>	<b>28</b>	<b>2 834</b>	<b>23</b>	<b>720</b>	<b>5</b>	<b>3 610</b>

The share capital as of 30.09.2017 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 and Austria.

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 30 September 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

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	YE 2016
Total profit (in NOK million)	152	124	279	313	516
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	2 127 812	1 055 790	2 127 812	1 055 790	985 404
Weighted number of ordinary shares in issue for diluted earnings per share	140 639 935	139 567 913	140 639 935	139 567 913	139 497 527
<b>Basic Earnings per share (in NOK)</b>	<b>1,09</b>	<b>0,89</b>	<b>2,01</b>	<b>2,26</b>	<b>3,73</b>
<b>Diluted Earnings per share (in NOK)</b>	<b>1,08</b>	<b>0,88</b>	<b>1,98</b>	<b>2,25</b>	<b>3,70</b>

## 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 five reportable geographical segments and HQ & Logistics segment. The following presents the Group's revenue by operating segment:

### Q3 2017

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 216	776	385	11	29	-	2 417
Gross profit	488	299	138	2	7	-	935
EBITDA <sup>2</sup>	232	97	36	-2	-16	-95	252
Operating Income e	220	87	31	-2	-16	-108	213

### Q3 2016

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

### 01.01.2017 - 30.09.2017

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	3 145	1 931	1 047	33	29	-	6 184
Gross profit	1 277	722	371	6	7	-	2 383
EBITDA <sup>2</sup>	576	150	67	-6	-24	-267	497
Operating Income e	542	124	53	-6	-24	-304	385

### 01.01.2016 - 30.09.2016

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

### 01.01.2016 - 31.12.2016

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	4 151	2 474	1 161	27	-	-	7 813
Gross profit	1 764	959	392	3	-	-	3 119
EBITDA <sup>2</sup>	857	257	40	-13	-	-318	824
Operating Income e	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>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>YTD</b>
<b>Sweden Gross Margin %</b>	<b>36,8 %</b>	<b>41,3 %</b>	<b>37,5 %</b>	<b>39,3 %</b>	<b>38,8 %</b>
<b>Sweden EBITDA %</b>	<b>7,5 %</b>	<b>13,1 %</b>	<b>10,8 %</b>	<b>9,8 %</b>	<b>10,4 %</b>
<b>Finland Gross Margin %</b>	<b>31,2 %</b>	<b>35,9 %</b>	<b>30,3 %</b>	<b>37,1 %</b>	<b>33,8 %</b>
<b>Finland EBITDA %</b>	<b>-1,3 %</b>	<b>4,7 %</b>	<b>1,5 %</b>	<b>7,7 %</b>	<b>3,5 %</b>

**Margin reported**

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

Austria is as of Q3 reported as a separate segment. Start-up costs in Austria has for Q1 2017 and Q2 2017 been reported in HQ & Logistics Segment. The effect of separating Austria is shown in the table below:

**HQ & Logistics segment reported**

<i>Amounts in NOK million</i>	<b>Q1 2017</b>	<b>Q2 2017</b>
<b>EBITDA<sup>2</sup></b>	<b>-94</b>	<b>-86</b>
<b>Operating Income</b>	<b>-106</b>	<b>-99</b>
<b>EBITDA margin (% of Group revenues)</b>	<b>-5,5 %</b>	<b>-4,2 %</b>

**HQ & Logistics adjusted for Austria segment**

<i>Amounts in NOK million</i>	<b>Q1 2017</b>	<b>Q2 2017</b>
<b>EBITDA<sup>2</sup></b>	<b>-93</b>	<b>-79</b>
<b>Operating Income</b>	<b>-104</b>	<b>-92</b>
<b>EBITDA margin (% of Group revenues)</b>	<b>-5,4 %</b>	<b>-3,9 %</b>

**Austria segment**

<i>Amounts in NOK million</i>	<b>Q1 2017</b>	<b>Q2 2017</b>
<b>EBITDA<sup>2</sup></b>	<b>-1</b>	<b>-7</b>
<b>Operating Income</b>	<b>-1</b>	<b>-7</b>

### **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 Q3 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.

#### <sup>1)</sup> **EBIT**

Our EBIT represents operating income.

#### <sup>2)</sup> **EBITDA**

Our EBITDA represents operating income plus depreciation.

#### <sup>3)</sup> **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.

#### <sup>4)</sup> **Gross profit / Gross margin**

Gross profit represents operating revenue less cost of goods sold. Gross margin is gross profit in per cent of revenue

#### <sup>5)</sup> **Working capital**

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

#### <sup>6)</sup> **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

#### <sup>7)</sup> **OPEX**

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

#### <sup>8)</sup> **Inventory per store**

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

[www.xxlasa.com/investor](http://www.xxlasa.com/investor)

#### FINANCIAL CALENDAR

Q4 2017 and full year results:	14.02.2018
Q1 2018 results:	25.04.2018
Annual General Meeting:	06.06.2018

#### INVESTOR CONTACT

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