

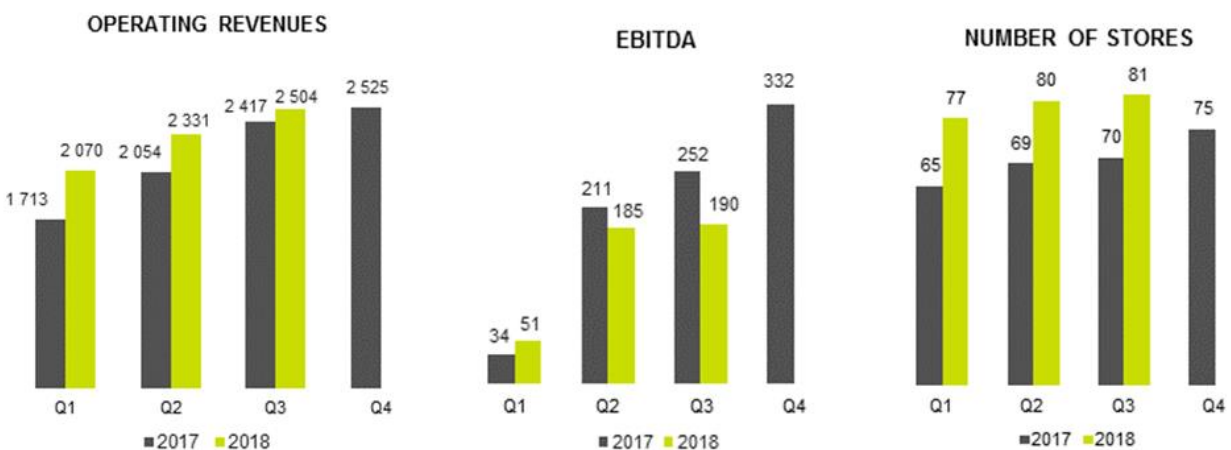
HIGHLIGHTS

- Total revenues of NOK 2 504 million (NOK 2 417 million)
- Negative like-for-like growth of 6 per cent
- Strong E-commerce growth of 40 per cent
- EBITDA of NOK 190 million (NOK 252 million)
- Introducing new omni-channel solutions



Q3
Growth

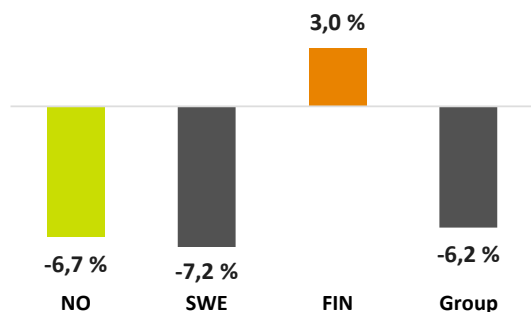
Revenue **+4%**
EBITDA **- 25%**



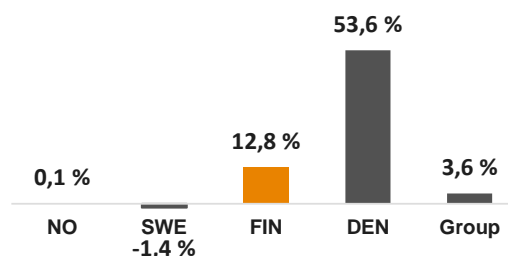
KEY FIGURES GROUP

(Amounts in NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017 Audited
GROUP					
Operating revenue	2 504	2 417	6 905	6 184	8 709
Growth (%)	3,6 %	16,2 %	11,7 %	9,2 %	11,5 %
Gross profit ⁴	924	935	2 606	2 383	3 443
Gross margin (%)	36,9 %	38,7 %	37,7 %	38,5 %	39,5 %
OPEX % ⁷	29,3 %	28,3 %	31,6 %	30,5 %	30,0 %
EBITDA ²	190	252	426	497	828
EBITDA margin (%)	7,6 %	10,4 %	6,2 %	8,0 %	9,5 %
EBIT ¹	143	213	288	385	668
EBIT margin	5,7 %	8,8 %	4,2 %	6,2 %	7,7 %
Net Income	105	152	192	279	512
**Basic Earnings per share (NOK)	0,76	1,10	1,39	2,01	3,70
**Average number of shares (1 000 shares)	138 101	138 299	137 967	138 337	138 328
Cash provided by operating activities	256	310	132	105	490
Like for like revenue growth ³	-6,2 %	5,6 %	1,1 %	-1,7 %	0,5 %
Number of stores at period end	81	70	81	70	75
New stores in the period	1	1	6	6	11

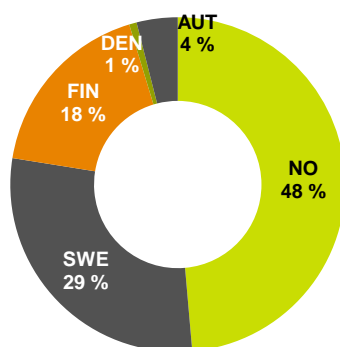
GROWTH BY COUNTRY Q3, LIKE FOR LIKE (LOCAL CURRENCY)



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 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017 Audited
SEGMENT					
Norway					
Operating revenue	1 217	1 216	3 358	3 145	4 434
Growth (%)	0,1 %	10,2 %	6,8 %	6,7 %	6,8 %
Gross profit ⁴	473	488	1 339	1 277	1 868
Gross margin (%)	38,9 %	40,1 %	39,9 %	40,6 %	42,1 %
OPEX % ⁷	22,8 %	21,1 %	23,1 %	22,3 %	21,8 %
EBITDA ²	196	232	561	576	902
EBITDA margin (%)	16,1 %	19,0 %	16,7 %	18,3 %	20,3 %
Number of stores at period end	35	31	35	31	32
New stores in the period	-	-	3	-	1
Sweden					
Operating revenue	724	776	1 992	1 931	2 631
Growth (%)	-6,7 %	17,0 %	3,2 %	3,5 %	6,4 %
Gross profit ⁴	265	299	740	722	1 003
Gross margin (%)	36,7 %	38,6 %	37,2 %	37,4 %	38,1 %
OPEX % ⁷	26,2 %	26,1 %	30,0 %	29,6 %	29,8 %
EBITDA ²	76	97	142	150	219
EBITDA margin (%)	10,5 %	12,5 %	7,1 %	7,8 %	8,3 %
Number of stores at period end	27	25	27	25	26
New stores in the period	-	-	1	3	4
Finland					
Operating revenue	445	385	1 262	1 047	1 494
Growth (%)	15,8 %	26,5 %	20,6 %	25,5 %	28,7 %
Gross profit ⁴	154	138	448	371	532
Gross margin (%)	34,6 %	36,0 %	35,5 %	35,4 %	35,6 %
OPEX % ⁷	26,2 %	26,6 %	29,2 %	28,9 %	28,3 %
EBITDA ²	37	36	79	67	110
EBITDA margin (%)	8,4 %	9,4 %	6,3 %	6,4 %	7,3 %
Number of stores at period end	15	13	15	13	15
New stores in the period	-	-	-	2	4
Denmark					
Operating revenue	18	11	52	33	52
Growth (%)	57,1 %	26,6 %	59,8 %	126,9 %	87,8 %
Gross profit ⁴	3	2	9	6	10
Gross margin (%)	16,9 %	21,5 %	16,4 %	19,9 %	19,4 %
OPEX % ⁷	25,7 %	35,8 %	29,5 %	38,1 %	36,0 %
EBITDA ²	-2	-2	-7	-6	-9
EBITDA margin (%)	-8,8 %	-14,3 %	-13,1 %	-18,2 %	-16,6 %
Austria					
Operating revenue	99	29	241	29	98
Gross profit ⁴	29	7	71	7	31
Gross margin (%)	28,9 %	25,2 %	29,7 %	25,2 %	31,2 %
OPEX % ⁷	45,2 %	79,9 %	51,3 %	108,1 %	64,8 %
EBITDA ²	-16	-16	-52	-24	-33
EBITDA margin (%)	-16,4 %	-54,7 %	-21,7 %	-82,9 %	-33,7 %
Number of stores at period end	4	1	4	1	2
New stores in the period	1	1	2	1	2
HQ & logistics					
EBITDA ²	-102	-95	-297	-267	-361
EBITDA margin (% of Group revenues)	-4,1 %	-3,9 %	-4,3 %	-4,3 %	-4,1 %

Strong growth from E-commerce under difficult retail conditions

Oslo, 23 October 2018: Third quarter 2018 was impacted by limited demand and traffic to the stores in the summer months while September represented a more normal month. E-commerce continued to deliver solid results with a growth of 40 per cent in the quarter. XXL introduced several omni-channel solutions during the quarter with positive effects and continues to invest in this model. EBITDA for the Group amounted to NOK 190 million in the quarter, corresponding to a margin of 7.6 per cent. This is driven by negative like-for-like growth under challenging retail conditions and lower supplier volume bonuses received partly due to downscaling of inventory. The latter amounted to around NOK 20 million in the quarter or 0.7 percentage points on margins.

Third quarter performance

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

Total operating revenues in the third quarter 2018 amounted to NOK 2 504 million (NOK 2 417 million), representing a growth of 3.6 per cent. The summer season was characterized by fantastic weather conditions with warm temperatures, dry and sun in most regions and both traffic and sales were challenged under such conditions. September represented a normal start to the autumn season, although a small month for the quarter as a whole. Like-for-like growth of the Group was therefore negative of 6.2 per cent in a difficult retail market. Norway and Sweden delivered negative like-for-like growth in local currencies of 6.7 per cent and 7.2 per cent respectively. Finland experienced a positive like-for-like growth of 3.0 per cent in local currency, driven by the E-commerce operation.

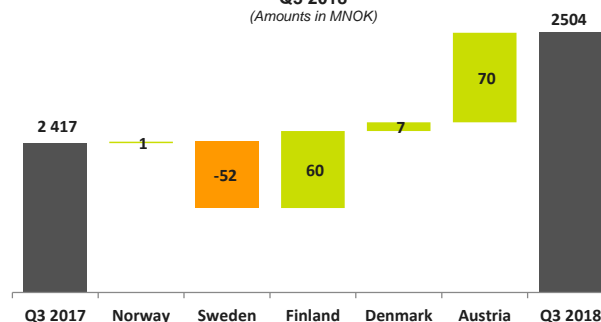
Norway delivered stable revenues in the quarter, while Sweden had negative growth of 1.4 per cent in local currency. Finland achieved a growth of 12.8 per cent and Denmark 53.6 per cent growth, both in local currency. The Austrian operations contributed to total revenues of NOK 99 million in the quarter.

GROWTH DRIVERS
Q3 2017 - Q3 2018
(Amounts in MNOK)



The revenue growth was driven by effects from new stores opened in 2018 and by stores established in 2017 with full year effect this year. XXL opened one new store in the quarter, in the city of Graz in Austria on 4 September 2018. XXL continues to see solid increased traffic and sales online as well when opening new stores, proving the strength of the omni-channel model.

SHARE OF GROWTH BY GEOGRAPHY
Q3 2018
(Amounts in MNOK)



E-commerce for the Group is included in the like-for-like figure and continued to deliver strong growth. Operating revenues increased by 39.8 per cent to NOK 359 million in the quarter (NOK 257 million) with solid growth in all markets. E-commerce sales comprised 14.4 per cent of total Group operating revenues in Q3 2018 compared to 10.6 per cent in Q3 2017. XXL has built a strong, market leading position in the Nordic online sports retail market and is continuously renewing and strengthening its E-commerce offering. In the quarter the organization has focused on segmentation and improvements of newsletters and aftersales. XXL has seen a solid uptake in conversion rates by fully automating newsletters for post purchase campaigns, using relevant offerings and products.

XXL is systematically improving new features added to the front end and landing pages by commencing extensive AB-testing on the site. At the time being a pilot is running on personalized features creating automated pages based on navigation behavior (cookie based). This will further improve the relevancy and customer experience as well as

significantly improve the efficiency for the technical system architects.

XXL is developing and strengthening the omni-channel model and some quarters ago XXL launched a new stock solution making all stock in the Group available for all customers at all platforms at all times. The rollout of this solution has commenced this quarter with implementation in all Austrian stores as well as opening up all categories in Norway and Sweden. The results continue to be good and account for an increasing part of the E-commerce sales. Algorithms control gross margins, products to be sold, price limits and prioritize which location to be used for delivery. A significant part of the products sold are to be phased out and this stock solution will continue to optimize the value chain over time. The solution will be rolled out in Finland later this year.

In a way to further digitalize the stores XXL has in the quarter introduced Klarna Instore for more efficient payment solutions for the customers, involving the ability to pay by the mobile phone, at home and with credit as an add on feature. In this way XXL is using the same interface for payment in stores as online, making the user experience the same in a true omni-channel way. In addition this solution provides for important customer data collection. XXL is also testing out new pick-up services in selected stores, using a high degree of self-service to create a more frictionless user experience as well as efficiency in the overall store operations. New features will be introduced and tested out in the time to come and added to this self service station.

XXL Group delivered a gross margin of 36.9 per cent in the quarter compared to 38.7 per cent in the same quarter last year. Despite a challenging quarter with low sales volumes the downscaling of the inventory per store⁸ continued. This had a negative impact on the gross margin due to lower purchased volumes and consequently reduced amounts of supplier volume bonuses received. The effect was around NOK 20 million on gross profit in the quarter which equaled 0.7 percentage points on the gross margin. As previously mentioned the growth in the quarter was driven by E-commerce, leading to negative mix effects as E-commerce gross margins are lower than in stores. Thirdly the overall sporting goods industry in the Nordics was characterized by many campaign activities and discounts in the summer months, with overall low retail traffic in stores and lower demand, putting pressure on the gross margins as well.

Operating expenses before depreciation as percentage of sales increased to 29.3 per cent in the third quarter this year (28.3 per cent) due to the negative like-for-like growth. However Finland, Denmark and Austria improved its relative operating expenses. The improvement is driven by many cost initiatives and adjusting the operations to the difficult summer season with limited demand, such as better personnel planning utilizing flexibility in the employee base in the stores as well as less marketing activities. XXL believes this was the right strategy in the beginning of the quarter but hold back too long and should have increased marketing and store efforts later in the quarter. This had a

negative effect on overall sales volumes and like-for-like growth in several markets, especially in Norway and Sweden. The increase in operating expenses as percentage of sales in these markets is due to the negative like-for-like growth impacting the cost leverage in the stores.

The Group EBITDA in the third quarter 2018 was NOK 190 million (NOK 252 million), corresponding to an EBITDA-margin of 7.6 per cent compared to 10.4 per cent in the same quarter last year. The main reason behind the EBITDA-development is lower sales in the summer months and less supplier volume bonuses due to downscaling of the inventory as described above.

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.

Norway

Overall the Norwegian market experienced a long, dry and very warm summer, maturing the demand for summer related products over time. Retail traffic and sales were negatively impacted under such conditions. September proved to be a more normal month, although a small month with limited contribution to the overall quarterly results. According to market figures from SSB the sale of sporting goods in Norway decreased by 3.9 per cent in July and increased by 0.2 per cent in August. This is to be compared to a negative growth for XXL of 2.2 per cent in July and 0.6 per cent in August respectively. XXL decided to scale down on marketing and personnel costs in the quarter to adjust to a challenging market with overall low traffic and demand. However it could be that this strategy lasted too long and impacted the sales negatively, especially towards the end of the quarter.

Total operating revenues in the third quarter 2018 were stable of NOK 1 217 million (NOK 1 216 million), positively impacted by effects from new stores but negatively affected by a negative like-for-like growth of 6.7 per cent. E-commerce is a part of the like-for-like figure but continued to experienced strong growth. The like-for-like figure is negatively impacted by cannibalization effects in several stores and adjusted for this the like-for-like growth was negative of 5.2 per cent.

The gross margin declined by 1.2 percentage points from Q3 2017 to 38.9 per cent in Q3 2018. The lower amount of supplier volume bonuses due to downscaling of the inventory equalled around NOK 10 million in the quarter or 0.8 percentage points on the gross margin. Further the mix of high growth in E-commerce and negative like-for-like growth in the stores impacted the gross margin as well. The gross margin in E-commerce is lower than in the stores. The overall difficult market with many campaigns also

impacted the gross margins.

EBITDA ended at NOK 196 million (NOK 232 million) corresponding to an EBITDA margin of 16.1 per cent (19.0 per cent) because of the lower gross margin and higher operating expenses. Operating expenses as percentage of sales equaled 22.8 per cent in Q3 2018 compared to 21.1 per cent in Q3 2017, mainly driven by the negative like-for-like figure in the stores impacting the cost leverage.

Sweden

According to market figures from SCB, the sale of sporting goods in Sweden increased by 0.1 per cent in July and by 13.1 per cent in August compared to the same months last year. However in August clothing was up only 1.4 per cent and shoes down 5.8 per cent compared to the same month last year. The corresponding growth for XXL was negative of 4.0 per cent in July and positive of 3.7 per cent in August in local currency. Total operating revenues for XXL in Sweden in Q3 2018 amounted to NOK 724 million (NOK 776 million), corresponding to a negative growth of 1.4 per cent in local currency. The main driver was a negative like-for-like growth of 7.2 per cent in local currency partly offset by growth from new stores. The market continued to be challenging and volatile with many campaigns and a lot of discounts from many competitors during the whole quarter. XXL decided to adjust the costs accordingly which may have impacted the like-for-like growth.

The gross margin declined by 1.9 percentage points to 36.7 per cent (38.6 per cent) driven by lower supplier volume bonuses. This amount was around NOK 7 million in the quarter representing around 0.9 percentage points of the gross margin. The challenging market, characterized by many summer campaigns and high volatility, also paid its toll on the gross margin picture.

EBITDA ended at NOK 76 million (NOK 97 million). This corresponded to an EBITDA-margin of 10.5 per cent, down from 12.5 per cent in Q3 2017. This is driven by the lower gross margin as described above. Operating expenses as percentage of sales was stable of 26.2 per cent (26.1 per cent) this quarter despite a negative like-for-like growth of 7.2 per cent in local currency. This is achieved by better and more flexible staff planning as well as overall cost focus and adjustments under difficult market conditions.

Finland

Total operating revenues from the Finnish operations amounted to NOK 445 million (NOK 385 million) in the quarter, representing a growth of 12.8 per cent in local currency. The growth was driven by new stores that opened during 2017 and by like-for-like growth of 3.0 per cent in local currency. The like-for-like growth was driven by solid growth in E-commerce whilst the stores experienced a slightly negative like-for-like figure. According to market figures from TMA the sale of sporting goods in Finland decreased by 0.2 per cent in July and by 1.6 per cent in August. This is to be compared to a growth for XXL of 11.5 per cent in July and by 13.1 per cent in August respectively. Also in Finland as in the other Nordic markets the long,

unseasonably sunny, dry and hot summer proved challenging. Last year XXL experienced more normal conditions. As a result the gross margin declined from 36.0 per cent in Q3 2017 to 34.6 per cent in Q3 2018, but mainly due to lower supplier volume bonuses. This effect amounted to around NOK 3 million in the quarter or 1.0 percentage points on the gross margin. Also in Finland the gross margin was impacted by mix effects of strong growth online on lower gross margins than in the stores.

EBITDA amounted to NOK 37 million (NOK 36 million) and the EBITDA-margin declined from 9.4 per cent in Q3 2017 to 8.4 per cent in Q3 2018. Last year included 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 in Q3 2017. Operating expenses as percentage of sales improved to 26.2 per cent in the quarter, from 26.6 per cent in the third quarter last year or from 28.7 per cent adjusted for the before mentioned pension costs adjustment. This is achieved despite a negative like-for-like growth in the stores and is a result of adjustments in the cost base under difficult market conditions and cost efficiency and focus over time.

Denmark

Total operating revenues for XXL in Denmark in the third quarter 2018 amounted to NOK 18 million (NOK 11 million), representing a growth of 53.6 per cent in local currency. XXL continued the strategy with aggressive campaigns to gain a higher share of the market. This proved successful on volumes but affected the gross margin which declined to 16.9 per cent (21.5 per cent) also impacted by a high share of freight and return costs. Over the year the sales mix has changed a bit. XXL now sells more hardware and capital goods, which increases the average order value but dilutes the gross margin. EBITDA was negative of NOK 2 million. However operating expenses as percentage of sales have declined from 35.8 per cent in Q3 2017 to 25.7 per cent in Q3 2018 proving that XXL has a competitive model in Denmark. The operation is soon on target of yearly sales on par with a small single Swedish store and to reach break-even figures on EBITDA.

Austria

XXL has now been in operations in Austria for about a year but is still in the early establishing phase. On 4 September 2018, XXL opened the store number four in the country, in the city of Graz with good opening sales figures. Total operating revenues from the Austrian operations amounted to NOK 99 million in the quarter (NOK 29 million). XXL is constantly working on increasing perception in the market, attracting customers with campaigns and high marketing spending. The gross margin was 28.9 per cent in the quarter (25.2 per cent) partly due to low margins at the new store opening.

Operating expenses amounted to NOK 45 million (NOK 23 million) and included high marketing spending reflecting ramp up in three large cities with limited immediate synergies in marketing costs. XXL has signed a third store in Vienna due to open in spring 2019 which will be an

important scale element for the Austrian operations. The new store in Graz also carried full costs in the quarter, but contributed with only around a month with full sales, affecting the operating expenses as percentage of sales. EBITDA was negative of NOK 16 million in the third quarter 2018 (negative NOK 16 million).

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 102 million (NOK 95 million) in the quarter. This equals 4.1 per cent of total Group operating revenue (3.9 per cent) impacted by the lower sales volumes in the quarter. The increased costs are related to higher volumes at the central warehouses. In addition XXL has recruited more employees to central functions both at the headquarters and in central E-commerce functions, including purchasers, technical system architects and IT-resources. XXL will continue to invest in the future omni-channel model.

Financials

Consolidated income statement

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

Total operating revenue increased by 3.6 per cent to NOK 2 504 million (NOK 2 417 million) including negative currency translation effects of 1.1 percentage points.

Total operating expenses, excluding depreciation and cost of goods sold equaled NOK 734 million (NOK 683 million) in the third quarter. As percentage of total operating revenues of the Group, operating expenses increased from 28.3 per cent last year to 29.3 per cent this year.

Net financial expense amounted to NOK 12 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 positive currency effect of NOK 3 million compared to a negative currency effect of NOK 9 million last year. The rest of the expenses were related to amortization of loan costs, interests on lease contracts and other financial costs related to the refinancing of the Group.

Income tax expense for the third quarter were NOK 26 million (NOK 38 million) and the effective tax rate was estimated to 20.0 per cent.

Profit for the period ended at NOK 105 million (NOK 152 million).

Consolidated cash flow

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

Cash provided by operating activities was NOK 256 million (NOK 310 million) in the third quarter and ended at NOK 132 million at the end of Q3 2018 compared to NOK 105 million at the end of Q3 2017. The main reason for the positive deviation is improved working capital⁵ partly offset by lower profit before income tax.

The inventory increased from NOK 2 926 million at the end of Q3 2017 to 3 147 million at the end of Q3 2018 mainly due to growth and new stores. Inventory per store⁸ (including E-commerce) has improved from NOK 39.0 million by the end of Q3 2017 to NOK 36.4 million by the end of Q3 2018 despite lower sales than expected and is due to lower purchase of goods. The inventory level is still too high and there are a lot of initiatives to reduce the inventory over time. 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.

Accounts payable decreased by NOK 58 million by the end of Q3 2018 (increase of NOK 78 million) and the most important reason is the reduction in purchase of goods.

Cash used by investing activities was NOK 57 million (NOK 44 million) in the third quarter and ended at NOK 193 million (NOK 181 million) at the end of Q3 2018. This is related to investments in new stores, maintenance CAPEX on existing stores and investments in infrastructure. Investments in infrastructure were NOK 50 million by the end of Q3 2018.

Cash used by financing activities was NOK 293 million (NOK 463 million) in the third quarter where the dividend payout of NOK 278 million and purchase of own shares of NOK 50 million were the main drivers. Year to date cash used by financing activities amounted to NOK 135 million (cash provided of NOK 56 million) of which NOK 232 million is related to draw down on existing credit facilities compared to a draw down of NOK 367 million last year.

Financial position and liquidity

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

As of 30 September 2018, total assets amounted to NOK 7 437 million (NOK 7 115 million). Total equity was NOK 3 703 million (NOK 3 610 million), resulting in an equity ratio of 49.8 per cent (50.7 per cent). Net interest bearing debt⁶ increased to NOK 2 062 million (NOK 1 904 million) due to draw down of short term debt for investments in new stores and infrastructure and increased inventory. The leverage ratio equalled 2.7x.

The Group had cash and cash equivalents of NOK 118 million (NOK 95 million) as of 30 September 2018, of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 400 million whereof NOK 1 104 million was used as of 30 September 2018. Available liquidity reserves as of 30 September 2018 were NOK 414 million (NOK 577 million).

Share buy backs

In accordance with the authorization to acquire own shares given by the Annual General Meeting on 6 June 2018, XXL ASA acquired in total 1,060,000 shares in the market between 23 July 2018 and 14 September 2018. The shares were purchased from the open market at an average price of NOK 47.13 and for an aggregate consideration of NOK 50.0 million. These shares will be used to cover for share incentive programs or be deleted in connection with a later reduction of the registered share capital.

Change in the executive management team

Mr. Fredrik Steenbuch, CEO in the XXL Group, will hand over the position as CEO to Mr. Ulf Bjerknes. Bjerknes has been the COO in XXL Group since February 2018 and has extensive experience from the sporting goods industry. He was the CEO in Swix from 2008 until 2017 and CEO in Rottefella from 2003 until 2008. As of 1 December 2018 Fredrik Steenbuch will take on an operational role outside of the executive management team, changing XXL, according to the rapid and fundamental changes going on in retail.

Mr. Jarle Bråten, Buying and Marketing Director, will leave XXL in December 2018 to go back to a centralized function at the Dolphin Management Group (company controlled by the chairman of the board). This is according to plan as he has reorganized the buying department for the last two years. Mr. Tom Erik Kjørnø, Buying Director Europe, will take over the responsibilities and be the new Buying and Marketing Director and be a part of the executive management team in XXL ASA as of today.

Mr. Tom Erik Kjørnø has been the Buying Director Europe in XXL since 2010 and assumed the role as Purchasing Director for shoes from 2005 till 2010. Prior to joining XXL he served as Key Account Manager in Rockport/Reebok and Product Manager/Buyer in Löplabbet. Kjørnø holds a Bachelor degree from the Norwegian School of Economics and Business Administration. Tom Erik Kjørnø is a Norwegian citizen and resides in Norway. He currently owns 159,031 shares and 162,623 share options in XXL ASA including ownerships of closely related parties.

Outlook

XXL has signed 7 new lease agreements for store openings in 2018 where of 4 in Norway, 1 in Sweden and 2 in Austria. This figure includes 6 stores that are opened by the end of Q3 2018.

XXL has already signed 5 new lease agreements for future store openings in 2019 and aims for 7-9 new stores in total for 2019. XXL will at all times evaluate the trend of E-commerce growth compared to opening of new stores.

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 2018. In addition XXL will refurbish at least two stores with CAPEX in the range of two new stores.

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

- Group like-for-like growth of low single digits over time including E-commerce
- Competition and E-commerce growth to put pressure on Group gross margin over time
- Group OPEX% as percentage of total operating revenues to gradually trend down towards 25 per cent in a five year period starting from 2019
- Group EBITDA-margin stable as a result of lower gross margin and OPEX% over time. In Norway around 20 per cent, in Sweden and Finland low double digits, in Denmark and Austria high single digits
- New market entries affect both Group gross margin and Group EBITDA-margin in the establishing period of 1-3 years

The Austria average sale per store is expected to be around EUR 10 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 around 10-15 stores in total in the Austrian market.

Condensed consolidated financial statements

Unaudited for the period ended September 30, 2018

Condensed Consolidated Interim Income Statement

<i>(Amounts in NOK million)</i>	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017 Audited
Total Operating Revenue	2 504	2 417	6 905	6 184	8 709
Cost of goods sold	1 579	1 482	4 299	3 801	5 265
Personnel expenses	402	376	1 177	1 027	1 416
Depreciation	47	39	138	112	159
Other operating expenses	332	307	1 003	860	1 201
Total Operating Expenses	2 361	2 204	6 618	5 799	8 041
Operating Income	143	213	288	385	668
Net Financial Income (+) / Expense (-)	-12	-23	-48	-37	-42
Profit before income tax	131	190	240	348	626
Income tax expense	26	38	48	70	114
Profit for the period	105	152	192	279	512
Basic Earnings per share (NOK)	0,76	1,10	1,39	2,01	3,70
Diluted Earnings per share (NOK)	0,75	1,08	1,37	1,99	3,65
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Foreign currency rate changes	2	5	-1	5	4
Total Other Income and Expense	2	5	-1	5	4
Total comprehensive income for the period	107	157	191	284	516

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>	30.9.18	30.9.17	31.12 2017 Audited
NON CURRENT ASSETS			
Intangible Assets			
Goodwill	2 734	2 734	2 734
Other intangible assets	249	254	260
Total Intangible Assets	2 982	2 988	2 994
Fixed Assets	883	769	857
Non current Financial Assets	3	2	4
Total Non Current Assets	3 868	3 759	3 855
CURRENT ASSETS			
Inventory	3 147	2 926	3 152
Trade and Other Receivables	304	336	375
Cash and Cash Equivalents	118	95	314
Total Current Assets	3 569	3 356	3 840
TOTAL ASSETS	7 437	7 115	7 695
SHAREHOLDERS' EQUITY			
Paid-in Capital	2 841	2 884	2 884
Other equity	863	726	962
Total Shareholders' Equity	3 703	3 610	3 846
LIABILITIES			
Deferred tax liability	108	114	42
Total Provisions	108	114	42
Other non-current liabilities			
Interest bearing non-current liabilities	1 042	1 082	1 090
Total other non-current liabilities	1 042	1 082	1 090
Total non-current liabilities	1 150	1 196	1 132
Current liabilities			
Accounts payable	763	729	842
Current interest bearing liabilities	1 138	918	916
Tax payable	-4	16	143
Public duties payable	291	271	326
Other current liabilities	396	376	491
Total current liabilities	2 584	2 309	2 717
TOTAL LIABILITIES	3 734	3 505	3 849
TOTAL EQUITY AND LIABILITIES	7 437	7 115	7 695

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 2018	Q3 2017	YTD 2018	YTD 2017	FY2017 Audited
Operating Activities					
Profit before income tax	131	190	240	348	626
<i>Adjustments for:</i>					
Income tax paid	-5	0	-118	-121	-113
Depreciation	47	39	138	112	159
Net financial expense	12	11	48	31	42
<i>Changes in working capital:</i>					
Changes in inventory	27	-24	-91	-274	-453
Changes in accounts receivable	23	-73	61	-11	-88
Changes in accounts payable	59	108	-58	78	177
Other changes	-37	59	-87	-58	140
Cash provided (used) by operating activities	256	310	132	105	490
Investing Activities					
Acquisition of fixed assets and intangible assets	-57	-44	-193	-181	-304
Cash provided (used) by investing activities	-57	-44	-193	-181	-304
Financing Activities					
Purchase of own shares/other equity transactions	-50	0	-59	-11	-11
Payments on long/short term debt	1	-200	-403	-249	0
Proceeds from new long/short-term debt	44	23	635	616	341
Interest payments	-10	-9	-30	-24	-40
Dividend	-278	-277	-278	-277	-277
Cash provided (used) by financing activities	-293	-463	-135	56	13
Net Change in Cash and Cash Equivalents	-94	-197	-195	-20	199
Cash and cash equivalents - beginning of period	212	292	314	115	115
Effect of foreign currency rate changes on cash and equivalent	0	0	-1	0	0
Cash and Cash Equivalents - End of Period	118	95	118	95	314

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
Shareholders' Equity 01.01.17	55	2 817	14	718	3	3 608
Net income Q3 YTD 2017				279		279
Foreign currency rate changes					2	2
Transactions with owners:						0
Purchase own shares		-11				-11
Employee share incentive program			9			9
Dividend				-277		-277
Shareholders' Equity 30.09.17	55	2 806	23	720	6	3 610
Net income Q4 2017				234		234
Foreign currency rate changes					2	2
Transactions with owners:						0
Employee share incentive program			0			0
Shareholders' Equity 31.12.17	55	2 806	23	954	7	3 846
<i>Effects of IFRS 15 Implementation</i>	-	-	-	-11	-	-11
Shareholders' Equity 01.01.18	55	2 806	23	943	7	3 835
Net income YTD 2018				192		192
Foreign currency rate changes					-1	-1
Transactions with owners:						8
Transfer own shares		8				8
Purchase of own shares		-100				-100
Vesting of share options		41				41
Employee share incentive program			8			8
Dividend				-278		-278
Shareholders' Equity 30.09.18	55	2 755	31	857	6	3 703

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 2018 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 2017, 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 2017.

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 2017.

Note 5 Earnings per share

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	YE 2017
Total profit (in NOK million)	105	152	192	279	512
Weighted average number of ordinary shares in issue	138 101 239	138 299 123	137 967 422	138 337 365	138 327 726
Number of shares outstanding	139 096 077	138 512 123	139 096 077	138 512 123	138 512 123
Adjustment for:					
Effect share options	2 324 645	2 127 812	2 287 874	1 910 210	1 965 058
Weighted number of ordinary shares in issue for diluted earnings per share	140 425 884	140 426 935	140 255 296	140 247 575	140 292 784
Basic Earnings per share (in NOK)	0,76	1,10	1,39	2,01	3,70
Diluted Earnings per share (in NOK)	0,75	1,08	1,37	1,99	3,65

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 2018

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 217	724	445	18	99	-	2 504
Gross profit	473	265	154	3	29	-	924
EBITDA ²	196	76	37	-2	-16	-102	190
Operating Income	183	65	31	-2	-19	-116	143

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 ²	232	97	36	-2	-16	-95	252
Operating Income	220	87	31	-2	-16	-108	213

01.01.2018 - 30.09.2018

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	3 358	1 992	1 262	52	241	-	6 905
Gross profit	1 339	740	448	9	71	-	2 606
EBITDA ²	561	142	79	-7	-52	-297	426
Operating Income	523	110	61	-7	-58	-342	288

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	-0	2 383
EBITDA ²	576	150	67	-6	-24	-267	497
Operating Income	542	124	53	-6	-24	-304	385

01.01.2017 - 31.12.2017

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	4 434	2 631	1 494	52	98	-	8 709
Gross profit	1 868	1 003	532	10	31	-	3 444
EBITDA ²	900	219	110	-9	-33	-361	826
Operating Income	854	183	90	-9	-34	-416	668

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 Q2 2018. 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 2017.

Note 9 Changes in accounting principles

The following standards have been implemented from 1 January 2018.

- IFRS 9 Financial instruments – there are no significant accounting effects for the company.
- IFRS 15 Revenues from contracts with customers – please see Statement of Changes in Equity for effects 1 January 2018.

IFRS 16 will be implemented from 1 January 2019. For further details, please see note 17 in the annual report for 2017.

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

Alternative Performance 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 margin**

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

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

Q4 and FY 2018 results:	12.02.2019
Q1 2019 results:	24.04.2019
Q2 and H1 2019 results:	19.07.2019

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