

HIGHLIGHTS

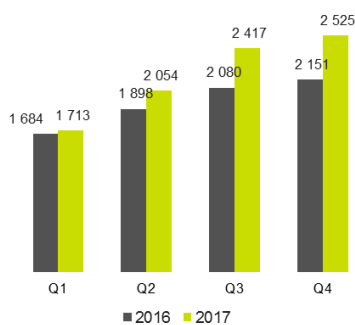
- Total revenues of NOK 2 525 million (NOK 2 151 million), up 17 per cent
- Like-for-like growth of 7 per cent
- EBITDA of NOK 332 million (NOK 286 million)
- Strong cash flow generation of NOK 386 million
- Dividend proposal of NOK 2.00 per share for 2017



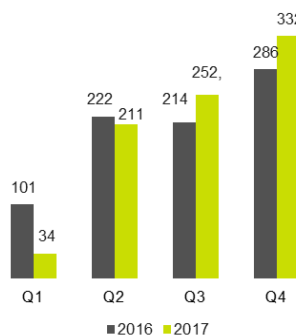
**Q4
Growth**
Revenue
+ 17%
EBITDA
+ 16%

**YTD
Growth**
Revenue
+ 12 %
EBITDA
+ 0 %

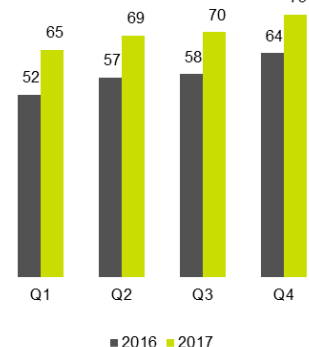
OPERATING REVENUES



EBITDA



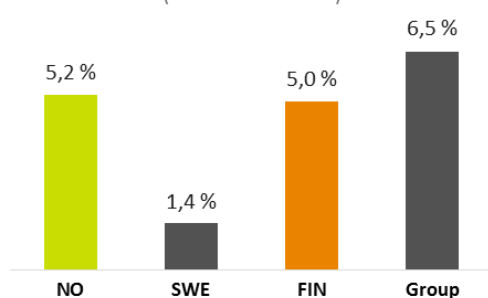
NUMBER OF STORES



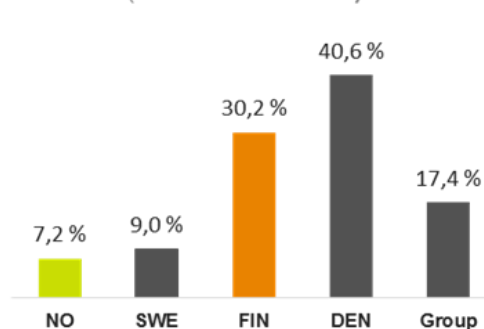
KEY FIGURES GROUP

(Amounts in NOK million)	Q4 2017	Q4 2016	YTD 2017	FY 2016 Audited
GROUP				
Operating revenue	2 525	2 151	8 709	7 813
Growth (%)	17,4 %	17,5 %	11,5 %	20,4 %
Gross profit ⁴	1 060	911	3 443	3 119
Gross margin (%)	42,0 %	42,4 %	39,5 %	39,9 %
OPEX % ⁷	28,9 %	29,1 %	30,0 %	29,4 %
EBITDA ²	332	286	828	824
EBITDA margin (%)	13,1 %	13,3 %	9,5 %	10,5 %
EBIT ¹	285	247	670	697
EBIT margin	11,3 %	11,5 %	7,7 %	8,9 %
Profit for the period	224	203	502	516
**Basic Earnings per share (NOK)	1,62	1,35	3,63	3,73
**Average number of shares (1 000 shares)	138 512	138 512	138 512	138 512
Net cash flow from operating activities	386	4	491	31
Like for like revenue growth ³	6,5 %	4,2 %	5,0 %	7,5 %
Number of stores at period end	75	64	75	64
New stores in the period	5	6	11	12

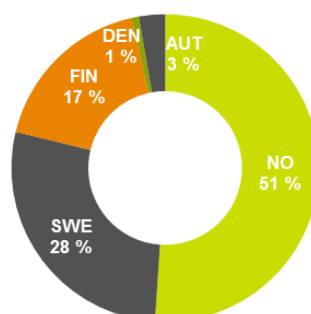
GROWTH BY COUNTRY Q4, LIKE FOR LIKE (LOCAL CURRENCY)



GROWTH BY COUNTRY Q4 (LOCAL CURRENCY)



REVENUE SPLIT Q4



KEY FIGURES SEGMENTS

(Amounts in NOK million)	Q4 2017	Q4 2016	YTD 2017	FY 2016 Audited
SEGMENT				
Norway				
Operating revenue	1 290	1 203	4 434	4 151
Growth (%)	7,2 %	19,5 %	6,8 %	14,7 %
Gross profit [†]	590	550	1 868	1 764
Gross margin (%)	45,8 %	45,7 %	42,1 %	42,5 %
OPEX % ⁷	20,5 %	21,8 %	21,8 %	21,9 %
EBITDA ²	326	287	902	857
EBITDA margin (%)	25,3 %	23,9 %	20,3 %	20,6 %
Number of stores at period end	32	31	32	31
New stores in the period	1	3	1	7
Sweden				
Operating revenue	700	609	2 631	2 474
Growth (%)	15,0 %	5,2 %	6,4 %	21,0 %
Gross profit [†]	281	230	1 003	959
Gross margin (%)	40,2 %	37,8 %	38,1 %	38,8 %
OPEX % ⁷	30,3 %	29,5 %	29,8 %	28,4 %
EBITDA ²	69	51	219	257
EBITDA margin (%)	9,9 %	8,3 %	8,3 %	10,4 %
Number of stores at period end	26	22	26	22
New stores in the period	1	1	4	2
Finland				
Operating revenue	447	326	1 494	1 161
Growth (%)	37,1 %	32,9 %	28,7 %	40,8 %
Gross profit [†]	162	130	532	392
Gross margin (%)	36,2 %	39,9 %	35,6 %	33,8 %
OPEX % ⁷	26,8 %	29,5 %	28,3 %	30,3 %
EBITDA ²	42	34	110	40
EBITDA margin (%)	9,4 %	10,4 %	7,3 %	3,5 %
Number of stores at period end	15	11	15	11
New stores in the period	2	2	4	3
Denmark				
Operating revenue	19	13	52	27
Growth (%)	45,2 %	-	87,8 %	-
Gross profit [†]	4	1	10	3
Gross margin (%)	18,7 %	10,9 %	19,4 %	11,2 %
OPEX % ⁷	32,5 %	52,0 %	36,0 %	57,9 %
EBITDA ²	-3	-5	-9	-13
EBITDA margin (%)	-13,8 %	-41,1 %	-16,6 %	-46,7 %
Austria				
Operating revenue	69	-	98	-
Gross profit [†]	23	-	31	-
Gross margin (%)	33,6 %	-	31,2 %	-
OPEX % ⁷	47,0 %	-	64,8 %	-
EBITDA ²	-9	-	-33	-
EBITDA margin (%)	-13,4 %	-	-33,7 %	-
Number of stores at period end	2	-	2	-
New stores in the period	1	-	2	-
HQ & logistics				
EBITDA ²	-94	-81	-361	-318
EBITDA margin (% of Group revenues)	-3,7 %	-3,7 %	-4,1 %	-4,1 %

Solid quarter proves XXL's omni-channel model

Oslo, 13 February 2018: In the fourth quarter 2017 XXL ASA delivered a growth of 17 per cent driven by a good like-for-like growth of 7 per cent and new store openings. EBITDA increased by 16 per cent in the quarter despite impact from the establishment in Austria during the quarter. Both Norway and Finland delivered solid performance. However, an E-commerce growth of 40 per cent in the quarter stands out and proves the strength of the XXL omni-channel model.

For the full year 2017 XXL ASA generated total revenues of NOK 8.7 billion, representing a growth rate of 12 per cent, impacted by unfavorable seasons in the first half year, but more normal conditions in second half of the year. The growth in 2017 was driven by new stores and E-commerce and XXL gained market shares in all markets. The establishment of XXL in Austria was in addition a significant strategic step for XXL during 2017. XXL Group reported a preliminary consolidated net income of NOK 502 million for 2017. The Board of Directors will propose a dividend of NOK 2.00 per share for 2017 representing 56 per cent of diluted Earnings Per Share.

Fourth quarter performance

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

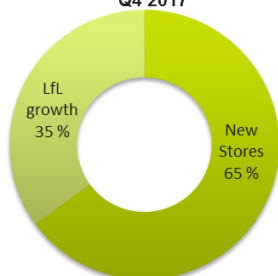
XXL Group delivered a growth of 17.4 per cent in the fourth quarter 2017 and total operating revenues ended at NOK 2 525 million (NOK 2 151 million). October and November experienced normal autumn conditions, but without the effect of early snow in November last year. December is the single most important month of the year and proved to be good in many regions in the Nordics with cold and snow. The sales volumes responded well under these conditions. The like-for-like growth of the Group amounted to 6.5 per cent in the quarter with good growth in all markets and positively impacted by currency effects. Norway delivered a like-for-like growth of 5.2 per cent, Sweden 1.4 per cent and Finland 5.0 per cent all in local currencies.

Overall Norway delivered 7.2 per cent revenue growth in the quarter, while Sweden achieved 9.0 per cent, Finland 30.2 per cent and Denmark 40.6 per cent growth, all in local currency. XXL also opened the second store in Vienna, Austria in fourth quarter. Two stores together with online sales contributed to total revenues of NOK 69 million for the quarter.

GROWTH DRIVERS
Q4 2016 - Q4 2017
(Amounts in MNOK)

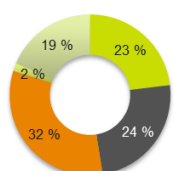


SHARE OF GROWTH BY MATURITY
Q4 2017



SHARE OF GROWTH BY GEOGRAPHY
Q4 2017

■ Norway ■ Sweden ■ Finland
■ Denmark ■ Austria



The revenue growth of the Group was further driven by effects from new store openings. XXL opened eleven new stores during 2017, whereof five in the fourth quarter.

E-commerce for the Group is included in the like-for-like figure and continued to deliver strong growth. E-commerce sales comprised 16.0 per cent of total Group operating revenues in Q4 2017 compared to 13.4 per cent in Q4 2016. The fourth quarter 2017 proved to be another quarter with good growth and operating revenues increased by 40.0 per cent to NOK 403 million (NOK 288 million). All markets experienced high growth and in particular the Black Friday campaign was a big event. E-commerce will continue to be the most important driver for like-for-like growth going forward. The omni-channel thinking is not only important for increasing E-commerce sales but also generating traffic to the stores. One of the latest initiatives is the roll out of digital price-tags in the Swedish stores showing the same low prices in the stores as on the web. The E-commerce organization has been strengthened with more employees

in technical architecture. Further initiatives are to be launched in the near future.

Gross margin for the Group ended at 42.0 per cent in the quarter compared to 42.4 per cent in the same quarter last year driven by somewhat lower gross margins in Finland and the start-up in Austria with lower gross margins. Both Sweden and Denmark posted improved gross margins while the gross margin in Norway was stable.

Operating expenses before depreciation as percentage of sales improved from 29.1 per cent in the fourth quarter 2016 to 28.9 per cent in the fourth quarter 2017 despite the costs of establishing operations in Austria. Total operating expenses in Austria amounted to NOK 33 million in the quarter and the Group operating expenses as percentage of sales improved to 28.3 per cent excluding Austria. Norway, Finland and Denmark improved its relative operating expenses. For Sweden the increased costs in the quarter were driven by the introduction of digital price tags in all stores and corresponding marketing campaigns.

The Group EBITDA in the fourth quarter 2017 was NOK 332 million (NOK 286 million), which equaled an EBITDA-margin of 13.1 per cent compared to 13.3 per cent in the same quarter last year. Adjusted for the start-up in Austria, the EBITDA-margin was 13.9 per cent and the EBITDA amounted to NOK 341 million. The main reason behind this improvement was higher EBITDA-margins in both Norway and Finland while Sweden was stable adjusted for the revised allocation method for distribution of wholesale margin between Sweden and Finland as previously communicated.

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

The Norwegian operations delivered a growth of 7.2 per cent in the fourth quarter 2017 compared to the same quarter last year. Total operating revenues ended at NOK 1 290 million (NOK 1 203 million). The like-for-like growth was 5.2 per cent in the quarter. In addition the growth was driven by a new store that opened on 31 October in Jessheim.

Overall the Norwegian market experienced good conditions in the quarter. Some snow and cold in December gave positive effects on Christmas sales while the Black Friday activities once again proved a success with solid growth from last years' campaigns. The overall gross margin was stable at 45.8 per cent in Q4 2017 (45.7 per cent).

EBITDA increased to NOK 326 million (NOK 287 million) and the corresponding margin improved to 25.3 per cent

(23.9 per cent). The increase in margin is due to lower operating expenses which as percentage of sales decreased from 21.8 per cent last year to 20.5 per cent this year. In the fourth quarter last year XXL established three new stores in Norway, with corresponding opening costs, compared to only one new store in the fourth quarter this year. The improved cost position is also a result of better daily operations as well as more E-commerce sales with lower cost.

Sweden

The Swedish sporting goods market continued to be volatile and the volumes in the quarter were impacted by an overall slow market. The Swedish consumer might be colored by the weak housing market. However, Black Friday activities in late November and colder weather conditions during December contributed to better response in the market. According to market figures from HUI Research the sale of sporting goods in Sweden increased by 1.0 per cent in fourth quarter and should be compared to growth of 9.0 per cent for XXL in local currency. Total operating revenues in the quarter totalled NOK 700 million (NOK 609 million). The main drivers were a like-for-like growth of 1.4 per cent in local currency in the quarter and contributions from stores established during the year. On 5 December 2017 XXL opened a new store, in Länna outside Stockholm.

Last year's December sales were negatively impacted by the lack of cold weather and snow. This year XXL experienced colder temperatures and better selling conditions before Christmas, which resulted in higher gross margins. In addition, better pricing strategies in a slow market improved the gross margin in the quarter to 40.2 per cent (37.8 per cent). Adjusted for the revised allocation of wholesale margin between Sweden and Finland as previously communicated, the gross margin improved from 39.3 per cent in Q4 2016.

In December XXL introduced digital price tags in all stores in Sweden including extra marketing campaigns. Operating expenses as percentage of sales increased from 29.5 per cent in Q4 2016 to 30.3 per cent in Q4 2017. EBITDA ended at NOK 69 million (NOK 51 million). This corresponded to an EBITDA-margin of 9.9 per cent, up from 8.3 per cent in Q4 2016 but stable of 9.8 per cent adjusted for the before mentioned reclassification effects on gross profit between Sweden and Finland.

Finland

The Finnish operation continues to improve and the macro situation in Finland seems to improve as well. For the quarter, sales were positively affected by normal seasonal changes and by better selling conditions in the Christmas sales period. Total operating revenues amounted to NOK 447 million (NOK 326 million), representing a growth of 30.2 per cent in local currency. In the fourth quarter the Finnish operations delivered a like-for-like growth of 5.0 per cent in local currency. The growth was further driven by new stores that opened during the year. XXL opened two new stores in the quarter, both in new cities. First on 1 November in

Kuopio followed by Pori on 15 November. XXL is now present with fifteen stores in the Finnish market.

Last year XXL introduced many initiatives to improve the overall profitability in the Finnish operation, which gave positive effects. This quarter XXL decided to drive the volume and improve the like-for-like growth trend. Gross margin decreased from 39.9 per cent in the fourth quarter last year to 36.2 per cent in the fourth quarter this year, but from 37.1 per cent when adjusting for the reclassification effects on gross profit last year between Sweden and Finland. Operating expenses as percentage of sales improved with solid 2.7 percentage points to 26.8 per cent in the fourth quarter and is the most important improvement in Finland.

EBITDA amounted to NOK 42 million in Q4 2017 up from NOK 34 million in Q4 2016 and NOK 25 million adjusted for the reclassification effect of gross profit between Sweden and Finland last year. This translated into a corresponding EBITDA-margin of 9.4 per cent in Q4 2017 compared to 10.4 per cent in Q4 2016 but the margin improved from 7.7 per cent adjusted for the reclassification effect last year. The improvements in operating expenses as well as like-for-like growth are the drivers behind the positive development.

Denmark

Total operating revenues in the fourth quarter 2017 amounted to NOK 19 million, equaling a growth rate of 40.6 per cent in local currency. XXL decided a more aggressive strategy to gain a higher share of the market, especially in the major campaigns around Black Friday and into the Christmas sales period. This proved successful on volumes but affects gross margin negatively. However, the gross margin improved from 10.9 per cent in Q4 2016 to 18.7 per cent in Q4 2017. The Danish operation has seen steady improvements in sales but EBITDA was negative of NOK 3 million in the quarter driven by the low gross margin as described above.

Austria

On 9 October XXL opened its second store, in Donau Zentrum shopping center outside Vienna. October was a strong month with good opening campaigns in both stores and online driving volumes. November is a smaller retail month in Austria, characterized by the ending of the autumn season. XXL succeeded to drive sales through marketing campaigns and Black Friday activities proved successful. Winter arrival is normally later than in the Nordics and not as important in Vienna as in cities closer to the Alps. However, volumes and sales responded well in December with Christmas campaigns and colder weather. Total operating revenues from the XXL's operations in Austria amounted to NOK 69 million in Q4 2017 and NOK 98 million with only four months in operation. E-commerce continued to be a large part of the sales and represented above 20 per cent of sales in the quarter. This is above expectations and logistics and support functions within the Group are working according to a true omni-channel model.

The launch in Austria is colored by opening campaigns impacting the gross margin negatively but for the quarter partly offset by a high share of Christmas sales with higher gross margin. Overall the gross margin was 33.6 per cent in the quarter. EBITDA was negative of NOK 9 million. Operating expenses amounted to NOK 33 million and included high marketing spending related to several campaigns throughout the quarter as well as costs related to a centralized organization for buying and support. XXL has high ambitions in Austria and are delivering according to plan.

HQ and Logistics

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

Operating expenses were NOK 94 million (NOK 81 million) in the quarter. This equals 3.7 per cent of total Group operating revenue and was stable compared to fourth quarter last year. The increase in 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 fourth quarter 2017. In addition XXL has recruited more employees to central functions both at the headquarters and in the central E-commerce management, including purchasers, technical system architects and IT-resources. XXL continues to invest in the future omni-channel model.

Financials

Consolidated income statement – Fourth quarter

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

Total operating revenue increased by 17.4 per cent to NOK 2 525 million (NOK 2 151 million).

Total operating expenses, excluding depreciation and cost of goods sold, equaled NOK 729 million (NOK 625 million) in the fourth quarter. As percentage of total operating revenues of the Group, operating expenses decreased from 29.1 per cent in the fourth quarter last year to 28.9 per cent in the fourth quarter this year.

Net financial expense amounted to NOK 5 million for the fourth quarter (NOK 6 million). Net interest expenses equaled NOK 10 million in the quarter. The financial expenses include a positive currency effect of NOK 9 million in the quarter. 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 fourth quarter was estimated to NOK 56 million (NOK 38 million) and the effective tax rate was 20.0 per cent.

Profit for the period ended at NOK 224 million (NOK 203 million).

Consolidated income statement – 2017

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

Total operating revenue in 2017 was NOK 8 709 million (NOK 7 813 million), a growth of 11.5 per cent. The drivers behind the growth are new stores opened in 2017, full year effects from stores that opened in 2016 and a like-for-like growth of 0.5 per cent. E-commerce was the driver behind the positive like-for-like figure with a growth of 32.3 per cent to NOK 1 125 million (NOK 851 million). The revenue contribution from E-commerce for the Group corresponded to 12.9 per cent in 2017 (10.9 per cent). The revenue growth for the year was overall positively impacted by good seasonal conditions in the second half of the year but negatively impacted by a challenging winter and spring season in all markets in the first half of 2017. In addition, XXL established its operation in Austria during 2017 also contributing to the growth of the Group and the first step in the Central European expansion.

Total operating expenses, excluding depreciation and cost of goods sold, were NOK 2 615 million (NOK 2 295 million) in 2017. As percentage of total operating revenues of the Group, operating expenses increased from 29.4 per cent last year to 30.0 per cent this year. This is due to the low like-for-like growth impacting the scale benefits of the operations, start up costs of establishing XXL in Austria of NOK 64 million and increased costs related to logistics and headquarter functions.

Net financial expense amounted to NOK 42 million for the year (NOK 55 million). The financial expenses include a positive currency effect of NOK 11 million compared to a negative currency effect of NOK 11 million in the same period last year.

Income tax expense for 2017 was estimated to NOK 126 million (NOK 126 million) and the effective tax rate was 20.0 per cent.

Profit for the year ended at NOK 502 million (NOK 516 million) as a result of the reasons stated above.

Consolidated cash flow

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

Cash provided by operating activities was NOK 386 million (NOK 4 million) in the fourth quarter and ended at NOK 491 million in 2017 compared to NOK 31 million at the end of 2016. The main reason for the positive deviation is lower income tax paid and improved working capital⁵.

The inventory increased from NOK 2 610 million at the end of 2016 to 3 170 million at the end of 2017 due to new product categories and products coming in for the next season, new stores, growth and currency effects. XXL experienced better winter conditions in December than last year and good prognosis for a continued strong season also into 2018. Due to this XXL increased purchase of winter related products in December to be ready for early campaign start in January. This initiative increased the inventory, but also accounts payable accordingly, resulting in a limited effect on cash flow in total. Inventory per store⁶ (including E-commerce) equaled NOK 39.6 million (NOK 38.4 million) whereof currency effects amounted to NOK 0.8 million. Adjusted inventory per store was therefore NOK 38.8 million. The inventory level is still too high and is related to lower sales than expected in a difficult winter and spring season 2017. 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 1H 2018. The inventory continues to be healthy. Accounts payable increased by NOK 231 million for the quarter (NOK -6 million) and NOK 309 million for the year (NOK 73 million). The most important reason is the increased inventory. Accounts receivables increased by NOK 71 million for the quarter (NOK -12 million) and NOK 82 million for the year (NOK -14 million). These changes are related to timing differences between periods.

Cash used by investing activities was NOK 123 million (NOK 79 million) in the fourth quarter and ended at NOK 304 million (NOK 239 million) in 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 was launched in Austria. Investments in infrastructure were NOK 59

million by the end of 2017.

Cash used by financing activities amounted to NOK 44 million (NOK 131 million of provided cash) in the fourth quarter and 2017 cash provided from financing activities was NOK 11 million (NOK 243 million) of which NOK 331 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 31 December 2017, total assets amounted to NOK 7 731 million (NOK 6 673 million). Total equity was NOK 3 834 million (NOK 3 608 million), resulting in an equity ratio of 49.6 per cent (54.1 per cent). Net interest bearing debt increased to NOK 1 691 million (NOK 1 553 million) due to investments in new stores and infrastructure, increased inventory level and dividend payment.

The Group had cash and cash equivalents of NOK 314 million (NOK 115 million) as of 31 December 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 916 million was used as of 31 December 2017. Available liquidity reserves as of 31 December 2017 were NOK 798 million (NOK 151 million).

Dividend

The XXL Group posted a preliminary consolidated net income of NOK 503 million for 2017.

The Board of Directors will propose a dividend of NOK 2.00 per share for 2017, representing 56.0 per cent of diluted Earning per Share for 2017. Going forward the Board of Directors will target a pay-out ratio of 40-50 per cent of annual net income as the dividend policy. However, for 2017 the Board of Directors wishes to maintain the dividend per share at the same level as 2016 of NOK 2.00.

Changes in the executive management team

Mr. Ulf Bjerknes has been appointed the Group COO in XXL. He started in his new position on 1 February 2018. Ulf Bjerknes was the CEO in the famous Norwegian brand Swix from January 2008 to June 2017, building the brand to be one of the strongest in the ski industry worldwide. Under his leadership the company experienced solid growth in both revenues and profits, also increasing the brand portfolio to include Ulvang, Lundhags, Toko, Helsport and Hard Rocx. Prior to his role in Swix he served as the CEO in Rottefella from 2003-2008, another world leading Norwegian ski equipment producer. Before dedicating his career to the sports industry, Ulf Bjerknes held the position as CFO in various listed and unlisted Norwegian companies.

Outlook

Total operating revenues for the Group in January 2018 increased by 26.2 per cent to NOK 756 million. The month had good winter conditions with snow and cold in most regions in Norway, in northern parts of Sweden and Finland. The rest of the regions also experienced more cold than at the same time last year.

XXL has signed 6 new lease agreements for future store openings in 2018 where of 4 in Norway, 1 in Sweden and 1 in Austria. The aim for 2018 is 7-10 new stores in total. XXL will at all times evaluate the trend of E-commerce growth compared to opening of new stores. The required market size for approving a new store opening will be increased.

To continue the growth strategy, within both stores and E-commerce, in new markets as well as in 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 2 stores with CAPEX in the range of 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.
- 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.
- 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 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.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2017 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the last six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Oslo, 13 February 2018
Board of Directors, XXL ASA

Øivind Tidemandsen
Chairman

Tore Valderhaug
Board member

Anna Attemark
Board member

Ronny Blomseth
Board member

Anette Mellbye
Board member

Fredrik Steenbuch
CEO

Condensed consolidated financial statements

Unaudited for the period ended December 31, 2017

Condensed Consolidated Interim Income Statement

<i>(Amounts in NOK million)</i>	Q4 2017	Q4 2016	YTD 2017	FY 2016 Audited
Total Operating Revenue	2 525	2 151	8 709	7 813
Cost of goods sold	1 465	1 240	5 265	4 694
Personnel expenses	388	335	1 414	1 240
Depreciation	46	39	159	127
Other operating expenses	341	290	1 201	1 055
Total Operating Expenses	2 240	1 904	8 039	7 116
Operating Income	285	247	670	697
Net Financial Income (+) / Expense (-)	-5	-6	-42	-55
Profit before income tax	280	240	628	642
Income tax expense	56	38	126	126
Profit for the period	224	203	502	516
Basic Earnings per share (NOK)	1,62	1,46	3,63	3,73
Diluted Earnings per share (NOK)	1,59	1,45	3,57	3,70
Other comprehensive income				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Foreign currency rate changes	1	-3	3	3
Total Other Income and Expense	1	-3	3	3
Total comprehensive income for the period	225	200	505	519

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

Condensed Consolidated Interim Statement of Financial Position

<i>(Amounts in NOK million)</i>	31.12.17	31.12.2016 Audited
NON CURRENT ASSETS		
Intangible Assets		
Goodwill	2 734	2 734
Other intangible assets	253	253
Total Intangible Assets	2 987	2 987
Fixed Assets	857	681
Non current Financial Assets	4	2
Total Non Current Assets	3 849	3 670
CURRENT ASSETS		
Inventory	3 170	2 610
Trade and Other Receivables	375	277
Cash and Cash Equivalents	314	115
Total Current Assets	3 859	3 003
TOTAL ASSETS	7 708	6 673
SHAREHOLDERS' EQUITY		
Paid-in Capital	2 885	2 887
Other equity	949	722
Total Shareholders' Equity	3 834	3 608
LIABILITIES		
Deferred tax liability	96	51
Total Provisions	96	51
Other long-term debt		
Interest bearing long-term debt	1 089	1 051
Non-interest bearing long-term debt	86	54
Total other long-term debt	1 176	1 105
Total long-term debt	1 272	1 156
Short-term debt		
Accounts payable	861	639
Short-term interest bearing debt	916	563
Tax payable	136	123
Public duties payable	326	255
Other short-term debt	363	329
Total short-term debt	2 602	1 909
TOTAL LIABILITIES	3 873	3 066
TOTAL EQUITY AND LIABILITIES	7 708	6 673

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>	Q4 2017	Q4 2016	YTD 2017	FY2016 Audited
Operating Activities				
Profit before income tax	280	240	628	642
<i>Adjustments for:</i>				
Income tax paid	17	-118	-104	-182
Depreciation	46	39	159	127
Net financial expense	18	5	42	19
<i>Changes in working capital:</i>				
Changes in inventory	-197	-270	-472	-777
Changes in accounts receivable	-71	12	-82	14
Changes in accounts payable	208	-6	286	73
Other changes	85	101	34	115
Cash provided (used) by operating activities	386	4	491	31
Investing Activities				
Acquisition of fixed assets and intangible assets	-123	-79	-304	-239
Cash provided (used) by investing activities	-123	-79	-304	-239
Financing Activities				
Purchase of own shares/other equity transactions	0	0	-11	-9
Payments on long/short term debt	249	0	0	0
Proceeds from new long/short-term debt	-285	135	331	549
Interest payments	-8	-5	-32	-19
Dividend	0	0	-277	-277
Cash provided (used) by financing activities	-44	131	11	243
Net Change in Cash and Cash Equivalents	218	56	198	36
Cash and cash equivalents - beginning of period	95	59	115	87
Effect of foreign currency rate changes on cash and equivalent:	0	0	0	-8
Cash and Cash Equivalents - End of Period	314	115	314	115

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 01.01.16	48	2 834	4	479	1	3 219
Net income YTD 2016				313		313
Foreign currency rate changes					5	5
Transactions with owners:						
Purchase own shares	-9					-9
Employee share incentive program			7			7
Dividend				-277		-277
Shareholders' Equity 31.12.16	38	2 834	12	516	6	3 406
Shareholders' Equity 01.01.17	38	2 834	14	718	3	3 608
Net income YTD 2017				502		502
Foreign currency rate changes					3	3
Transactions with owners:						
Purchase own shares	-11					-11
Dividend				-277		-277
Employee share incentive program			9			9
Shareholders' Equity 31.12.17	28	2 834	23	944	6	3 834

The share capital as of 31.12.2017 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 31 December 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

	Q4 2017	Q4 2016	YTD 2017	YE 2016
Total profit (in NOK million)	224	203	502	516
Weighted average number of ordinary shares in issue	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	985 404
Weighted number of ordinary shares in issue for diluted earnings per share	140 639 935	139 567 913	140 639 935	139 497 527
Basic Earnings per share (in NOK)	1,62	1,46	3,63	3,73
Diluted Earnings per share (in NOK)	1,59	1,45	3,57	3,70

Note 6 Operating Segments

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

Q4 2017

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 290	700	447	19	69	-	2 525
Gross profit	590	281	162	4	23	-	1 061
EBITDA ²	326	69	42	-3	-9	-94	332
Operating Income	314	59	37	-3	-10	-112	285

Q4 2016

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 203	609	326	13	-	-	2 151
Gross profit	550	230	130	1	-	-	911
EBITDA ²	287	51	34	-5	-	-81	286
Operating Income	274	42	31	-5	-	-94	247

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	902	219	110	-9	-33	-361	828
Operating Income	856	183	90	-9	-34	-416	670

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 ²	857	257	40	-13	-	-318	824
Operating Income	819	224	27	-13	-	-360	697

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

Margin adjusted

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

Margin reported

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

Austria is as of Q3 2017 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>	Q1 2017	Q2 2017
EBITDA ²	-94	-86
Operating Income	-106	-99
EBITDA margin (% of Group revenues)	-5,5 %	-4,2 %

HQ & Logistics adjusted for Austria segment

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

Austria segment

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

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 Q4 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.

Note 9 Changes in accounting principles

The following standards will be implemented from January 1 2018.

- IFRS 9 Financial instruments
- IFRS 15 Revenues from contracts with customers

We do not foresee any significant changes as a consequence of implementation of IFRS 9.

For IFRS 15 XXL have decided to adjust the implementation effects towards the Equity as of 1 January 2018. The effects will be included in the Q1 2018 report. The implementation of IFRS 15 is estimated to have a negative effect on equity of 13MNOK, or approximately 0.3% of the equity as of 31 December 2017.

The expected impact on the P&L going forward is not expected to be material.

IFRS 16 will be implemented from January 1 2019. The implication will be material for XXL. More information of this and the expected implementation principles will be presented in the annual report for 2017 presented in April.

Disclaimer

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

Footnotes/Definitions

Non – GAAP Measures / APM

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

¹⁾ **EBIT**

Our EBIT represents operating income.

²⁾ **EBITDA**

Our EBITDA represents operating income plus depreciation.

³⁾ **Like for Like**

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

⁴⁾ **Gross profit / Gross 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 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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