

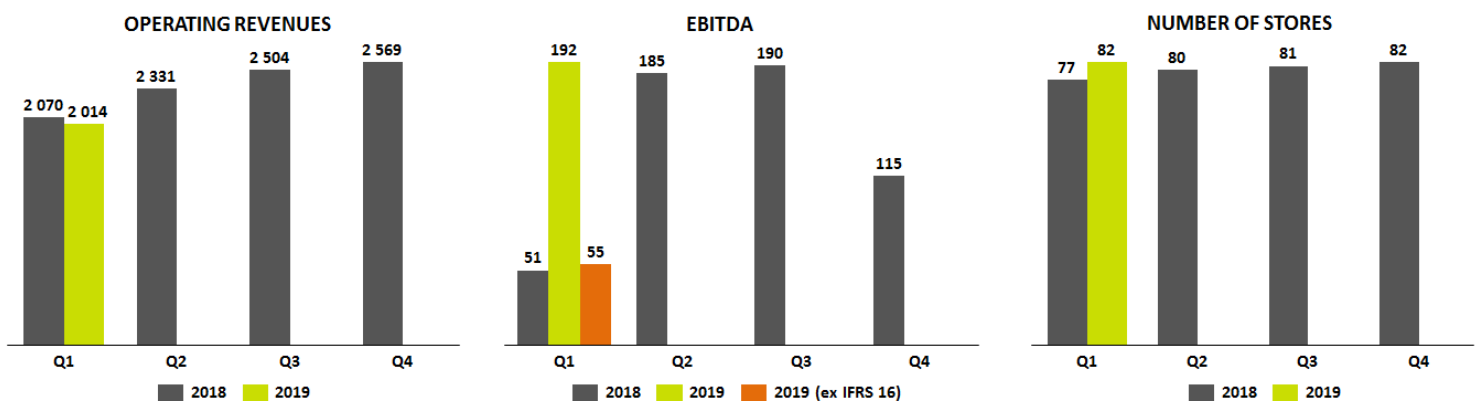
HIGHLIGHTS

- Total revenues of NOK 2 014 million (NOK 2 070 million), down 3 per cent
- Significantly higher gross margin of 40.7 per cent (37.9 per cent)
- EBITDA of NOK 55 million (NOK 51 million) adjusted for IFRS 16 effects
- Short term actions already giving positive effects
- Long term strategic ambitions remain firm



Q1 Growth

| | |
|---------|-------|
| Revenue | -3% |
| EBITDA | +276% |
| EBITDA* | +7% |

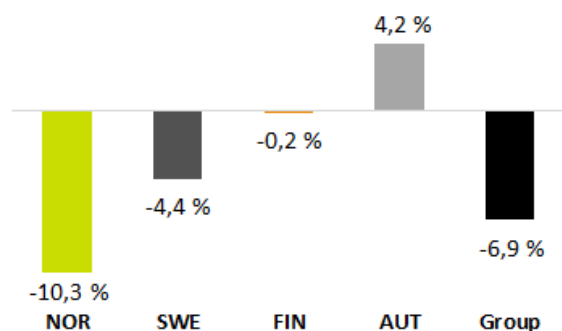


*See Note 9 for Q1 effects from IFRS 16.

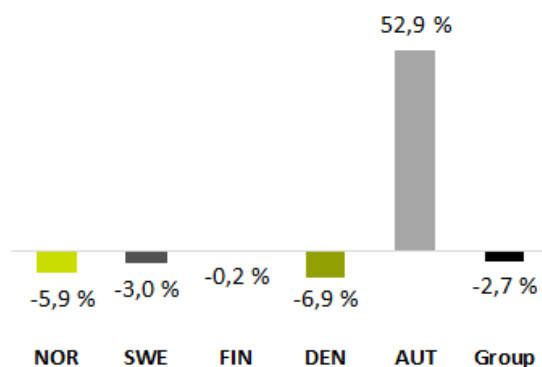
KEY FIGURES GROUP

| (Amounts in NOK million) | Q1 2019 | Q1 2018 | FY 2018 Audited | Q1 2019 (ex IFRS 16) |
|---|---------|---------|-----------------|----------------------|
| GROUP | | | | |
| Operating revenue | 2 014 | 2 070 | 9 475 | 2 014 |
| Growth (%) | -2,7 % | 20,9 % | 8,8 % | -2,7 % |
| Gross profit ⁴ | 821 | 784 | 3 536 | 821 |
| Gross margin (%) | 40,7 % | 37,9 % | 37,3 % | 40,7 % |
| OPEX % ⁷ | 31,2 % | 35,4 % | 31,6 % | 38,0 % |
| EBITDA ² | 192 | 51 | 541 | 55 |
| EBITDA margin (%) | 9,5 % | 2,5 % | 5,7 % | 2,7 % |
| EBIT ¹ | 19 | 6 | 352 | 6 |
| EBIT margin | 1,0 % | 0,3 % | 3,7 % | 0,3 % |
| Net Income | -19 | -9 | 237 | -10 |
| **Basic Earnings per share (NOK) | -0,14 | -0,07 | 1,72 | -0,08 |
| **Average number of shares (1 000 shares) | 135 958 | 138 618 | 137 969 | 135 958 |
| Cash provided by operating activities | -103 | 35 | 460 | -241 |
| Like for like revenue growth ³ | -6,9 % | 7,8 % | -0,3 % | |
| Number of stores at period end | 82 | 77 | 82 | |
| New stores in the period | - | 2 | 7 | |

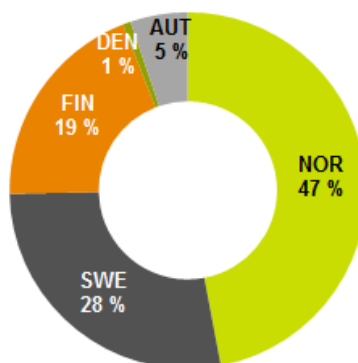
GROWTH BY COUNTRY Q1, LIKE FOR LIKE (LOCAL CURRENCY)



GROWTH BY COUNTRY Q1 (LOCAL CURRENCY)



REVENUE SPLIT Q1



**Earnings per share: See Note 5.

Footnotes and definitions are described in the end of the report

KEY FIGURES SEGMENTS

| <i>(Amounts in NOK million)</i> | Q1 2019 | Q1 2018 | FY 2018 Audited | Q1 2019 (ex IFRS 16) |
|---------------------------------|----------------|----------------|----------------------------|---------------------------------|
| SEGMENT | | | | |
| Norway | | | | |
| Operating revenue | 947 | 1 007 | 4 642 | 947 |
| Growth (%) | -5,9 % | 11,3 % | 4,7 % | -5,9 % |
| Gross profit ⁴ | 414 | 408 | 1 841 | 414 |
| Gross margin (%) | 43,7 % | 40,5 % | 39,7 % | 43,7 % |
| OPEX % ⁷ | 22,0 % | 25,4 % | 23,2 % | 28,2 % |
| EBITDA ² | 206 | 153 | 765 | 146 |
| EBITDA margin (%) | 21,7 % | 15,2 % | 16,5 % | 15,4 % |
| Number of stores at period end | 36 | 33 | 36 | |
| New stores in the period | - | 1 | 4 | |
| Sweden | | | | |
| Operating revenue | 557 | 593 | 2 679 | 557 |
| Growth (%) | -6,2 % | 16,1 % | 1,8 % | -6,2 % |
| Gross profit ⁴ | 216 | 219 | 980 | 216 |
| Gross margin (%) | 38,7 % | 36,9 % | 36,6 % | 38,7 % |
| OPEX % ⁷ | 29,8 % | 35,4 % | 30,3 % | 36,7 % |
| EBITDA ² | 50 | 9 | 168 | 11 |
| EBITDA margin (%) | 8,9 % | 1,5 % | 6,3 % | 2,1 % |
| Number of stores at period end | 27 | 26 | 27 | |
| New stores in the period | - | - | 1 | |
| Finland | | | | |
| Operating revenue | 390 | 386 | 1 714 | 390 |
| Growth (%) | 0,9 % | 34,6 % | 14,7 % | 0,9 % |
| Gross profit ⁴ | 151 | 135 | 600 | 151 |
| Gross margin (%) | 38,7 % | 35,1 % | 35,0 % | 38,7 % |
| OPEX % ⁷ | 27,7 % | 32,8 % | 29,3 % | 33,3 % |
| EBITDA ² | 43 | 9 | 99 | 21 |
| EBITDA margin (%) | 10,9 % | 2,3 % | 5,8 % | 5,3 % |
| Number of stores at period end | 15 | 15 | 15 | |
| New stores in the period | - | - | - | |

KEY FIGURES SEGMENTS – cont.

| <i>(Amounts in NOK million)</i> | Q1 2019 | Q1 2018 | FY 2018 Audited | Q1 2019 (ex IFRS 16) |
|-------------------------------------|----------------|----------------|----------------------------|---------------------------------|
| SEGMENT | | | | |
| Denmark | | | | |
| Operating revenue | 15 | 15 | 77 | 15 |
| Growth (%) | -5,9 % | 57,5 % | 49,3 % | -5,9 % |
| Gross profit ⁴ | 3 | 2 | 12 | 3 |
| Gross margin (%) | 21,5 % | 15,8 % | 16,1 % | 21,5 % |
| OPEX % ⁷ | 40,0 % | 37,6 % | 28,8 % | 40,0 % |
| EBITDA ² | -3 | -3 | -10 | -3 |
| EBITDA margin (%) | -18,5 % | -21,8 % | -12,8 % | -18,5 % |
| Austria | | | | |
| Operating revenue | 105 | 68 | 363 | 105 |
| Growth (%) | 54,6 % | | 269,8 % | 54,6 % |
| Gross profit ⁴ | 37 | 20 | 102 | 37 |
| Gross margin (%) | 35,3 % | 28,8 % | 28,2 % | 35,3 % |
| OPEX % ⁷ | 43,5 % | 55,3 % | 47,4 % | 49,2 % |
| EBITDA ² | -9 | -18 | -70 | -15 |
| EBITDA margin (%) | -8,2 % | -26,5 % | -19,2 % | -13,9 % |
| Number of stores at period end | 4 | 3 | 4 | |
| New stores in the period | - | 1 | 2 | |
| HQ & logistics | | | | |
| EBITDA ² | -94 | -98 | -412 | -107 |
| EBITDA margin (% of Group revenues) | -4,7 % | -4,7 % | -4,3 % | -5,3 % |

Solid gross margin improvement offset negative like-for-like growth

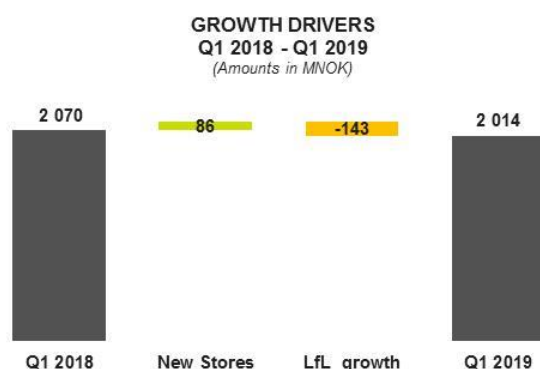
Oslo, 23 April 2019: Short term actions and initiatives to improve the profitability of XXL have already started to give positive effects but are at the same time affecting the sales volumes negatively. Going forward XXL is doing its utmost to fine tune and balance revenue growth against the gross margin development. In the first quarter 2019 XXL delivered total operating revenues of NOK 2 billion, representing a decline of 3 per cent. However, the gross margins are significantly higher in all markets and increased by 2.8 percentage points for the Group to 40.7 per cent. EBITDA amounted to NOK 192 million (NOK 51 million) and NOK 55 million when adjusting for the positive effects of the IFRS 16 implementation. XXL maintains the long term outlook and the strategic ambitions remains firm.

First quarter performance

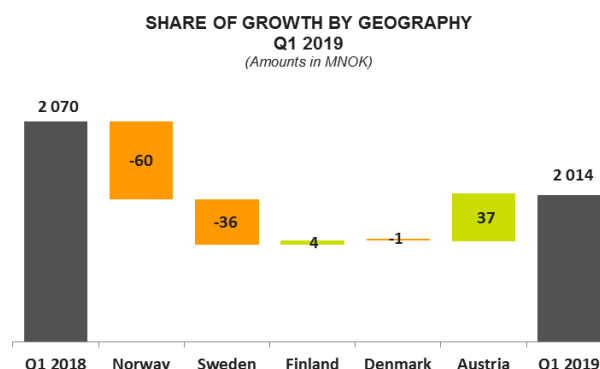
(Figures in brackets = same quarter previous year, unless otherwise specified)

After a disappointing Q4 2018, XXL implemented several short term initiatives mostly to improve the gross profit. Relevant routines are re-established and the internal mentality is shifted towards back to basic XXL core concept. Actions and focus are already this quarter showing solid improvements in gross margin, but the changed focus is on the expense of growth. Longer term it is all about fine tuning the balance between revenues and gross margins. The previous communicated strategy plan remains unchanged and XXL has extensive initiatives in place of delivering on the digital transformation. The results from this are expected to be seen gradually during 2019. XXL will continue to invest and strengthening the concept by innovations, automations and enriching the customer experience over time with a clear ambition to become the omni-channel champion.

Total operating revenues in the first quarter 2019 amounted to NOK 2 014 million (NOK 2 070 million), representing a negative growth of 2.7 per cent. The winter season in 2019 proved to be more mixed for XXL compared to a good and long winter in 2018. This year, January had good winter conditions in Finland and Austria, but the lack of snow and cold in many regions in Norway and Sweden affected the sales. However, the winter conditions improved also here late in the month. This turned again with warm temperatures in mid February. The first quarter ended with signs of spring in most markets late in March which gave an uptick in sales volumes. As a result the like-for-like growth of the Group was down by 6.9 per cent in the quarter, especially driven by Norway which posted a negative like-for-like growth of 10.3 per cent. Adjusted for temporarily cannibalization effects from new stores in Norway the like-for-like growth was down 9.3 per cent and 6.4 per cent for the Group. Austria delivered a positive like-for-like growth of 4.2 per cent whilst Sweden and Finland reported negative like-for-like growth figures of 4.4 per cent and 0.2 per cent respectively, all in local currencies.



New stores opened in 2018 contributed to an overall growth for the Group, but were more than offset by the negative like-for-like growth. Norway had a negative growth of 5.9 per cent in the quarter, Sweden declined by 3.0 per cent, Finland by 0.2 per cent and Denmark was down 6.9 per cent, all in local currencies. Austria achieved a growth of 52.9 per cent in the quarter in local currency.



E-commerce for the Group is included in the like-for-like figure and operating revenues increased by 8.9 per cent to NOK 325 million in the quarter (NOK 298 million). The changed focus towards gross profit also affected the overall E-commerce sales in the quarter. However the gross

margin improved significantly also here. E-commerce continues to be an increasing share of XXL and the sales comprised 16.1 per cent of total Group operating revenues in Q1 2019 compared to 14.4 per cent in Q1 2018. XXL is continually renewing and strengthening its E-commerce offering and the organization has in the quarter rolled-out personalized landing pages in all countries, worked on several new features on site including add on sales in check out, new sorting filters and enhanced picture and video quality.

The omni-channel thinking is not only important for increasing E-commerce sales, but also for generating traffic to the stores. In the quarter XXL started to collect customer data also in the stores which further strengthen the use of personalization and segmentations activities. Through the CRM platform XXL has now the ability to use a single point of view of the customers based on behavior both in stores and online. This will over time improve personalized segmentation and optimize marketing activities.

XXL is developing other omni-channel solutions as well. In a way to improve sold out situations and broadening the available assortment XXL will make all products in the total stock of the Group available for sales in all stores. The pilot is planned for this spring. XXL is also testing out new self-service pick-up solutions in some stores in Norway by using locker solutions for smaller stores and automated pick-up towers in larger stores. XXL is the first Nordic retailer testing out the tower solution which is using state of the art robotics and engineering. These self service solutions will provide for frictionless shopping and enhanced customer experience in stores as well as improved store efficiency and costs. Lastly it will be another point for data collection in the store.

XXL has changed focus and priority is now on gross profit distribution and not only sales volumes. Gross margin for the Group ended at 40.7 per cent in the quarter compared to 37.9 per cent in the same quarter last year driven by significantly higher gross margins in all markets. This is also achieved despite an increasing part of the overall sales volumes in the Group are derived from the E-commerce platform at lower gross margins. Short term actions and changes focus are already showing good effects.

Operating expenses before depreciation as percentage of sales decreased to 31.2 per cent in the first quarter this year (35.4 per cent) due to the implementation of IFRS 16. Adjusted for this effect the operating expenses amounted to 38.0 per cent of sales. The drivers behind this are increased costs in the HQ and Logistics segment and negative like-for-like growth in all markets except for Austria. This is impacting the overall scale in the operations. XXL has several long term efficiency initiatives on the agenda and with an ambition of reducing the operating expenses in percentage of sales down towards 25 per cent excluding IFRS 16 effects.

The Group EBITDA in the first quarter 2019 was NOK 192 million and the margin was 9.5 per cent. When excluding for the implementation of IFRS 16, EBITDA amounted to NOK

55 million (NOK 51 million), which equaled an EBITDA-margin of 2.7 per cent compared to 2.5 per cent in the same quarter last year. The driver behind the improved EBITDA development is the significantly higher gross margin partly offset by decreased cost leverage due to the negative like-for-like growth as already described.

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 mixed and more challenging winter season in the first quarter this year compared to a long and good winter with snow and cold throughout the quarter last year. Good winter conditions came late in January to most regions but lasted only for a short period. February was negatively impacted by warm temperatures. Signs of spring came to several regions late in March and XXL experienced an uptick in the sales volumes accordingly.

The Norwegian operations delivered total operating revenues of NOK 947 million in the first quarter 2019 compared to NOK 1 007 million in the same quarter last year. Negative like-for-like growth of 10.3 per cent was partly offset by growth from stores opened in 2018. XXL opened four new stores in Norway in 2018, all with cannibalization effects on existing stores. The like-for-like figure in the quarter was negative of 9.3 per cent when adjusting for these effects. Due to the changed focus towards gross profit and not only sales volume, XXL was able to improve the gross margin significantly, despite severe selling conditions this year, negative mix effects from growth in E-commerce and negative like-for-like growth in the stores. Gross margins improved by 3.2 percentage points to 43.7 per cent in Q1 2019. However, the change in focus has impacted the sales growth of XXL. According to market figures from SSB the sales of sporting goods in Norway decreased by 2.2 per cent in January and by 10.7 per cent in February. This is to be compared to a negative growth of XXL of 5.6 per cent in January and 13.2 per cent in February.

EBITDA increased to NOK 206 million (NOK 153 million) and the corresponding margin improved to 21.7 per cent (15.2 per cent). Adjusted for the IFRS 16 effects the EBITDA amounted to NOK 146 million in Q1 2019 with a corresponding margin of 15.4 per cent. The increase in EBITDA margin is due to the higher gross margin as described above. Operating expenses as percentage of sales decreased from 25.4 per cent last year to 22.0 per cent this year, but increased to 28.2 per cent adjusted for the IFRS 16 implementation. This is mainly explained by the negative like-for-like figure impacting the cost leverage.

Sweden

Total operating revenues for XXL in Sweden in Q1 2019 amounted to NOK 557 million (NOK 593 million) representing a decline of 3.0 per cent in local currency. The driver was a negative like-for-like growth of 4.4 per cent. The Swedish sporting goods market continued to be volatile and price focused with many discounts. According to market figures from SCB the sale of sporting goods in Sweden increased by 2.0 per cent in January and declined by 2.6 per cent in February. The corresponding negative growth for XXL was 1.2 and 14.1 per cent respectively. Volumes in the quarter were negatively impacted by overall lack of cold and snow compared to the sound winter conditions in the same quarter last year. XXL decided to shift to more profit focus also in Sweden, which may have affected sales volumes to a large degree, but improved the gross margin from 36.9 per cent in Q1 2018 to 38.7 per cent in Q1 2019. This is achieved despite negative mix effects from E-commerce and on top of solid gross margin improvements also in the first quarter last year.

EBITDA ended at NOK 50 million (NOK 9 million) and with an EBITDA-margin of 8.9 per cent (1.5 per cent) in Q1 2019. Adjusted for the positive effects from the implementation of IFRS 16 in Q1 2019 the EBITDA amounted to NOK 11 million and with an EBITDA-margin of 2.1 per cent. Operating expenses as percentage of sales declined to 29.8 per cent in Q1 2019 (35.4 per cent) but increased to 36.7 when excluding the positive effects from IFRS 16. This is driven by the negative like-for-like growth in the quarter. However, this was more than offset by significantly higher gross margin leading to a slightly higher EBITDA-margin.

Improvement of the Swedish operations is a key strategic project for XXL in the strategy plan. XXL will adapt the concept with more local assortment over time as well as improving the market presence by continued store roll-out to major cities and by more marketing spending. In the quarter XXL has changed the local management team with effect from 1 March 2019. The new Managing Director, Per Sigvardsson, has extensive experience from Nordic retail as Managing Director in Elgiganten Sweden, Granngården and Top Toy. He will work along side the established team of highly competent Swedish employees while the former Managing Director, Janicke Blomsnes will leave XXL.

Finland

The Finnish operation continued to improve. According to market figures from TMA the sale of sporting goods in Finland increased by 8.4 per cent in January but decreased by 13.5 per cent in February. This is to be compared to XXL with an increase of 12.3 per cent in January and a decrease of 10.8 per cent in February in local currency. For the quarter, sales were positively affected by good winter conditions, but the sales volumes abated in February on difficult comparable numbers from last year. Spring started late March with better sales figures again. Total operating revenues amounted to NOK 390 million (NOK 386 million), representing a negative growth of 0.2 per cent in local currency.

Gross margin improved by 3.6 percentage points to 38.7 per cent in the first quarter this year due to shift in focus towards gross profit rather than on sales volumes only. This may have affected the revenues negatively but according to the before mentioned market figures XXL gained market shares.

EBITDA amounted to NOK 43 million in Q1 2019 up from NOK 9 million in Q1 2018. This translated into a corresponding EBITDA-margin of 10.9 per cent in the quarter (2.3 per cent). Adjusted for positive effects of implementing IFRS 16 in Q1 2019, the EBITDA amounted to NOK 21 million representing an EBITDA-margin of 5.3 per cent. The improvement in gross margin as described above is the driver behind the positive development. Operating expenses as percentage of sales improved to 27.7 per cent in Q1 2019 (32.8 per cent) but increased to 33.3 per cent when excluding the positive effects from IFRS 16. This increase is due to a new store opening in Finland in early April 2019 with associated costs for most of Q1 2019 as well.

Denmark

Total operating revenues for XXL in Denmark in the first quarter 2019 amounted to NOK 15 million (NOK 15 million), representing a negative growth of 6.9 per cent in local currency. Last year Denmark experienced winter conditions with low temperatures, this year there was limited cold and lower demand for winter related products. XXL also changed focus in Denmark, in line with the Group policy, to gross profit and not only aggressive campaigns to gain volumes. This gave abating effects on the growth but solid uplift in the gross margin which improved from 15.8 per cent in Q1 2018 to 21.5 per cent in Q1 2019. The EBITDA was negative of NOK 3 million in the quarter (NOK 3 million) and the operating expenses as percentage of sales increased to 40.0 per cent (37.6 per cent). This was more than offset by the higher gross margin as described above.

Austria

Total operating revenues from the Austrian operations amounted to NOK 105 million in the first quarter (NOK 68 million). Overall selling conditions in the market have been good and sales responded well under these conditions. Like-for-like growth was 4.2 per cent in Q1 2019. XXL is constantly working on adjusting its offering and strengthening its organization. The new Managing Director, Magnus Kreuger, has a long track record in XXL and has been in place in Austria since 1 February 2019. According to the changed focus in the Group towards profitability the gross margins improved by 6.5 percentage points in the quarter to 35.3 per cent. Q1 2018 was impacted by opening campaigns but the new focus is showing immediate effects.

Operating expenses as percentage of sales improved from 55.3 per cent in Q1 2018 to 43.5 per cent in Q1 2019, and to 49.2 per cent when excluding for IFRS 16 effects, despite carrying costs related to a new store opening in early April. XXL opened a new store in the heart of Vienna on 1 April 2019 with associated costs in most of Q1 2019. This is an

important milestone in the Austrian establishment for XXL as the store should be a flagship in the Austrian store base as well as provide for scale benefits in the operations by sharing marketing and head office costs. EBITDA was negative of NOK 9 million (NOK 18 million). Adjusted for positive effects of implementing IFRS 16 in Q1 2019, the EBITDA was negative of NOK 15 million. XXL is still in the establishing phase in Austria, operating only four stores and E-commerce in the quarter, and the EBITDA is influenced by opening costs related to the new store opening in April. The lower EBITDA loss is driven by significantly higher gross margin as described above. XXL is pleased with the levels of volumes and gross margin in the quarter which bodes well for further improvements and scale benefits in the quarters to come.

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.

Operating expenses were NOK 94 million (NOK 98 million) in Q1 2019. This equals 4.7 per cent of total Group operating revenue in line with the first quarter last year. Adjusted for the positive effects of the implementation of IFRS 16 the EBITDA in Q1 2019 was NOK 107 million, corresponding to 5.3 per cent of total Group operating revenue. This was negatively impacted by the lower sales volumes in the quarter. Increased costs are related to recruitments of more employees to central functions both at the headquarters and in the central E-commerce management, including purchasers, technical system architects and IT-resources. Most of these recruitments were commenced in 2018 and XXL expects lower cost pace in the coming quarters. XXL will however 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 decreased by 2.7 per cent to NOK 2 014 million (NOK 2 070 million).

Total operating expenses equaled NOK 1 994 million (NOK 2 065 million) in the first quarter. Other operating expenses decreased from NOK 338 million in Q1 2018 to NOK 216 million in Q1 2019, while depreciation increased from NOK 45 million in Q1 2018 to NOK 173 million in Q1 2019. This is due to the implementation of IFRS 16.

Net financial expense amounted to NOK 43 million for the first quarter (NOK 17 million). Net interest expenses equaled NOK 36 million, whereof IFRS 16 effects amounted to NOK 24 million. Net financial expenses include a negative currency effect of NOK 2 million, compared to NOK 4 million in the same quarter last year. Other financial expenses of NOK 5 million were related to amortization of

loan costs and other financial costs.

Income tax expense for the first quarter was NOK 5 million positive (NOK 2 million) and the effective tax rate was 20.0 per cent.

Loss for the period ended at NOK 19 million (loss of NOK 9 million).

Consolidated cash flow

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

Cash used by operating activities was NOK 103 million (cash provided of NOK 35 million) in the first quarter. The main reason for the negative deviation is the development in working capital⁵.

The inventory increased from NOK 3 059 million at the end of Q1 2018 to 3 462 million at the end of Q1 2019 partly due to lower sales than planned for. Goods coming in for the winter and spring season 2019 were ordered at least nine months ahead and on higher sales forecast than XXL experience today. Also XXL decided to carry over winter related products in the amount of NOK 250-300 million. This stock level will be used in the beginning of the next winter season. The total inventory level is also affected by products in transit and periodization of deliveries for the upcoming season. Inventory per store⁸ (including E-commerce) increased from NOK 37.3 million in Q1 2018 to NOK 39.8 million by the end of Q1 2019. Early in April 2019 XXL opened two new stores and both carried full stock level in Q1 2019. Adjusted for the two new stores, inventory per store amounted to NOK 38.9 million. XXL continues to focus on reducing the inventory over time with a targeted plan of inventory per store of mid NOK 30's million (including E-commerce) by the end of 2019. The inventory continues to be healthy.

Accounts payable increased by NOK 125 million from year end 2018 (decreased by NOK 146 million). The most important reason is the increased inventory level and timing differences from Q1 2018.

Depreciation amounted to NOK 173 million (NOK 45 million) due to the implementation of IFRS 16.

Cash used by investing activities was NOK 27 million (NOK 53 million) in Q1 2019. This is related to investments in new stores, maintenance CAPEX⁹ on existing stores and investments in infrastructure.

Cash provided by financing activities amounted to NOK 129 million (NOK 159 million of used cash) in the first quarter of which NOK 298 million is related to proceeds from existing credit facilities (194 million of down payments on credit facilities). Repayment of lease liabilities amounted to NOK 138 million compared to none in Q1 last year due to IFRS 16 reclassification.

Financial position and liquidity

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

As of 31 March 2019, total assets amounted to NOK 10 890 million (NOK 7 309 million). The increase is due to the implementation of IFRS 16 and right of use assets amounted to NOK 3 073 million. When excluding for IFRS 16 effects total assets amounted to NOK 7 816 million. Total equity was NOK 3 753 million (NOK 3 876 million), resulting in an equity ratio of 34.5 per cent (53.0 per cent) or 47.3 per cent when excluding for the effects of the implementation of IFRS 16. Net interest bearing debt increased to NOK 2 122 million (NOK 1 728 million) due to draw down of short term debt and increased inventory. The leverage ratio, Net interest bearing debt/EBITDA (adjusted for IFRS 16 effects), equalled 3.9x.

The Group had cash and cash equivalents of NOK 217 million (NOK 137 million) as of 31 March 2019 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 400 million whereof NOK 1 286 million was used as of 31 March 2019. Available liquidity reserves as of 31 March 2019 were NOK 417 million (NOK 740 million).

Appointed Chief Marketing Officer (CMO)

Mr. Jakob Olsbø has been appointed as the new CMO of the XXL Group. He will start in his new position around 1 June 2019 and be a part of the management team in XXL ASA. Jakob Olsbø is currently the Global Director of Marketing Operations in Circle K and has held several leading international marketing and sales positions in Statoil Fuel & Retail, Shell International and Egmont. He has extensive experience in digital transformation, branding, customer insights and loyalty including CRM activities and building robust customer databases. Mr. Olsbø is a Norwegian citizen and resides in Norway. He has no shares in XXL ASA including closely related parties as of today.

Long term incentive programs for employees

On 18 February 2019 employees in XXL ASA exercised 79,216 share units from 2016. Following this the Board of Directors, pursuant to authorization granted by the Annual General Meeting on 6 June 2018, decided to transfer

79,216 of its own shares to the employees. Subsequently XXL ASA holds 3,096,274 own shares after this.

In accordance with the resolution made by the Annual General Meeting in XXL ASA on 6 June 2018, a program of restricted share units for around 60 employees was implemented on 18 February 2019. The allocation price was NOK 30.09, equal to the volume weighted average price in the market from 12 February 2019 to 18 February 2019. In total 280,000 shares were allocated to employees. The shares are exercisable after three years subject to the holder at the time of exercise is employed in the company. The value of the restricted share units program is NOK 8.4 million and the costs related to this will be booked over the duration period of three years with effect from 18 February 2019.

Outlook

XXL has signed 5 new lease agreements for store openings in 2019 where of 2 in Sweden, 2 in Finland and 1 in Austria and aims for 5-6 new stores in total for 2019.

In line with the existing growth strategy, XXL will continue to invest in new stores, E-commerce platform, existing stores, infrastructure and IT. Total CAPEX⁹⁾ for XXL Group in 2019 is expected to be around NOK 200 million.

The Group has the following long term objectives (on full year basis and adjusted for IFRS 16 effects):

- 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 around 2017 level 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.

Oslo, 23 April 2019
Board of Directors, XXL ASA

Condensed consolidated financial statements

Unaudited for the period ended March 31, 2019

| <i>(Amounts in NOK million)</i> | Q1 2019 | Q1 2018 | FY 2018 Audited | Q1 2019 (ex IFRS 16) |
|--|--------------|---------|--------------------|-------------------------|
| Total Operating Revenue | 2 014 | 2 070 | 9 475 | 2 014 |
| Cost of goods sold | 1 193 | 1 286 | 5 938 | 1 193 |
| Personnel expenses | 413 | 395 | 1 615 | 413 |
| Depreciation* | 173 | 45 | 189 | 48 |
| Other operating expenses* | 216 | 338 | 1 380 | 353 |
| Total Operating Expenses | 1 994 | 2 065 | 9 123 | 2 008 |
| Operating Income | 19 | 6 | 352 | 6 |
| Net Financial Income (+) / Expense (-)* | -43 | -17 | -57 | -19 |
| Profit before income tax | -23 | -12 | 295 | -13 |
| Income tax expense* | -5 | -2 | 58 | -3 |
| Profit for the period | -19 | -9 | 237 | -10 |
| Basic Earnings per share (NOK) | -0,14 | -0,07 | 1,72 | -0,08 |
| Diluted Earnings per share (NOK) | -0,14 | -0,07 | 1,72 | -0,08 |
| Other comprehensive income | | | | |
| <u>Items that may be subsequently reclassified to profit or loss</u> | | | | |
| Foreign currency rate changes | 59 | -1 | 9 | -3 |
| Total Other Income and Expense | 59 | -1 | 9 | -3 |
| Total comprehensive income for the period | 40 | -10 | 246 | -13 |

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

*See Note 9 for Q1 effects from IFRS 16

Condensed Consolidated Interim Statement of Financial Position

| <i>(Amounts in NOK million)</i> | Note | 31.3.19 | 31.3.18 | 31.12.2018 Audited | 31.3.19 (ex IFRS 16) |
|--|------|---------------|--------------|-----------------------|-------------------------|
| NON CURRENT ASSETS | | | | | |
| Intangible Assets | | | | | |
| Goodwill | | 2 734 | 2 734 | 2 734 | 2 734 |
| Other Intangible Assets | | 248 | 251 | 251 | 248 |
| Total Intangible Assets | | 2 982 | 2 985 | 2 985 | 2 982 |
| Fixed Assets | | 870 | 841 | 909 | 870 |
| Non-Current Financial Assets | | 12 | 4 | 9 | 12 |
| Right of Use Assets | 9 | 3 073 | - | - | - |
| Total Non Current Assets | | 6 938 | 3 831 | 3 903 | 3 865 |
| CURRENT ASSETS | | | | | |
| Inventory | | 3 462 | 3 059 | 3 211 | 3 462 |
| Trade and Other Receivables | | 273 | 282 | 354 | 273 |
| Cash and Cash Equivalents | | 217 | 137 | 194 | 217 |
| Total Current Assets | | 3 952 | 3 478 | 3 760 | 3 952 |
| TOTAL ASSETS | | 10 890 | 7 309 | 7 662 | 7 816 |
| SHAREHOLDERS' EQUITY | | | | | |
| Paid-in Capital | | 2 793 | 2 910 | 2 790 | 2 793 |
| Other equity | 9 | 960 | 966 | 920 | 907 |
| Total Shareholders' Equity | | 3 753 | 3 876 | 3 710 | 3 700 |
| LIABILITIES | | | | | |
| Deferred Tax Liability | | 52 | 59 | 41 | 54 |
| Total Provisions | | 52 | 59 | 41 | 54 |
| Other non-current liabilities | | | | | |
| Interest Bearing Non-Current Liabilities | | 1 054 | 1 068 | 1 081 | 1 054 |
| Lease Liabilities | 9 | 2 500 | - | - | - |
| Total other non-current liabilities | | 3 554 | 1 068 | 1 081 | 1 054 |
| Total non-current liabilities | | 3 606 | 1 127 | 1 122 | 1 108 |
| Current liabilities | | | | | |
| Accounts Payable | | 973 | 684 | 861 | 973 |
| Lease Liabilities | 9 | 522 | - | - | - |
| Current Interest Bearing Liabilities | | 1 286 | 797 | 994 | 1 286 |
| Tax payable | | 17 | 132 | 53 | 17 |
| Public duties payable | | 221 | 243 | 385 | 221 |
| Other current liabilities | | 511 | 451 | 538 | 511 |
| Total current liabilities | | 3 530 | 2 306 | 2 831 | 3 008 |
| TOTAL LIABILITIES | | 7 136 | 3 433 | 3 953 | 4 116 |
| TOTAL EQUITY AND LIABILITIES | | 10 890 | 7 309 | 7 662 | 7 816 |

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

Condensed Consolidated Interim Statement of Cash Flows

| <i>(Amounts in NOK million)</i> | Q1 2019 | Q1 2018 | FY2018 Audited | Q1 2019 (ex IFRS 16) |
|--|-------------|-------------|-------------------|-------------------------|
| Operating Activities | | | | |
| Profit before income tax | 38 | -12 | 295 | -13 |
| <i>Adjustments for:</i> | | | | |
| Income tax paid | -45 | -47 | -113 | -45 |
| Depreciation | 173 | 45 | 189 | 48 |
| Net financial expense | -19 | 17 | 57 | 19 |
| <i>Changes in working capital:</i> | | | | |
| Changes in inventory | -311 | 28 | -89 | -311 |
| Changes in accounts receivable | 82 | 87 | 21 | 82 |
| Changes in accounts payable | 125 | -146 | 32 | 125 |
| Other changes | -146 | 62 | 68 | -146 |
| Cash Provided (used) by Operating Activities | -103 | 35 | 460 | -241 |
| Investing Activities | | | | |
| Acquisition of fixed assets and intangible assets | -27 | -53 | -243 | -27 |
| Cash Provided (used) by Investing Activities | -27 | -53 | -243 | -27 |
| Financing Activities | | | | |
| Purchase of own shares/other equity transactions | 0 | 41 | -109 | 0 |
| Payments/proceeds on long/short term debt | 298 | -194 | 86 | 298 |
| Repayment of lease liabilities* | -138 | 0 | 0 | 0 |
| Interest payments | -8 | -6 | -36 | -8 |
| Dividend | 0 | 0 | -276 | 0 |
| Cash Provided (used) by Financing Activities | 153 | -159 | -335 | 290 |
| Net Change in Cash and Cash Equivalents | 23 | -177 | -117 | 23 |
| Cash and cash equivalents - beginning of period | 194 | 314 | 314 | 194 |
| Effect of foreign currency rate changes on cash and equivalent | 0 | 0 | -2 | 0 |
| Cash and Cash Equivalents - End of Period | 217 | 137 | 194 | 217 |

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

*See Note 9 for Q1 effects from IFRS 16

Condensed Consolidated Interim Statement of Changes in Equity

| <i>(Amounts in NOK million)</i> | Share capital | Share premium | Other Paid in Equity | Retained earnings | Foreign Currency Rate Changes | Total Shareholders' Equity |
|---|---------------|---------------|----------------------|-------------------|-------------------------------|----------------------------|
| Shareholders' Equity 31.12.17 | 55 | 2 806 | 23 | 954 | 7 | 3 846 |
| <i>Effect of IFRS 15 Implementation</i> | 0 | 0 | 0 | -11 | 0 | -11 |
| Shareholders' Equity 01.01.18 | 55 | 2 806 | 23 | 943 | 7 | 3 835 |
| Net income 2018 | | | | 237 | | 237 |
| Foreign currency rate changes | | | | | 9 | 9 |
| Transactions with owners: | | | | | | |
| Share options | | -11 | | | | -11 |
| Purchase own shares | | -150 | | | | -150 |
| Issue of new shares | 0 | 51 | | | | 52 |
| Employee share incentive program | | | 14 | | | 14 |
| Dividend | | | | -276 | | -276 |
| Shareholders' Equity 31.12.18 | 56 | 2 697 | 37 | 904 | 16 | 3 710 |
| Net income 2019* | | | | -19 | | -19 |
| Foreign currency rate changes* | | | | | 59 | 59 |
| Transactions with owners: | | | | | | |
| Employee share incentive program | | | 4 | | | 4 |
| Shareholders' Equity 31.03.2019 | 56 | 2 697 | 40 | 885 | 75 | 3 753 |

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

**See Note 9 for Q1 effects from IFRS 16*

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 March 2019 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 2018, 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 2018.

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 2018.

Note 5 Earnings per share

| | Q1 2019 | Q1 2018 | YE 2018 | Q1 2019 (ex IFRS 16) |
|--|--------------------|--------------------|--------------------|-------------------------|
| Total profit (in NOK million) | -19 | -9 | 237 | -10 |
| Weighted average number of ordinary shares in issue | 135 957 554 | 138 618 173 | 137 969 167 | 135 957 554 |
| Number of shares outstanding | 139 096 077 | 138 512 123 | 139 096 077 | 139 096 077 |
| Adjustment for: | | | | |
| Effect share options | 282 306 | 2 213 106 | 241 117 | 282 306 |
| Weighted number of ordinary shares in issue for diluted earnings per share | 136 239 861 | 140 831 279 | 138 210 284 | 136 239 861 |
| Basic Earnings per share (in NOK) | -0,14 | -0,07 | 1,72 | -0,08 |
| Diluted Earnings per share (in NOK) | -0,14 | -0,07 | 1,72 | -0,08 |

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:

Q1 2019

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | Austria | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|---------|----------------|-------|
| Operating revenue | 947 | 557 | 390 | 15 | 105 | - | 2 014 |
| Gross profit | 414 | 216 | 151 | 3 | 37 | - | 821 |
| EBITDA ² | 206 | 50 | 43 | -3 | -9 | -94 | 192 |
| EBITDA (ex IFRS 16) | 146 | 11 | 21 | -3 | -15 | -107 | 55 |
| Operating Income | 144 | 1 | 15 | -3 | -17 | -120 | 19 |
| Operating Income (ex IFRS 16) | 134 | 0 | 15 | -3 | -17 | -122 | 6 |

Q1 2018

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | Austria | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|---------|----------------|-------|
| Operating revenue | 1 007 | 593 | 386 | 15 | 68 | - | 2 071 |
| Gross profit | 408 | 219 | 135 | 2 | 20 | - | 784 |
| EBITDA ² | 153 | 9 | 9 | -3 | -18 | -98 | 51 |
| Operating Income | 140 | -2 | 3 | -3 | -19 | -113 | 6 |

01.01.2018 - 31.12.2018

| <i>Amounts in NOK million</i> | Norway | Sweden | Finland | Denmark | Austria | HQ & Logistics | Total |
|-------------------------------|--------|--------|---------|---------|---------|----------------|-------|
| Operating revenue | 4 642 | 2 679 | 1 714 | 77 | 363 | - | 9 475 |
| Gross profit | 1 841 | 980 | 600 | 12 | 102 | - | 3 536 |
| EBITDA ² | 765 | 168 | 99 | -10 | -70 | -412 | 541 |
| Operating Income | 712 | 125 | 75 | -10 | -78 | -472 | 352 |

Note 7 Related Party Transactions

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

There are no major related party transactions for XXL Group in Q1 2019. 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 2018.

Note 9 Right-of-use assets and lease liabilities (IFRS 16)

IFRS 16 was implemented for the Group with effect as of 01.01.2019.

On transition to IFRS 16, the Group recognized NOK 3 195 million in right-of-use assets and NOK 3 195 million as lease liabilities.

Accounting principles applied are described in the annual IFRS financial statements for the year ended 31 December 2018.

The Group leases several assets such as buildings, machinery and equipment and vehicles. The movements of the Group's right-of-use assets and lease liabilities are presented below:

Right of use assets

| <i>(Amounts in NOK million)</i> | Buildings, machinery and vehicles |
|---|--|
| Aquisition cost 01.01.2019 | 3 195 |
| Additions | 3 |
| Disposals and write-downs | 0 |
| Net exchange differences | 0 |
| Aquisition costs 31.03.2019 | 3 198 |
| Accumulated depreciation and impairment 01.01.2019 | 0 |
| Depreciation | -124 |
| Impairment losses in the period | 0 |
| Disposals | 0 |
| Transfers and reclassifications | 0 |
| Currency exchange differences | 0 |
| Accumulated depreciation and impairment 31.03.2019 | 3 073 |
| Lower of remaining lease term or economic life | 0 - 13 years |
| Depreciation method | Linear |

Lease liabilities

| <i>(Amounts in NOK million)</i> | Total |
|---|--------------|
| Summary of the lease liabilities in the financial statements | |
| At initial application 01.01.2019 | 3 195 |
| New lease liabilities recognised in the period | 3 |
| Leasing payments for the principal portion of the lease liability | -138 |
| Interest expense on lease liabilities | 24 |
| Reassessment of the discount rate on previous lease liabilities | 0 |
| Currency exchange differences | -62 |
| Total lease liabilities at 31.03.2019 | 3 022 |
| whereof: | |
| Current lease liabilities < 1 year | 522 |
| Non-current lease liabilities > 1 year | 2 500 |

IFRS 16 effects on the income statement Q1 2019

(+) positive effect (-) negative effekt

| <i>(Amounts in NOK million)</i> | Total |
|---|--------------|
| Depreciation | -124 |
| Leasing payments for the principal portion of the lease liability | 138 |
| Effect on Operating income in the period | 13 |
| Interest expense on lease liabilities | -24 |
| Effect on Profit before income tax in the period | -11 |
| Tax | 2 |
| Effect on Profit for the period | -8 |
| Currency exchange differences *) | 62 |
| Effect on other comprehensive income | 53 |

*) Currency effects arise due to translation of lease contracts in local currencies to NOK

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

⁹⁾ **CAPEX**

Capital expenditure is the sum of purchases of fixed assets and intangible assets

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FINANCIAL CALENDAR

| | |
|-------------------------|------------|
| Annual General Meeting: | 05.06.2019 |
| Q2 and H1 2019 results: | 19.07.2019 |
| Q3 2019 results: | 23.10.2019 |

INVESTOR CONTACT

| | |
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