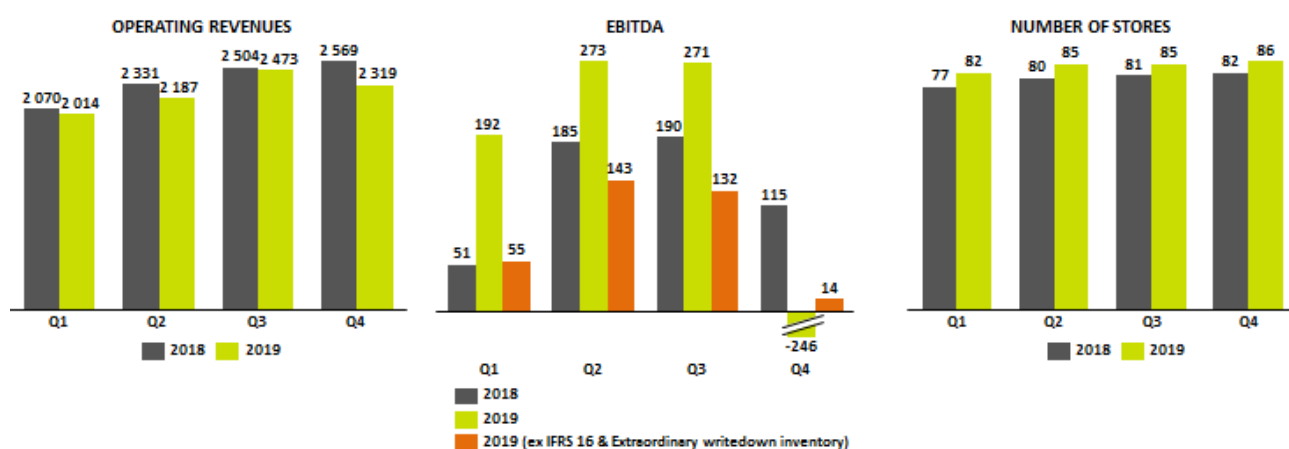


## HIGHLIGHTS<sup>1</sup>

- Total revenues of NOK 2 319 million (NOK 2 569 million), down 10 per cent
- Negative like for like growth of 12 per cent
- EBITDA (adj.) of NOK 139 million
- Extraordinary write down of inventory of NOK 385 million
- EBITDA reported of minus NOK 246 million (NOK 115 million)



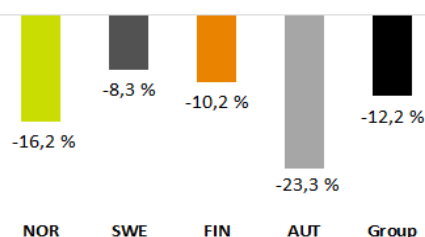
\*See Note 9 for Q4/FY effects from IFRS 16

1) Please refer to definitions at the end of the report for descriptions of alternative performance measures that are used in highlights and key figures

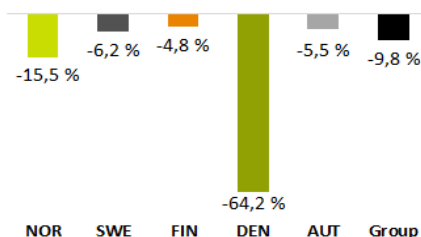
**KEY FIGURES GROUP**

(Amounts in NOK million)	Q4 2019	Q4 2018	FY 2019	FY 2018 Audited	Q4 2019 (ex IFRS 16)	FY 2019 (ex IFRS 16)
<b>GROUP</b>						
Operating revenue	2 319	2 569	8 992	9 475	2 319	8 992
Growth (%)	-9,8 %	1,8 %	-5,1 %	8,8 %	-9,8 %	-5,1 %
Gross profit (adj.)	844	930	3 443	3 536	844	3 443
Gross margin (adj.) (%)	36,4 %	36,2 %	38,3 %	37,3 %	36,4 %	38,3 %
OPEX %	30,4 %	31,7 %	28,6 %	31,6 %	35,8 %	34,5 %
EBITDA (adj.)	139	115	875	541	14	343
EBITDA (adj.) margin (%)	6,0 %	4,5 %	9,7 %	5,7 %	0,6 %	3,8 %
EBIT (adj.)	-27	64	184	352	-37	144
EBIT (adj.) margin	-1,2 %	2,5 %	2,0 %	3,7 %	-1,6 %	1,6 %
Extraordinary writedown of inventory	385	-	385	-	385	385
Gross profit	459	930	3 058	3 536	459	3 058
Gross margin (%)	19,8 %	36,2 %	34,0 %	37,3 %	19,8 %	34,0 %
EBITDA	-246	115	490	541	-371	-42
EBITDA margin (%)	-10,6 %	4,5 %	5,4 %	5,7 %	-16,0 %	-0,5 %
EBIT	-412	64	-201	352	-422	-241
EBIT margin	-17,8 %	2,5 %	-2,2 %	3,7 %	-18,2 %	-2,7 %
Profit for the period	-358	44	-297	237	-347	-253
**Basic Earnings per share (NOK)	-2,32	0,32	-2,10	1,72	-2,25	-1,79
**Average number of shares (1 000 shares)	154 458	136 829	141 329	137 969	154 458	141 329
Cash provided by operating activities	478	328	950	460	337	403
Like for like revenue growth	-12,2 %	-4,1 %	-8,6 %	-0,3 %		
Number of stores at period end	86	82	86	82		
New stores in the period	1	1	4	7		

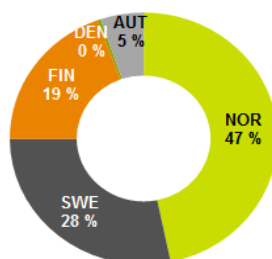
**GROWTH BY COUNTRY Q4,  
LIKE FOR LIKE  
(LOCAL CURRENCY)**



**GROWTH BY COUNTRY Q4  
(LOCAL CURRENCY)**



**REVENUE SPLIT Q4**



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

**KEY FIGURES SEGMENTS**

(Amounts in NOK million)	Q4 2019	Q4 2018	FY 2019	FY 2018 Audited	Q4 2019 (ex IFRS 16)	FY 2019 (ex IFRS 16)
<b>SEGMENT</b>						
<b>Norway</b>						
Operating revenue	1 084	1 284	4 148	4 642	1 084	4 148
Growth (%)	-15,5 %	-0,5 %	-10,6 %	4,7 %	-15,5 %	-10,6 %
Gross profit (adj.)	415	503	1 693	1 841	415	1 693
Gross margin (adj.) (%)	38,3 %	39,2 %	40,8 %	39,7 %	38,3 %	40,8 %
OPEX %	20,4 %	23,3 %	20,4 %	23,2 %	24,7 %	25,6 %
EBITDA (adj.)	194	204	845	765	147	631
EBITDA (adj.) margin (%)	17,9 %	15,9 %	20,4 %	16,5 %	13,6 %	15,2 %
Extraordinary writedown of inventory	169	-	169	-	169	169
Gross profit	246	503	1 524	1 841	246	1 524
Gross margin (%)	22,7 %	39,2 %	36,7 %	39,7 %	22,7 %	36,7 %
EBITDA	25	204	676	765	-22	462
EBITDA margin (%)	2,3 %	15,9 %	16,3 %	16,5 %	-2,0 %	11,1 %
Number of stores at period end	36	36	36	36		
New stores in the period	-	1	-	4		
<b>Sweden</b>						
Operating revenue	653	687	2 558	2 679	653	2 558
Growth (%)	-4,8 %	-1,9 %	-4,5 %	1,8 %	-4,8 %	-4,5 %
Gross profit (adj.)	224	240	939	980	224	939
Gross margin (adj.) (%)	34,4 %	35,0 %	36,7 %	36,6 %	34,4 %	36,7 %
OPEX %	31,1 %	31,1 %	28,1 %	30,3 %	36,1 %	33,8 %
EBITDA (adj.)	22	26	222	168	-12	75
EBITDA (adj.) margin (%)	3,3 %	3,9 %	8,7 %	6,3 %	-1,8 %	2,9 %
Extraordinary writedown of inventory	123	-	123	-	123	123
Gross profit	102	240	816	980	102	816
Gross margin (%)	15,5 %	35,0 %	31,9 %	36,6 %	15,5 %	31,9 %
EBITDA	-101	26	99	168	-134	-48
EBITDA margin (%)	-15,5 %	3,9 %	3,9 %	6,3 %	-20,6 %	-1,9 %
Number of stores at period end	28	27	28	27		
New stores in the period	-	-	1	1		
<b>Finland</b>						
Operating revenue	451	452	1 766	1 714	451	1 766
Growth (%)	-0,3 %	1,1 %	3,0 %	14,7 %	-0,3 %	3,0 %
Gross profit (adj.)	164	153	646	600	164	646
Gross margin (adj.) (%)	36,4 %	33,8 %	36,6 %	35,0 %	36,4 %	36,6 %
OPEX %	25,5 %	29,4 %	24,8 %	29,3 %	30,9 %	30,0 %
EBITDA (adj.)	49	20	208	99	25	117
EBITDA (adj.) margin (%)	10,8 %	4,4 %	11,8 %	5,8 %	5,4 %	6,6 %
Extraordinary writedown of inventory	69	-	69	-	69	69
Gross profit	95	153	577	600	95	577
Gross margin (%)	21,1 %	33,8 %	32,7 %	35,0 %	21,1 %	32,7 %
EBITDA	-20	20	139	99	-44	48
EBITDA margin (%)	-4,4 %	4,4 %	7,9 %	5,8 %	-9,8 %	2,7 %
Number of stores at period end	17	15	17	15		
New stores in the period	1	-	2	-		

**KEY FIGURES SEGMENTS – cont.**

<i>(Amounts in NOK million)</i>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>FY 2019</b>	<b>FY 2018 Audited</b>	<b>Q4 2019 (ex IFRS 16)</b>	<b>FY 2019 (ex IFRS 16)</b>
<b>SEGMENT</b>						
<b>Denmark</b>						
Operating revenue	9	25	49	77	9	49
Growth (%)	-62,2 %	31,4 %	-36,7 %	49,3 %	-62,2 %	-36,7 %
Gross profit (adj.)	2	4	10	12	2	10
Gross margin (adj.) (%)	25,7 %	15,3 %	20,7 %	16,1 %	25,7 %	20,7 %
OPEX %	42,4 %	27,4 %	42,2 %	28,8 %	42,4 %	42,2 %
EBITDA (adj.)	-2	-3	-10	-10	-2	-10
EBITDA (adj.) margin (%)	-16,7 %	-12,1 %	-21,5 %	-12,8 %	-16,7 %	-21,5 %
Extraordinary writedown of inventory	1	-	1	-	1	1
Gross profit	2	4	10	12	2	10
Gross margin (%)	19,7 %	15,3 %	19,6 %	16,1 %	19,7 %	19,6 %
EBITDA	-2	-3	-11	-10	-2	-11
EBITDA margin (%)	-22,6 %	-12,1 %	-22,6 %	-12,8 %	-22,6 %	-22,6 %
<b>Austria</b>						
Operating revenue	121	122	470	363	121	470
Growth (%)	-0,9 %	75,8 %	29,6 %	269,8 %	-0,9 %	29,6 %
Gross profit (adj.)	38	31	154	102	38	154
Gross margin (adj.) (%)	31,2 %	25,3 %	32,8 %	28,2 %	31,2 %	32,8 %
OPEX %	41,9 %	39,6 %	39,5 %	47,4 %	49,1 %	46,0 %
EBITDA (adj.)	-13	-18	-31	-70	-22	-62
EBITDA (adj.) margin (%)	-10,7 %	-14,3 %	-6,7 %	-19,2 %	-17,9 %	-13,1 %
Extraordinary writedown of inventory	23	-	23	-	23	23
Gross profit	15	31	131	102	15	131
Gross margin (%)	12,1 %	25,3 %	27,9 %	28,2 %	12,1 %	27,9 %
EBITDA	-36	-18	-55	-70	-45	-85
EBITDA margin (%)	-29,8 %	-14,3 %	-11,6 %	-19,2 %	-37,0 %	-18,0 %
Number of stores at period end	5	4	5	4		
New stores in the period	-	-	1	2		
<b>HQ &amp; logistics</b>						
EBITDA	-111	-115	-358	-412	-123	-407
EBITDA margin (% of Group revenues)	-4,8 %	-4,5 %	-4,0 %	-4,3 %	-5,3 %	-4,5 %

# Challenging retail environment and disappointing results<sup>1)</sup>

Oslo, 6 February 2020: The fourth quarter 2019 results are disappointing and XXL continued to loose market shares in a tough sports retail market. Under challenging market conditions, with a limited winter season, the industry sees a build up of inventory and heavy discount activities. XXL results are significantly impacted by an extraordinary write down of inventory of NOK 385 million, lower supplier bonuses of NOK 72 million and a negative like for like growth of 12 per cent.

EBITDA amounted to minus NOK 246 million (NOK 115 million). XXL's Net interest bearing debt amounted to NOK 1.2 billion and the leverage ratio ended at 2.9x.

Under these conditions XXL will immediately launch a massive clearance campaign in the main markets.

## Fourth quarter performance

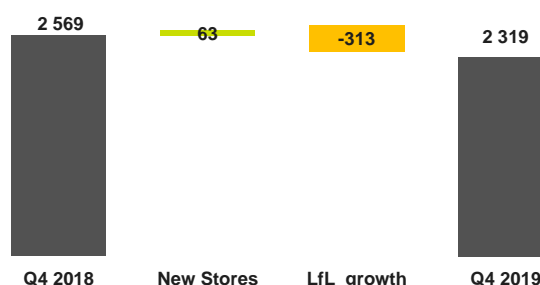
*(Figures in brackets = same quarter previous year, unless otherwise specified)*

XXL's core markets continued to be challenging in the fourth quarter 2019. Poor winter conditions in the main cities combined with continued heavy discounting by our main competitors contributed to negative like for like growth of 12.2 per cent for the quarter, with all markets posting negative like for like growth. December and in particular Christmas sales was weak. The Black Friday campaign delivered better results than last year, with significantly higher gross margins and EBITDA but on lower volumes. This was especially the case for E-commerce.

During 2019 the sports retail market in the Nordics has been challenging with negative growth and consequently a build up of inventory in the whole industry. XXL has changed strategy to focus on reducing the number of SKUs and thereby also the number of suppliers. This in combination with poor winter conditions and challenging market dynamics, has lead to an extraordinary write down of the inventory of NOK 385 million in the quarter.

Total operating revenues in the fourth quarter 2019 amounted to NOK 2 319 million (NOK 2 569 million), representing a negative growth of 9.8 per cent. This was driven by the negative like for like growth as mentioned but partly compensated by revenues from new stores. E-commerce for the Group is included in the like for like figure and operating revenues decreased by 21.3 per cent to NOK 408 million in the quarter (NOK 518 million) versus a tough comparator of 28.6 per cent growth in Q4 2018. This was especially driven by significantly lower volumes in the Black Friday campaign. XXL is continually renewing and strengthening its E-commerce offering and developing new omni-channel solutions for a more seamless customer experience.

**GROWTH DRIVERS**  
Q4 2018 - Q4 2019  
(Amounts in MNOK)



Gross margin for the Group ended at 19.8 per cent in the quarter compared to 36.2 per cent in the same quarter last year. The significantly lower gross margin was related to the extraordinary write down of the inventory of NOK 385 million, corresponding to 16.6 per cent on gross margin. XXL has continued to focus on reducing the inventory level of the Group. Combined with lower sales, XXL has substantially reduced its purchased volumes, which negatively affected the bonuses from suppliers of NOK 72 million in the quarter.

Operating expenses before depreciation as percentage of sales decreased to 30.4 per cent in the fourth quarter this year (31.7 per cent) due to the implementation of IFRS 16. Excluding these effects, the operating expenses amounted to 35.8 per cent of sales. The main driver is the negative like for like growth which is impacting the overall scale in the operations. Increased operating expenses before depreciation is partly driven by new stores.

The Group EBITDA in the fourth quarter 2019 was negative of NOK 246 million (NOK 115 million). When excluding for the implementation of IFRS 16, EBITDA was minus NOK 371 million. The negative EBITDA in the quarter was driven by the extraordinary write down of the inventory of NOK 385

million, lower supplier bonuses of NOK 72 million and the continued negative like-for-like growth influencing the scalability of the operations.

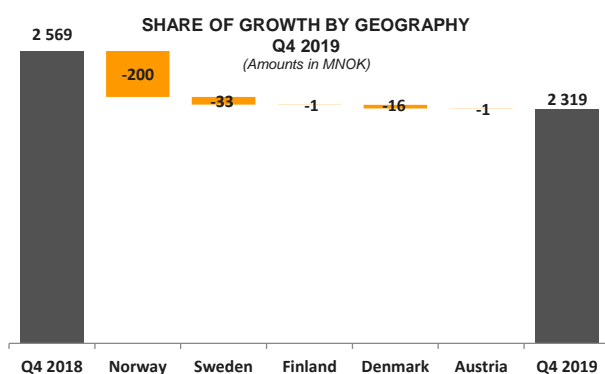
During the fourth quarter XXL raised NOK 400 million in new equity directed at the largest shareholders of the company. A subsequent offering of approximately NOK 100 million to shareholders not allocated shares in the Private Placement will take place in Q1 2020. The subsequent offering is fully underwritten by Altor and the subscription price is set to NOK 15 per share. As a result the net interest bearing debt totalled NOK 1 224 million at the end of the quarter before the above mentioned subsequent offering. The leverage ratio ended at 2.9x for Q4 2019 below the covenant of 3.5x on NIBD/EBITDA basis (excluding IFRS 16 effects).

XXL is working on a number of initiatives to turn around the negative sales trend and to adjust its cost base to current sales volumes and market conditions. This includes an upgrade of existing stores, further improvement of product offering, improvement of marketing effectiveness and reduced cost base. We will also continue our efforts to significantly reduce inventory and net interest bearing debt. XXL will immediately launch a massive clearance campaign in main markets for the benefit of all our customers. The medium-term ambition of reducing the inventory down towards NOK 25 million per store remains firm and will, if successful, strengthen the balance sheet significantly. In addition, XXL will implement several cost initiatives.

## 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 the HQ and Logistics segment.



### Norway

The Norwegian operations delivered total operating

revenues of NOK 1 084 million in the fourth quarter 2019 compared to NOK 1 284 million in the same quarter last year. Negative like for like growth of 16.2 per cent was partly offset by growth from new stores. According to market figures from SSB the sales of sporting goods in Norway decreased by 4.3 per cent in Q4 2019 and by 12.9 per cent in December alone. The market was characterized by high inventory levels and consequently heavy discounting activities from many players. XXL continued to focus on the balance between growth and gross margin control and did not initiate any new discount campaigns in the quarter. However this will change now in February 2020 with a broad based clearance campaign.

Gross margin was impacted by the extraordinary write down of inventory of NOK 169 million as well as lower supplier bonuses of NOK 55 million. Due to these effects the gross margin decreased from 39.2 per cent in Q4 2018 to 22.7 per cent in Q4 2019.

EBITDA decreased to NOK 25 million (NOK 204 million). Excluding IFRS 16 effects the EBITDA amounted to minus NOK 22 million in Q4 2019. The main reason for the lower EBITDA was the extraordinary write down of inventory, lower supplier bonuses and negative like for like growth as already described. Operating expenses as percentage of sales decreased from 23.3 per cent last year to 20.4 per cent this year, but increased to 24.7 per cent excluding effects from 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 Q4 2019 amounted to NOK 653 million (NOK 687 million) representing a decline of 6.2 per cent in local currency. The driver was a negative like for like growth of 8.3 per cent in local currency, partly compensated by growth from new stores. According to market figures from SCB the sale of sporting goods in Sweden decreased by 4.0 per cent in Q4 2019 (unweighted average).

The Swedish sporting goods market continued to be volatile and price focused with many discounts. Gross margin ended at 15.5 per cent (35.0 per cent) due to the extraordinary write down of inventory of NOK 123 million and lower supplier bonuses of NOK 10 million.

Operating expenses as percentage of sales ended at 31.1 per cent in Q4 2019 on par with last year, but increased to 36.1 per cent when excluding the positive effects from IFRS 16. This was driven by the negative like for like growth in the quarter. EBITDA ended at minus NOK 101 million (NOK 26 million). Excluding the positive effects from the implementation of IFRS 16 in Q4 2019 the EBITDA amounted to minus NOK 134 million. Both the extraordinary write down of inventory and the lower supplier bonuses had significant negative impact on the EBITDA.

### Finland

The Finnish operations continued to gain market shares in a weak sports retail market driven by limited winter conditions compared to a good season last year. According to market figures from TMA the sale of sporting goods in Finland decreased by 5.2 per cent in Q4 2019. This is to be compared to XXL with a decrease of 4.8 per cent in local currency. Total operating revenues in the quarter amounted to NOK 451 million (NOK 452 million) with a negative like for like growth of 10.2 per cent. XXL opened a new store in Seinäjoki on 14 November 2019.

Gross margin ended at 21.1 per cent (33.8 per cent) significantly impacted by the extraordinary write down of inventory of NOK 69 million as well as lower supplier bonuses of NOK 3 million.

EBITDA amounted to minus NOK 20 million in Q4 2019 down from NOK 20 million in Q4 2018. Excluding positive effects from implementing IFRS 16, the EBITDA amounted to minus NOK 44 million. Operating expenses as percentage of sales improved to 25.5 per cent in Q4 2019 (29.4 per cent) but increased to 30.9 per cent when excluding the positive effects from IFRS 16. This is due to the negative like for like growth impacting the scalability of the operations.

### Denmark

XXL has made adjustments in Denmark including moving the operations under the Norwegian E-commerce organization. In the quarter the marketing spending and campaign activities were reduced which impacted the sales volumes negatively but improved the cost base. In December the operation posted positive EBITDA. Total operating revenues in the fourth quarter 2019 amounted to NOK 9 million (NOK 25 million), representing a negative growth of 64.2 per cent in local currency. The EBITDA was negative of NOK 2 million in the quarter (minus NOK 3 million). XXL will continue running Denmark with limited resources and use it as tactical sales channel during 2020.

### Austria

Total operating revenues from the Austrian operations amounted to NOK 121 million in the fourth quarter (NOK 122 million) representing a decline of 5.5 per cent in local currency. This was driven by negative like for like growth of 23.3 per cent in local currency, partly compensated by growth from new stores. Both the stores that are included in the like for like figure have cannibalization effects from the Vienna city store that opened in Q2 2019. The gross margin declined to 12.1 per cent (25.3 per cent) due to the extraordinary write down of inventory of NOK 23 million and lower supplier bonuses of NOK 4 million.

Operating expenses as percentage of sales ended at 41.9 per cent in Q4 2019 (39.6 per cent), and at 49.1 per cent when excluding for IFRS 16 effects. EBITDA was negative of NOK 36 million (NOK 18 million). Excluding positive effects from implementing IFRS 16, the EBITDA was negative of NOK 45 million. The lower EBITDA is driven by the extraordinary write down of inventory, lower supplier

bonuses and the disappointing sales development. XXL still lacks scale in the operations with only five stores and E-commerce and will initiate a plan to reach break even within the next coming years.

### 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 111 million (NOK 115 million) in Q4 2019. This equals 4.8 per cent of total Group operating revenue compared to 4.5 per cent in the fourth quarter last year. Excluding the positive effects from the implementation of IFRS 16 the EBITDA in Q4 2019 was NOK 123 million, corresponding to 5.3 per cent of total Group operating revenue. XXL had several extraordinary costs in the fourth quarter mainly related to the transaction of new equity, external investigation from DLA Piper and consultancy related to these topics.

## Financials

### Consolidated income statement – Fourth quarter

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

**Total operating revenue** decreased by 9.8 per cent to NOK 2 319 million (NOK 2 569 million).

**Total operating expenses** equaled NOK 2 731 million (NOK 2 505 million) in the fourth quarter. Other operating expenses decreased from NOK 377 million in Q4 2018 to NOK 249 million in Q4 2019, while depreciation increased from NOK 51 million in Q4 2018 to NOK 166 million in Q4 2019. This is due to the implementation of IFRS 16.

**Operating income** amounted to minus NOK 412 million (NOK 64 million) whereof NOK 385 million is explained by an extraordinary write down of inventory.

**Net financial expense** amounted to NOK 48 million for the fourth quarter (NOK 9 million) whereof IFRS 16 effects amounted to NOK 23 million. Net interest expenses equaled NOK 22 million (NOK 10 million). Net financial expenses included a positive currency effect of NOK 6 million in the fourth quarter last year. Other financial expenses of NOK 3 million were related to amortization of loan costs and other financial costs.

**Income tax expense** for the fourth quarter was negative of NOK 102 million (positive NOK 11 million) and the effective tax rate was 22.2 per cent.

**Profit for the period** ended at negative NOK 358 million (positive NOK 44 million).

**Consolidated income statement – 2019**

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

**Total operating revenue** in 2019 was NOK 8 992 million (NOK 9 475 million), a decline of 5.1 per cent. The drivers behind the decline are negative like for like growth of 8.6 per cent offset by full year effects from stores that opened in 2018. E-commerce is included in the like for like figure but had a negative growth of 6.5 per cent for the year. The revenue contribution from E-commerce for the Group corresponded to 16.1 per cent in 2019 (16.3 per cent).

**Total operating expenses**, excluding depreciation, cost of goods sold and extraordinary write down of inventory, were NOK 2 568 million (NOK 2 995 million) in 2019. As percentage of total operating revenues of the Group, operating expenses decreased from 31.6 per cent last year to 28.6 per cent this year including IFRS 16. Excluding IFRS 16, operating expenses as percentage of total operating revenues increased to 34.5 per cent. This is mainly due to the negative like for like growth impacting the scale benefits of the operations.

**Operating income** amounted to minus NOK 201 million (NOK 352 million) whereof NOK 385 million is explained by an extraordinary write down of inventory.

**Net financial expense** amounted to NOK 183 million for the year (NOK 57 million), whereof IFRS 16 effects amounted to NOK 95 million. Net interest expenses equaled NOK 73 million (NOK 43 million). Net financial expense include a positive currency effect of NOK 5 million compared to a negative currency effect of NOK 1 million in 2018. Other financial expenses amounted to NOK 21 million compared to NOK 14 million in 2018.

**Income tax expense** for 2019 was estimated to negative NOK 87 million (positive NOK 58 million) and the effective tax rate was 22.7 per cent.

**Profit for the year** ended at negative NOK 297 million (positive NOK 237 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 478 million (NOK 328 million) in the fourth quarter. Excluding IFRS 16 effects, the cash provided from operating activities was NOK 337 million in the quarter. For the full year cash provided by operating activities was NOK 950 million. Excluding IFRS 16 effects, the cash provided from operating activities was NOK 403 million for the year. The main reason for the negative development is reduced profit before income tax offset by decreased inventory, partly offset by changes in accounts payables. XXL has chosen not to fully utilize its cash discounts towards its suppliers and thereby increased the payables.

The inventory decreased from NOK 3 211 million at the end of 2018 to 2 843 million at the end of 2019 explained by an extraordinary write down of NOK 385 million. Inventory per store ended at NOK 31.2 million by the end of 2019 (NOK 37.1 million). XXL has seen positive effects from reduced pre-purchase and forecast control despite lower sales than anticipated. The medium-term ambition of reducing the inventory down towards NOK 25 million per store remains firm and will strengthen the balance sheet significantly.

Depreciation amounted to NOK 166 million in the fourth quarter (NOK 51 million) and NOK 691 million in 2019 (NOK 189 million). NOK 115 million for the quarter and NOK 493 million for the year is related to the implementation of IFRS 16.

Cash used by investing activities was NOK 64 million (NOK 50 million) in Q4 2019 and ended at NOK 168 million in 2019 (NOK 243 million). This is mainly related to investments in new stores, maintenance CAPEX on existing stores and investments in infrastructure.

Cash used by financing activities amounted to NOK 162 million (NOK 202 million) in the fourth quarter. In the fourth quarter NOK 400 million is related to raise of new equity which were used as down payments of debt. Repayment of lease liabilities amounted to NOK 141 million in Q4 2019 compared to none last year due to IFRS 16 reclassification. For the year 2019 cash used by financing activities amounted to NOK 538 (NOK 335 million) due to the same reasons as for the fourth quarter. In addition XXL sold own shares of NOK 77 million during 2019. Repayment of lease liabilities amounted to NOK 547 million in 2019 compared to none last year due to IFRS 16 reclassification.

**Financial position and liquidity**

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

As of 31 December 2019, total assets amounted to NOK 10 345 million (NOK 7 662 million). The increase is due to the implementation of IFRS 16 and right of use assets amounted to NOK 2 827 million. When excluding for IFRS 16 effects total assets amounted to NOK 7 403 million. Total equity was NOK 3 857 million (NOK 3 710 million), resulting in an equity ratio of 37.3 per cent (48.4 per cent) or 51.9 per cent when excluding for the effects of the implementation of IFRS 16. Net interest bearing debt (NIBD) decreased to NOK 1 224 million (NOK 1 881 million). The leverage ratio equalled 2.9x. See reconciliation in definitions of Alternative Performance Measures at the end of the report.

The Group had cash and cash equivalents of NOK 433 million (NOK 194 million) as of 31 December 2019 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 300 million whereof NOK 889 million was used as of 31 December 2019. Available liquidity reserves as of 31 December 2019 were NOK 833 million (NOK 695 million).



**Changes in the Executive Management team**

The Board of Directors has appointed Mr. Pål Wibe to the position as Group CEO of XXL. Mr. Wibe has a solid background and track record in retail, and he is strong analytically and an inspirational team leader. He is currently the chief executive officer of Europris ASA, a position he has held since March 2014. Prior to his appointment as CEO of Europris ASA, he served as CEO of Nille AS for nearly seven years and CEO of Travel Retail Norway AS for two years. Mr. Wibe has also held various managerial positions in ICA Ahold AB for six years and worked five years in McKinsey & co. He is a Norwegian citizen and resides in Norway. He has currently no shares in XXL ASA. Mr. Wibe will take up the position as CEO in XXL from 1 April 2020.

Mr. Tolle Grøterud, who has served as interim CEO since 18 December 2018, will take up the position as Chief of Staff in XXL's Executive Management team and continue his role as Investor Relations Director. He will take the important responsibility of building up and lead Human Resources and Communications as well as the Compliance function of the Group.

Mr. André Sjøasæt will take up the position as the new Strategy and Business Development Director in XXL and be a part of the Executive Management team. He comes from the position as Director for Group Business Development and Digital Services in Bertel O. Steen AS, a leading Norwegian automotive company. Mr. Sjøasæt has also been Strategy and Business Development Director in the same company from 2014. Before joining Bertel O. Steen he worked as a management consultant at A.T Kearney and EY. Mr. Sjøasæt will start in XXL on 2 March 2020. He is a Norwegian citizen and resides in Norway. He holds currently no shares in XXL ASA

**Outlook**

Total operating revenues for the Group in January 2020 decreased around 22 per cent to NOK 600 million. All markets have been challenging and with limited winter conditions in all the main cities. This is to be compared to good winter conditions in Finland and Austria last year and a normal winter in Norway and Sweden. XXL will immediately launch a massive clearance campaign in main markets for the benefit of all our customers. XXL is closely monitoring the Group's compliance with applicable financial covenants agreed with the bank consortium, and there is a risk for XXL not being in compliance with such covenants by the end of Q1 2020 given the current challenging market conditions and XXL's level of debt. XXL investigates different alternatives for long term sustainable sources of funding for the company.

XXL has signed 4 new lease agreements for store openings in 2020 where of 1 in Norway, 1 in Sweden and 2 in Austria.

In line with the existing growth strategy, XXL will continue to invest in new stores, E-commerce platform, existing stores, infrastructure and IT. Total CAPEX for XXL Group in 2020 is

expected to be around NOK 150-180 million. Going forward XXL expects to slow down the pace of the store roll-out to 3-5 new stores per year and focus on new stores in Austria and some in Sweden. At the same time XXL will be downsizing several existing stores.

XXL has a mid-term ambition of inventory per store of NOK 25 million.

Oslo, 6 February 2020  
Board of Directors, XXL ASA

## Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended December 31, 2019

(Amounts in NOK million)	Q4 2019	Q4 2018	FY 2019	FY 2018 Audited	Q4 2019 (ex IFRS 16)	FY 2019 (ex IFRS 16)
<b>Total Operating Revenue</b>	<b>2 319</b>	2 569	<b>8 992</b>	9 475	<b>2 319</b>	<b>8 992</b>
Cost of goods sold	1 475	1 639	5 549	5 938	1 475	5 549
Extraordinary writedown of inventory	385	-	385	-	385	385
Personnel expenses	455	438	1 652	1 615	455	1 652
Depreciation*	166	51	691	189	51	199
Other operating expenses*	249	377	916	1 380	375	1 448
<b>Total Operating Expenses</b>	<b>2 731</b>	2 505	<b>9 193</b>	9 123	<b>2 741</b>	<b>9 233</b>
<b>Operating Income</b>	<b>-412</b>	64	<b>-201</b>	352	<b>-422</b>	<b>-241</b>
<b>Net Financial Income (+) / Expense (-)*</b>	<b>-48</b>	-9	<b>-183</b>	-57	<b>-25</b>	<b>-88</b>
<b>Profit before income tax</b>	<b>-460</b>	55	<b>-384</b>	295	<b>-447</b>	<b>-329</b>
Income tax expense*	-102	11	-87	58	-100	-76
<b>Profit for the period</b>	<b>-358</b>	44	<b>-297</b>	237	<b>-347</b>	<b>-253</b>
<b>Basic Earnings per share (NOK)</b>	<b>-2,32</b>	0,32	<b>-2,10</b>	1,72	<b>-2,25</b>	<b>-1,79</b>
<b>Diluted Earnings per share (NOK)</b>	<b>-2,31</b>	0,32	<b>-2,09</b>	1,72	<b>-2,24</b>	<b>-1,78</b>
<b>Other comprehensive income</b>						
<u>Items that may be subsequently reclassified to profit or loss</u>						
Foreign currency rate changes	-28	5	-26	9	-28	-26
<b>Total Other Income and Expense</b>	<b>-28</b>	5	<b>-26</b>	9	<b>-28</b>	<b>-33</b>
<b>Total comprehensive income for the period</b>	<b>-386</b>	49	<b>-323</b>	246	<b>-376</b>	<b>-286</b>

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

\*See Note 9 for FY/Q4 effects from IFRS 16

## Condensed Consolidated Interim Statement of Financial Position

<i>(Amounts in NOK million)</i>	Note	31.12.19	31.12.2018 Audited
<b>NON CURRENT ASSETS</b>			
<b>Intangible Assets</b>			
Goodwill		2 744	2 734
Other Intangible Assets		253	251
Deferred tax asset		130	-
<b>Total Intangible Assets</b>		<b>3 127</b>	<b>2 985</b>
Fixed Assets		856	909
Non-Current Financial Assets		-	9
Right of Use Assets	9	2 827	-
<b>Total Non Current Assets</b>		<b>6 809</b>	<b>3 903</b>
<b>CURRENT ASSETS</b>			
Inventory		2 843	3 211
Trade and Other Receivables		260	354
Cash and Cash Equivalents		433	194
<b>Total Current Assets</b>		<b>3 536</b>	<b>3 760</b>
<b>TOTAL ASSETS</b>		<b>10 345</b>	<b>7 662</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid-in Capital		3 360	2 790
Other equity	9	497	920
<b>Total Shareholders' Equity</b>		<b>3 857</b>	<b>3 710</b>
<b>LIABILITIES</b>			
Deferred Tax Liability		42	41
<b>Total Provisions</b>		<b>42</b>	<b>41</b>
<b>Other non-current liabilities</b>			
Interest Bearing Non-Current Liabilities		767	1 081
Lease Liabilities	9	2 428	-
<b>Total other non-current liabilities</b>		<b>3 195</b>	<b>1 081</b>
<b>Total non-current liabilities</b>		<b>3 237</b>	<b>1 122</b>
<b>Current liabilities</b>			
Accounts Payable		980	861
Lease Liabilities	9	553	-
Current Interest Bearing Liabilities		889	994
Tax payable		40	53
Public duties payable		385	385
Other current liabilities		405	538
<b>Total current liabilities</b>		<b>3 252</b>	<b>2 831</b>
<b>TOTAL LIABILITIES</b>		<b>6 489</b>	<b>3 953</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 345</b>	<b>7 662</b>

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 2019	Q4 2018	FY 2019	FY2018 Audited	Q4 2019 (ex IFRS 16)	FY 2019 (ex IFRS 16)
<b>Operating Activities</b>						
Profit before income tax	-460	55	-384	295	-447	-329
<i>Adjustments for:</i>						
Income tax paid	31	5	-75	-113	31	-75
Depreciation	166	51	691	189	51	199
Net financial expense	48	9	183	57	25	88
<i>Changes in working capital:</i>						
Changes in inventory	588	2	339	-89	588	339
Changes in accounts receivable	81	-49	121	21	81	121
Changes in accounts payable	-37	91	109	32	-37	109
Other changes	62	164	-33	68	46	-48
<b>Cash Provided (used) by Operating Activities</b>	<b>478</b>	<b>328</b>	<b>950</b>	<b>460</b>	<b>337</b>	<b>403</b>
<b>Investing Activities</b>						
Acquisition of fixed assets and intangible assets	-64	-50	-163	-243	-64	-163
Payments/proceeds from acquisitions/disposals	0	0	-4	0	0	-4
<b>Cash Provided (used) by Investing Activities</b>	<b>-64</b>	<b>-50</b>	<b>-168</b>	<b>-243</b>	<b>-64</b>	<b>-168</b>
<b>Financing Activities</b>						
Sale of own shares/other equity transactions	400	-50	477	-109	400	477
Payments/proceeds on long/short term debt	-406	-146	-399	86	-406	-399
Repayment of lease liabilities*	-141	0	-547	0	0	0
Interest payments	-15	-6	-69	-36	-15	-69
Dividend	0	0	0	-276	0	0
<b>Cash Provided (used) by Financing Activities</b>	<b>-162</b>	<b>-202</b>	<b>-538</b>	<b>-335</b>	<b>-22</b>	<b>9</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>251</b>	<b>77</b>	<b>244</b>	<b>-117</b>	<b>251</b>	<b>244</b>
Cash and cash equivalents - beginning of period	175	118	194	314	175	194
Effect of foreign currency rate changes on cash and equiv.	6	0	-6	-2	6	-6
<b>Cash and Cash Equivalents - End of Period</b>	<b>433</b>	<b>194</b>	<b>433</b>	<b>194</b>	<b>433</b>	<b>433</b>

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

\*See Note 9 for FY/Q4 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
<b>Shareholders' Equity 31.12.17</b>	<b>55</b>	<b>2 806</b>	<b>23</b>	<b>954</b>	<b>7</b>	<b>3 846</b>
<i>Effect of IFRS 15 Implementation</i>	0	0	0	-11	0	-11
<b>Shareholders' Equity 01.01.18</b>	<b>55</b>	<b>2 806</b>	<b>23</b>	<b>943</b>	<b>7</b>	<b>3 835</b>
Net income 2018				237		237
Foreign currency rate changes					9	9
<b>Transactions with owners:</b>						
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
<b>Shareholders' Equity 31.12.18</b>	<b>56</b>	<b>2 697</b>	<b>37</b>	<b>904</b>	<b>16</b>	<b>3 710</b>
Net income 2019*				-297		-297
Foreign currency rate changes*					-26	-26
<b>Transactions with owners:</b>						
Employee share incentive program			-8			-8
Sale own shares		178		-100		77
Private Placement	11	389				400
<b>Shareholders' Equity 31.12.2019</b>	<b>66</b>	<b>3 264</b>	<b>29</b>	<b>507</b>	<b>-10</b>	<b>3 857</b>

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

*\*See Note 9 for FY/Q4 effects from IFRS 16*

# Notes to the interim financial statements<sup>1)</sup>

## 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 twelve months ended 31 December 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.

Effective from 1 January 2019 the Group adopted IFRS 16 using the modified retrospective approach. The Group leases several assets such as buildings, machinery, equipment and vehicles. 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 and transition effects are described in the annual IFRS financial statements for the year ended 31 December 2018.

The effects from IFRS 16 during 2019 are presented in disclosure note 9 below.

## 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

<sup>1)</sup> Please refer to definitions at the end of the report for descriptions of alternative performance measures. The consolidated financial statements for the year ended 31 December 2018.

### *Impairment testing of Goodwill and Trademark*

The Group tests for impairment of goodwill and trademark as necessary, or at a minimum annually. The recoverable amount of cash-generating units is based on the value-in-use calculation. These calculations require the use of estimates. The Group performed its annual impairment test of Goodwill in December 2019.

The Group's recorded goodwill per 31 December 2019 is NOK 2 744 million. This amount is related to the acquisitions of XXL Sport og Villmark AS in 2010 and the acquisition of West System Norge AS in 2019. The carrying value is allocated to the group of cash generating units comprised of the shops in Norway (part of the operating segment Norway). Goodwill is evaluated by management and monitored based on the performance on an operating segment level.

The present value of the expected cash flows of each segment was determined using a discount rate of 7.0%, after tax. This is based on a risk free interest rate of 1.26%, plus a risk premium of 6%. The risk is based on observations of similar companies.

The recoverable amount of each segment was determined based on the following key assumptions:

- Future sales are estimates based on budget and long term plans
- For goodwill testing, management has used a 5 year period with a terminal value growth rate beyond this period of 2.0%
- Risk-free interest rate is the 10-year government bond yield
- Beta Value is set at 1.1 and is based on figures from comparable international companies listed on the stock exchange,

No impairment of goodwill was deemed necessary in 2019.

### *Inventory*

The Group reviews the aging distribution and movements in inventory to assess the provision for obsolescence. This calculation requires the use of estimates. For the year ending 31.12.2019 Management has made an extraordinary writedown of inventory of NOK 385 million.

**Note 5 Earnings per share**

	Q4 2019	Q4 2018	FY 2019	YE 2018	Q4 2019 (ex IFRS 16)	FY 2019 (ex IFRS 16)
Total profit ( in NOK million)	-358	44	-297	237	-347	-253
<b>Weighted average number of ordinary shares in issue</b>	<b>154 458 396</b>	<b>136 829 065</b>	<b>141 329 081</b>	<b>137 969 167</b>	<b>154 458 396</b>	<b>141 329 081</b>
<b>Number of shares outstanding</b>	<b>165 762 744</b>	<b>139 096 077</b>	<b>165 762 744</b>	<b>139 096 077</b>	<b>165 762 744</b>	<b>165 762 744</b>
<b>Adjustment for:</b>						
Effect share options	441 901	2 324 645	415 497	241 117	441 901	415 497
Weighted number of ordinary shares in issue for diluted earnings per share	154 900 297	139 153 710	141 744 577	138 210 284	154 900 297	141 744 577
<b>Basic Earnings per share (in NOK)</b>	<b>-2,32</b>	<b>0,32</b>	<b>-2,10</b>	<b>1,72</b>	<b>-2,25</b>	<b>-1,79</b>
<b>Diluted Earnings per share (in NOK)</b>	<b>-2,31</b>	<b>0,32</b>	<b>-2,09</b>	<b>1,72</b>	<b>-2,24</b>	<b>-1,78</b>

## Note 6 Operating Segments

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

### Q4 2019

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 084	653	451	9	121	-	2 319
Gross profit	246	102	95	2	15	-	459
Gross profit (adj.)	415	224	164	2	38	-	844
EBITDA	25	-101	-20	-2	-36	-111	-246
EBITDA (adj.) (ex IFRS 16)	147	-12	25	-2	-22	-123	14
Operating Income	-34	-144	-48	-2	-47	-137	-412
Operating Income (adj.) (ex IFRS 16)	133	-23	18	-2	-25	-139	-37

### Q4 2018

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 284	687	452	25	122	-	2 569
Gross profit	503	240	153	4	31	-	930
EBITDA	204	26	20	-3	-18	-115	115
Operating Income	189	15	14	-3	-20	-130	64

### 01.01.2019 - 31.12.2019

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	4 148	2 558	1 766	49	470	-	8 992
Gross profit	1 524	816	577	10	131	-	3 058
Gross profit (adj.)	1 693	939	646	10	154	-	3 443
EBITDA	676	99	139	-11	-55	-358	490
EBITDA (adj.) (ex IFRS 16)	631	75	117	-10	-62	-407	343
Operating Income	432	-91	27	-11	-97	-461	-201
Operating Income (adj.) (ex IFRS 16)	578	30	91	-10	-75	-469	144

### 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	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 Q4 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)

The movements of the Group's right-of-use assets and lease liabilities during the year are presented below:

### Right of use assets

<i>(Amounts in NOK million)</i>	<b>Buildings, machinery and vehicles</b>
<b>Aquisition cost 01.01.2019</b>	<b>3 195</b>
Incentives	-87
Additions	272
Change incentives	-27
Net exchange differences	0
<b>Aquisition costs 31.12.2019</b>	<b>3 353</b>
Depreciation	-493
Impairment losses in the period	0
Disposals	0
Transfers and reclassifications	0
Currency exchange differences	-33
<b>Accumulated depreciation and impairment 31.12.2019</b>	<b>-526</b>
<b>Total Right of Use Assets at 31.12.2019</b>	<b>2 827</b>
Lower of remaining lease term or economic life	0 - 13 years
Depreciation method	Linear

**Lease liabilities**

<i>(Amounts in NOK million)</i>	<b>Total</b>
<b>Summary of the lease liabilities in the financial statements</b>	
<b>At initial application 01.01.2019</b>	<b>3 195</b>
New lease liabilities recognised in the period	272
Leasing payments for the principal portion of the lease liability	-547
Interest expense on lease liabilities	95
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	-33
<b>Total lease liabilities at 31.12.2019</b>	<b>2 981</b>
<b>whereof:</b>	
Current lease liabilities < 1 year	553
Non-current lease liabilities > 1 year	2 428

**IFRS 16 effects on the income statement FY 2019**

(+) positive effect (-) negative effekt

<i>(Amounts in NOK million)</i>	<b>Total</b>
Depreciation	-493
Leasehold cost recorded as operating expense	532
<b>Effect on Operating income in the period</b>	<b>39</b>
Interest expense on lease liabilities	-95
<b>Effect on Profit before income tax in the period</b>	<b>-55</b>
Tax	11
<b>Effect on Profit for the period</b>	<b>-44</b>
Currency exchange differences *)	0
<b>Effect on other comprehensive income</b>	<b>-44</b>

**IFRS 16 effects on the income statement Q4 2019**

(+) positive effect (-) negative effekt

<i>(Amounts in NOK million)</i>	<b>Total</b>
Depreciation	-115
Leasehold cost recorded as operating expense	125
<b>Effect on Operating income in the period</b>	<b>10</b>
Interest expense on lease liabilities	-23
<b>Effect on Profit before income tax in the period</b>	<b>-13</b>
Tax	3
<b>Effect on Profit for the period</b>	<b>-11</b>
Currency exchange differences *)	0
<b>Effect on other comprehensive income</b>	<b>-11</b>

## 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.

## 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. All amounts in tables below are in NOK million.

### EBIT

Our EBIT represents operating income.

### EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a key financial parameter for XXL. Our EBITDA represents operating income plus depreciation.

#### Reconciliation

	Q4'19	Q4'18	FY 19	FY 18
Operating Income	-412	64	-201	352
+ Depreciation	166	51	691	189
<b>= EBITDA</b>	<b>-246</b>	<b>115</b>	<b>490</b>	<b>541</b>

### 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.

### EBITDA (adj.)

EBITDA (adj.) is used to describe EBITDA excluding extraordinary items. In Q4 2019, this is represented by an extraordinary writedown of inventory amounting to NOK 385 million.

#### Reconciliation

	Q4'19	FY 19
EBITDA	-246	490
+ Extraordinary writedown of inventory	385	385
<b>= EBITDA (adj.)</b>	<b>139</b>	<b>875</b>

### 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.

### Like for Like excluding cannibalization effects

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. When excluding cannibalization effects, we exclude also store sales affected by new stores in the same area “stealing” revenue from that store. We measure this by collecting post codes from customers, to see if they switch store when a new store is closer.

### Gross profit / Gross margin

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

#### Reconciliation

	Q4'19	Q4'18	FY 19	FY 18
Operating revenue	2 319	2 569	8 992	9 475
÷ Cost of goods sold	1 860	1 639	5 934	5 938
<b>= Gross profit</b>	<b>459</b>	<b>930</b>	<b>3 058</b>	<b>3 536</b>
<b>Gross margin</b>	<b>19,8%</b>	<b>36,2%</b>	<b>34,0%</b>	<b>37,3%</b>

### Gross profit (adj.)

Gross profit (adj.) represents gross profit as per above adjusted for extraordinary items.

#### Reconciliation

	Q4'19	FY 19
Gross profit	459	3 058
+ Extraordinary writedown of inventory	385	385
<b>= Gross profit (adj.)</b>	<b>844</b>	<b>3 443</b>

### Operating income (adj.)

Operating income (adj.) represents operating income adjusted for extraordinary items.

#### Reconciliation

	Q4'19	FY 19
Operating income	-417	-206
+ Extraordinary writedown of inventory	385	385
<b>= Operating income (adj.)</b>	<b>-32</b>	<b>179</b>

### Working capital

Working capital consists of trade and other receivables, accounts payables, inventory, public duties payable and other current liabilities.

### OPEX

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

#### Reconciliation

	Q4'19	Q4'18	FY 19	FY 18
Other oper. expenses	249	377	916	1 380
+ Personnel expenses	455	438	1 652	1 615
<b>= OPEX</b>	<b>705</b>	<b>815</b>	<b>2 568</b>	<b>2 995</b>

### Net interest bearing debt (NIBD)

Net interest bearing debt is defined as non-current interest bearing debt and current interest bearing debt less cash and cash equivalents. Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

#### Reconciliation

	FY 19	FY 18
Non-Current Interest Bearing Debt	889	1 081
+ Current Interest Bearing Debt	767	994
÷ Cash and Cash Equivalents	433	194
<b>= Net Interest Bearing Debt</b>	<b>1 224</b>	<b>1 881</b>

### CAPEX

Capital expenditure is the sum of purchases of fixed assets and intangible assets as used in our cash flow. Capex is a measure of investments made in the operations in the relevant period and is useful to users of XXL's financial information in evaluating the capital intensity of the operations.

### Liquidity reserve

Our liquidity reserve is defined as our available cash and cash equivalents plus available liquidity through overdraft and credit facilities.

#### Reconciliation

	FY 19	FY 18
Cash and Cash Equivalents	433	194
+ Undrawn Credit Facilities	400	500
<b>= Liquidity reserve</b>	<b>833</b>	<b>695</b>

### Leverage ratio

Leverage ratio is defined as NIBD/EBITDA, a measure for the strength of our financial position. See NIBD/EBITDA for explanation.

### Ecommerce

Ecommerce is sales through online sales channels in comparison to sales through retail stores that are physical stores.

### Inventory per store

Total inventory excluding goods in transit (GIT) divided on number of stores and number of E-commerce markets at end of period.

$$\text{Inventory per store} = \frac{(\text{Inventory} - \text{GIT})}{(\text{Number of stores} + \text{Ecom markets})}$$

### Excluding IFRS 16/Ex IFRS

IFRS 16 was implemented for the Group 1 January 2019. As IFRS 16 have significant impact on our financial statement, financial position and cash flow and other APMs as defined in this section, we have chosen to present two sets of numbers; in which when excluding IFRS 16 effects we subtract the effects from the implementation of this IFRS standard. All IFRS effects are also presented in total for the Group in Disclosure note 9 to the Quarterly report.

#### Reconciliation (example)

	Q4'19	FY19
EBITDA	-246	490
÷ IFRS 16 effects – ref note 9	125	532
<b>= EBITDA (ex IFRS 16 effects)</b>	<b>-371</b>	<b>-42</b>

### NIBD/EBITDA

See also leverage ratio above. Leverage ratio is defined as NIBD/EBITDA, a measure for the strength of our financial position. XXL aims to maintain a solid balance sheet through keeping this measure at a relative low level, to ensure financial flexibility and

ensure cost efficient funding. This measure is also part of our covenant conditions in our loan agreement. We use 12 months rolling EBITDA in this calculation, ie in Q3 we use Q4 EBITDA from previous year + Q1 EBITDA from current year + Q2 EBITDA from current year + Q3 EBITDA from current year. The 12M Rolling EBITDA can include adjustments for exceptional P&L items, not being part of daily operations. These adjustments consist mainly of a write down of inventory + some exceptional items as defined in loan agreement. Also, NIBD is adjusted with the subsequent offering.

$$NIBD/EBITDA = \frac{\text{Net Interest Bearing Debt}}{12 \text{ M Rolling EBITDA}}$$

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**FINANCIAL CALENDAR**

Q1 2020 results:	29.04.2020
Annual General Meeting	04.06.2020
Q2 and H1 2020 results:	16.07.2020

**INVESTOR CONTACT**

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