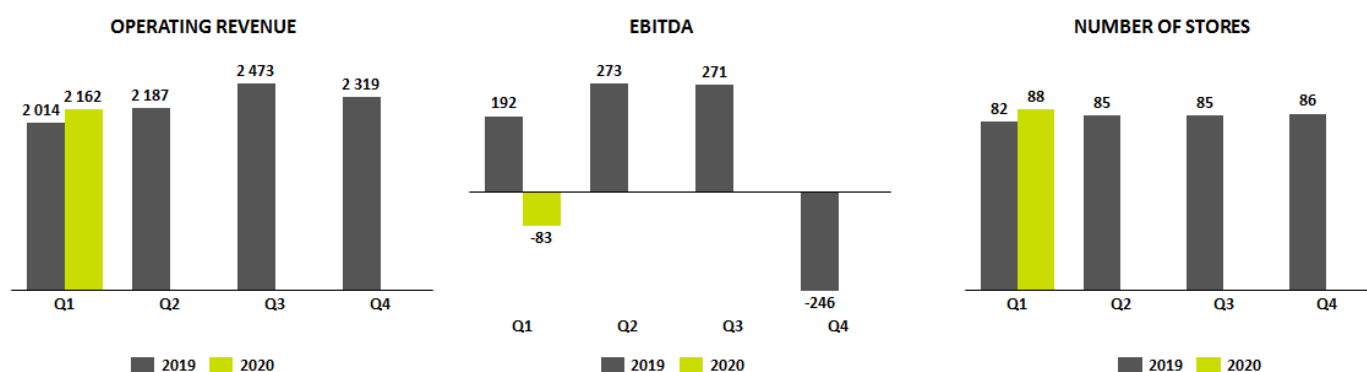


## HIGHLIGHTS<sup>1</sup>

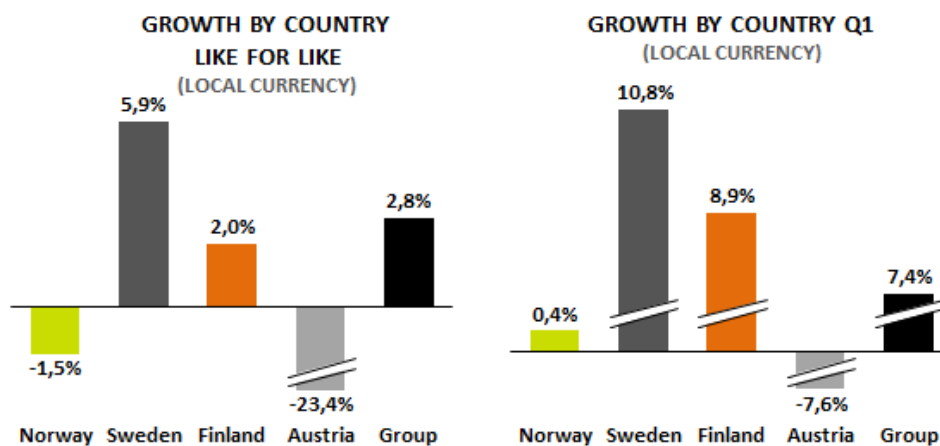
- Operating revenue of NOK 2 162 million (NOK 2 014 million), up 7 per cent
- Like for like growth of 3 per cent
- EBITDA reported of minus NOK 83 million (NOK 192 million)
- Liquidity reserves of NOK 774 million (NOK 417 million)
- Secured long term funding



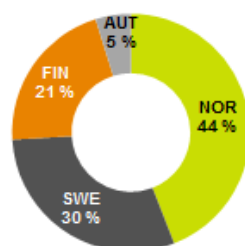
1) Please refer to definitions at the end of the report for descriptions of alternative performance measures that are used in highlights and key figures

**KEY FIGURES GROUP**

(Amounts in NOK million)	Q1 2020	Q1 2019	FY 2019 Audited
<b>GROUP</b>			
Operating revenue	2 162	2 014	8 992
Growth (%)	7,4 %	-2,7 %	-5,1 %
Gross profit	604	821	3 058
Gross margin (%)	27,9 %	40,7 %	34,0 %
OPEX %	31,8 %	31,2 %	28,6 %
EBITDA	-83	192	490
EBITDA margin (%)	-3,9 %	9,5 %	5,4 %
EBIT	-262	19	-201
EBIT margin	-12,1 %	1,0 %	-2,2 %
Profit for the period	-224	-19	-327
**Basic Earnings per share (NOK)	-1,34	-0,14	-2,31
**Average number of shares (1 000 shares)	167 081	135 958	141 329
Cash provided by operating activities	145	-103	938
Like for like revenue growth	2,8 %	-6,9 %	-8,6 %
Number of stores at period end	88	82	86
New stores in the period	2	-	4



**REVENUE SPLIT Q1**



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

**KEY FIGURES SEGMENTS**

<i>(Amounts in NOK million)</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019 Audited</b>
<b>SEGMENT</b>			
<b>Norway</b>			
Operating revenue	<b>951</b>	947	<b>4 148</b>
<i>Growth (%)</i>	<b>0,4 %</b>	-5,9 %	<b>-10,6 %</b>
Gross profit	<b>290</b>	414	<b>1 524</b>
<i>Gross margin (%)</i>	<b>30,5 %</b>	43,7 %	<b>36,7 %</b>
<i>OPEX %</i>	<b>23,2 %</b>	22,0 %	<b>20,4 %</b>
EBITDA	<b>69</b>	206	<b>676</b>
<i>EBITDA margin (%)</i>	<b>7,3 %</b>	21,7 %	<b>16,3 %</b>
Number of stores at period end	<b>37</b>	36	<b>36</b>
New stores in the period	<b>1</b>	-	<b>-</b>
<b>Sweden</b>			
Operating revenue	<b>646</b>	557	<b>2 558</b>
<i>Growth (%)</i>	<b>16,1 %</b>	-6,2 %	<b>-4,5 %</b>
Gross profit	<b>165</b>	216	<b>816</b>
<i>Gross margin (%)</i>	<b>25,5 %</b>	38,7 %	<b>31,9 %</b>
<i>OPEX %</i>	<b>28,3 %</b>	29,8 %	<b>28,1 %</b>
EBITDA	<b>-18</b>	50	<b>99</b>
<i>EBITDA margin (%)</i>	<b>-2,8 %</b>	8,9 %	<b>3,9 %</b>
Number of stores at period end	<b>29</b>	27	<b>28</b>
New stores in the period	<b>1</b>	-	<b>1</b>
<b>Finland</b>			
Operating revenue	<b>456</b>	390	<b>1 766</b>
<i>Growth (%)</i>	<b>16,9 %</b>	0,9 %	<b>3,0 %</b>
Gross profit	<b>114</b>	151	<b>577</b>
<i>Gross margin (%)</i>	<b>25,0 %</b>	38,7 %	<b>32,7 %</b>
<i>OPEX %</i>	<b>24,2 %</b>	27,7 %	<b>24,8 %</b>
EBITDA	<b>4</b>	43	<b>139</b>
<i>EBITDA margin (%)</i>	<b>0,8 %</b>	10,9 %	<b>7,9 %</b>
Number of stores at period end	<b>17</b>	15	<b>17</b>
New stores in the period	<b>-</b>	-	<b>2</b>

**KEY FIGURES SEGMENTS – cont.**

<i>(Amounts in NOK million)</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019 Audited</b>
<b>SEGMENT</b>			
<b>Denmark</b>			
Operating revenue	5	15	49
Growth (%)	-68,9 %	-5,9 %	-36,7 %
Gross profit	1	3	10
Gross margin (%)	26,1 %	21,5 %	19,6 %
OPEX %	49,8 %	40,0 %	42,2 %
EBITDA	-1	-3	-11
EBITDA margin (%)	-23,7 %	-18,5 %	-22,6 %
<b>Austria</b>			
Operating revenue	104	105	470
Growth (%)	-0,8 %	54,6 %	29,6 %
Gross profit	34	37	131
Gross margin (%)	32,4 %	35,3 %	27,9 %
OPEX %	43,4 %	43,5 %	39,5 %
EBITDA	-11	-9	-55
EBITDA margin (%)	-11,0 %	-8,2 %	-11,6 %
Number of stores at period end	5	4	5
New stores in the period	-	-	1
<b>HQ &amp; logistics</b>			
EBITDA	-126	-94	-358
EBITDA margin (% of Group revenues)	-5,8 %	-4,7 %	-4,0 %

# Extraordinary quarter focused on preparing for a new normal

Oslo, 28 April 2020: Q1 2020 was an extraordinary quarter in many ways. The COVID-19 situation has affected us all, and XXL has worked hard on ensuring the safety of its employees and customers while keeping stores open for operation. Lack of winter conditions in the quarter combined with COVID-19 have made it very difficult for all players in the industry. XXL responded quickly with a major effort to clear out winter inventory to preserve cash and allow for an attractive and up-to-date product offering next winter. This led to strong sales, weak margins but a solid financial situation entering the second quarter.

XXL also secured its long term funding needs through new loan facilities as well as new capital. During the quarter XXL also successfully sold off a substantial part of its inventory resulting in a liquidity reserve of NOK 0.8 billion (NOK 0.4 billion).

## First quarter 2020 review

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

The first quarter 2020 proved to be an extraordinary quarter with limited winter conditions, significant effects from clearance sales and the outbreak of the COVID-19 pandemic. January sales were down 22 per cent due to poor winter conditions in the main cities compared to a more normal season last year. Due to several challenging seasons during 2019 and 2020 XXL launched a massive clearance campaign in February with high sales volumes but on significantly lower gross margins. The strong sales continued into March until the outbreak of the COVID-19 pandemic in all XXL markets. The latter resulted in a trend shift in sales leading to double digit negative growth partly explained by closure of the stores in Austria and reduced opening hours. XXL immediately implemented a contingency plan for different challenges that may occur including short term cost reduction measures. All stores in XXL, except for the stores in Austria, were open during the quarter.

XXL has initiated a plan with the necessary measures to improve its working capital. During Q1 2020 XXL successfully sold off a substantial part of its inventory, affecting mainly winter products. This, in combination with significantly lower purchased volumes, has reduced inventory down to NOK 2 525 million (NOK 3 462 million) and improved liquidity reserves to NOK 774 million (NOK 417 million). Net interest bearing debt amounted to NOK 1 307 million (NOK 2 122 million). On 31 March 2020 XXL secured refinancing through long term bank facilities of NOK 1 450 million and a fully underwritten equity raise of NOK 400 million. We will continue our efforts to control the inventory levels by reducing complexity related to SKUs and suppliers.

XXL is working on a number of initiatives to improve the 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 category offering, improve

marketing effectiveness, modernize the brand platform towards the consumers and reduce the cost base. XXL is currently working on a new organization structure that will right size the company and improve the internal working processes to secure higher operational efficiency and secure a cost reduction. In order to strengthen such operational performance XXL is building a new senior management team with a combination of new competence and experienced capacities from the sport retail industry and XXL.

Total operating revenues in the first quarter 2020 amounted to NOK 2 162 million (NOK 2 014 million), representing a growth of 7.4 per cent. This was driven by like for like growth of 2.8 per cent and by revenues from new stores. E-commerce for the Group is included in the like for like figure and operating revenues increased by 35.3 per cent to NOK 436 million in the quarter (NOK 325 million). This was especially driven by the clearance sales campaign and continued growth after the COVID-19 outbreak.



Gross margin for the Group ended at 27.9 per cent in the quarter compared to 40.7 per cent in the same quarter last year. The significantly lower gross margin was mainly related to the clearance sales campaign and lower bonuses from suppliers. Negative gross margin mix effects from the clearance campaign and lower bonuses from suppliers are estimated to be 9.3 per cent. XXL has continued to focus on

reducing the inventory level of the Group and has substantially reduced its purchased volumes. This has negatively affected the bonuses from suppliers of NOK 71 million in the quarter.

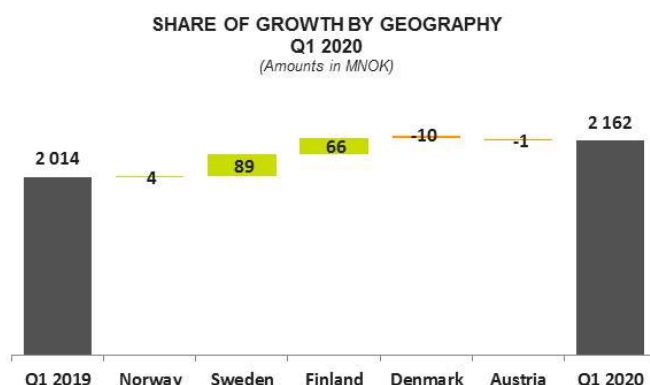
Operating expenses before depreciation as percentage of sales increased to 31.8 per cent in the first quarter this year (31.2 per cent). The main driver is increased HQ costs related to ongoing improvement programs, refinancing activities and contingency plans in relation to the COVID-19 situation. In addition XXL had six more stores in the quarter, compared to last year, which increased the cost base as well.

The Group EBITDA in the first quarter 2020 was negative of NOK 83 million (positive of NOK 192 million), mainly due to the significantly lower gross margins 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 the HQ and Logistics segment.



### Norway

The Norwegian operations delivered total operating revenues of NOK 951 million in the first quarter 2020 compared to NOK 947 million in the same quarter last year. Negative like for like growth of 1.5 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 12.0 per cent in Q1 2020 and XXL consequently gained market shares. The market was characterized by poor winter conditions and heavy discounting activities from many players including XXL's winter clearance campaign. XXL had during this campaign strong sales growth but this changed significantly with the restrictions imposed by the Norwegian authorities including shortened opening hours in many shopping centres.

Gross margin was significantly impacted by the clearance campaign as well as lower supplier bonuses of NOK 37 million. Due to these effects the gross margin decreased from 43.7 per cent in Q1 2019 to 30.5 per cent in Q1 2020.

EBITDA decreased to NOK 69 million (NOK 206 million). The main reason for the lower EBITDA was the negative impact on gross margin as described. Operating expenses as percentage of sales increased from 22.0 per cent last year to 23.2 per cent this year. This is due to one new store, opened in Hønefoss on 6 February. From mid March XXL experienced a significant decline in sales due to COVID-19 restrictions imposed by the Norwegian authorities. In accordance with the contingency plan XXL decided to adjusted costs accordingly by several initiatives including temporarily layoffs of around 1 000 employees in late March which will give effects from April.

### Sweden

Total operating revenues for XXL in Sweden in Q1 2020 amounted to NOK 646 million (NOK 557 million) representing a growth of 10.8 per cent in local currency. The driver was like for like growth of 5.9 per cent in local currency and growth from new stores. According to market figures from SCB the sale of sporting goods in Sweden decreased by 6.9 per cent in Q1 2020 (unweighted average).

The Swedish sporting goods market continued to be volatile and price focused with many discounts. Several changes in the competitor landscape are ongoing. Gross margin ended at 25.5 per cent (38.7 per cent) explained by the clearance campaign and lower supplier bonuses of NOK 12 million.

Operating expenses as percentage of sales ended at 28.3 per cent (29.8 per cent). This was driven by the like for like growth in the quarter offset by costs related to a new store opening, Malmö Emporia on 5 February. EBITDA ended at minus NOK 18 million (positive of NOK 50 million). This is explained by the significantly lower gross margins.

Following the restrictions imposed by the Norwegian authorities in mid March related to the COVID-19 situation, including traveling abroad for Norwegian citizens, this had a dramatic impact on the three outlet stores in Sweden. These stores are close to the Norwegian border and are heavily reliant on customers from Norway. XXL immediately initiated cost reduction including reduced opening hours and temporarily layoffs of employees.

### 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 13.2 per cent in Q1 2020. This is to be compared to XXL with an increase of 8.9 per cent in local currency. Total operating revenues in the quarter amounted to NOK 456 million (NOK 390 million) with a like for like growth of 2.0 per cent in local currency.

Gross margin ended at 25.0 per cent (38.7 per cent) significantly impacted by clearance sales campaign as well as lower supplier bonuses of NOK 12 million.

EBITDA amounted to NOK 4 million in Q1 2020 down from NOK 43 million in Q1 2019 explained by the significantly lower gross margin. Operating expenses as percentage of sales improved to 24.2 per cent in Q1 2020 (27.7 per cent). This is due to the like for like growth impacting the scalability of the operations.

#### Denmark

The Danish operations are moved 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 gross margin and the cost base. Total operating revenues in the first quarter 2020 amounted to NOK 5 million (NOK 15 million), representing a negative growth of 70.9 per cent in local currency. The EBITDA was negative of NOK 1 million in the quarter (minus NOK 3 million). XXL will continue running Denmark with limited resources and use it as a tactical sales channel during 2020.

#### Austria

Total operating revenues from the Austrian operations amounted to NOK 104 million in the first quarter (NOK 105 million) driven by negative like for like growth of 23.4 per cent in local currency, compensated by growth from new stores. As announced on 15 March, Austrian authorities decided to temporarily close down retail trade other than food, pharmacies and other important supply functions in the country as a precautionary measure to contribute to limit the contagion of COVID-19. Consequently, the five XXL stores in Austria have been closed since the same date, which affected the sales materially. Therefore XXL immediately reduced costs by temporarily layoffs of almost all employees and adjusted marketing activities. During the same period XXL has experienced good E-commerce growth.

The gross margin declined to 32.4 per cent (35.3 per cent) due to lower supplier bonuses of NOK 8 million.

Operating expenses as percentage of sales ended at 43.4 per cent in Q1 2020 (43.5 per cent). EBITDA was negative of NOK 11 million (negative of NOK 9 million). The lower EBITDA is driven by lower supplier bonuses. XXL still lacks scale in the operations with only five stores and E-commerce and works on 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 126 million (NOK 94 million) in Q1 2020. This equals 5.8 per cent of total Group operating revenue compared to 4.7 per cent in the first quarter last year. XXL had several costs in the first quarter mainly related to ongoing improvement programs, refinancing activities and

contingency plans in relation to the COVID-19 situation.

## Financials

### Consolidated income statement – First quarter

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

**Total operating revenue** increased by 7.4 per cent to NOK 2 162 million (NOK 2 014 million).

**Total operating expenses** equaled NOK 2 424 million (NOK 1 994 million) in the first quarter. Other operating expenses increased from NOK 216 million in Q1 2019 to NOK 227 million in Q1 2020, while depreciation remained relatively stable at NOK 179 million compared to NOK 173 million in Q1 2019.

**Operating income** amounted to minus NOK 262 million (NOK 19 million) mainly explained by lower margins due to the clearance sales campaign and lower purchases giving lower supplier bonuses.

**Net financial expense** amounted to NOK 6 million for the first quarter (NOK 43 million) whereof NOK 24 million is related to IFRS 16 effects on par with Q1 2019. Net interest expenses equaled NOK 16 million (NOK 12 million). Net financial expenses included a positive currency effect of NOK 38 million, compared to a negative currency effect of NOK 2 million in the same quarter last year. Other financial expenses of NOK 4 million were related to amortization of loan costs and other financial costs.

**Income tax expense** for the first quarter was negative of NOK 43 million (negative NOK 5 million) and the effective tax rate was 16.2 per cent.

**Profit for the period** ended at negative NOK 224 million (negative NOK 19 million).

### Consolidated cash flow

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

Cash provided by operating activities was NOK 145 million (cash used of NOK 103 million) in the first quarter. The main reason for the positive development is the reduction of inventory offset by lower profit before income tax.

The inventory decreased from NOK 2 843 million at the end of 2019 to 2 525 million at Q1 2020 explained by lower purchased volumes and higher sales due to the clearance sales campaign. Inventory per store ended at NOK 27.2 million by the end of Q1 2020 (NOK 39.8 million). XXL has seen positive effects from reduced pre-purchase and forecast control in addition to a well performed clearance sales campaign in February and the beginning of March. The medium-term ambition of reducing the inventory down towards NOK 25 million per store remains firm and will further strengthen the balance sheet.

The cash flow effect from accounts payables decreased by NOK 357 million from 31 December 2019. The most important reason is the lower purchased volumes and timing effects when comparing to Q1 2019.

Depreciation amounted to NOK 179 million in the first quarter (NOK 173 million)

Cash used by investing activities was NOK 47 million (NOK 27 million) in Q1 2020. This is mainly related to investments in two new stores in the quarter, maintenance CAPEX on existing stores and investments in infrastructure.

Cash used by financing activities amounted to NOK 187 million (cash provided NOK 153 million) in the first quarter. The earlier announced subsequent offering of NOK 100 million was registered 18 March 2020, and was used as down payment of debt. Payments under recognized lease contracts amounted to NOK 154 million in Q1 2020 compared to NOK 138 million last year.

#### **Financial position and liquidity**

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

As of 31 March 2020, total assets amounted to NOK 10 083 million (NOK 10 828 million). The decrease is mainly due to reduction of inventory and lower level of interest-bearing debt. Total equity was NOK 3 758 million (NOK 3 692 million), resulting in an equity ratio of 37.3 per cent (34.1 per cent). Net interest bearing debt (NIBD) (ex IFRS 16) ended at NOK 1 307 million (NOK 2 122 million).

The Group had cash and cash equivalents of NOK 374 million (NOK 217 million) as of 31 March 2020 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 200 million whereof NOK 808 million was used as of 31 March 2020. Available liquidity reserves as of 31 March 2020 were NOK 774 million (NOK 417 million).

#### **Refinancing and underwritten share issue**

Since the Q4 2019 results publication, XXL has investigated different financing alternatives and concluded that the best alternative in the current market is to strengthen its balance sheet through a NOK 1 450 million refinancing with its existing banks and a share issue of approximately NOK 400 million at a subscription price of NOK 5.00 per share.

The new bank financing with the bank consortium includes total facilities of NOK 1 450 million consisting of a 3-year non-amortizing term loan of NOK 500 million, a 3-year revolving credit facility ("RCF") of NOK 500 million, a 3-year seasonal RCF of NOK 150 million and a 364-day additional RCF of NOK 300 million. The new bank financing is subject to liquidity and leverage covenants. The liquidity covenant for 2020 is NOK 100 million in Q2 and Q3 2020 and increasing to NOK 200 million in Q4 2020, and adjusted down to NOK 100 million in Q1 and Q2 2021. The leverage covenant of 3.5x will be in effect from Q3 2021, with semi-annual step-downs of 0.25x, first time with effect from Q1 2022. The

banks have agreed that the covenants shall not be tested or reported until the new financing is effective.

The underwritten share issue was approved by an extraordinary general meeting on 24 April 2020 and will raise gross proceeds of NOK 400 million through issuance of 80 007 247 new shares. The subscription price is set to NOK 5.00 per share. Each shareholder has been granted 0.464 subscription rights for every existing share held at the date of the extraordinary general meeting, as registered in the Norwegian Central Securities Depository (VPS) on 28 April 2020 (the record date). Each subscription right will, subject to applicable securities laws, give the right to subscribe for and be allocated one offer share in the share issue. The subscription rights will be tradable and are expected to be listed on Oslo Børs in the period from 4 May 2020 to 14 May 2020. Oversubscription will be allowed. Subscription without subscription rights will not be allowed.

Altor Invest 5 AS, Altor Invest 6 AS (Altor Invest 5 AS and Altor Invest 6 AS, together "Altor"), Ferd AS ("Ferd"), ODIN Norden and ODIN Norge (Altor, Ferd AS, ODIN Norden and ODIN Norge, together the "Underwriters") have, subject to customary conditions, committed to subscribe for at least their pro rata portion of the Rights Issue of 11.8 per cent, 11.8 per cent, 9.0 per cent, 6.0 per cent and 3.0 per cent, respectively, in aggregate 41.5 per cent of the share issue. In addition, Ferd has underwritten an additional 22 899 offer shares, Nordkronen II AS, a company controlled by Pål Wibe, has underwritten 4 000 000 offer shares and Altor has underwritten the remaining part of the share issue, provided however that Altor shall not be obliged to subscribe for shares that will result in Altor's ownership in the Company exceeding 33.33 per cent of the votes in the Company and thus triggering a mandatory offer obligation under the Norwegian Securities Trading Act.

In order to secure a full underwriting of the required NOK 400 million, Altor or its affiliates are, in the case that allocation of offer shares to Altor under the underwriting would otherwise have resulted in the mandatory offer threshold to be reached, obligated to either: (i) take delivery of the excess offer shares and thereby obtaining a shareholding in excess of the mandatory offer obligation threshold, or (ii) provide the Company with 4-year unsecured convertible bonds (the "Convertible Bonds") for the corresponding subscription amount of the excess offer shares.

There is no certainty that Altor will take delivery of the offer shares in excess of the mandatory offer threshold even if new regulations regarding the required offer price in mandatory offers that are triggered by the participation of major shareholders in equity issues are adopted as proposed by the Norwegian Government on 27 March 2020.

The Convertible Bonds shall carry an interest rate of 4 per cent per annum, payable in cash at maturity, and together with accrued interest, be convertible to shares in the Company at the Subscription Price of the share issue at any time in the period from 30 September 2020 until 24 months after the EGM.



For illustration, if the Underwriters only subscribe according to their pro rata pre-commitments and are the only subscribers for offer shares in the share issue, and Altor decides not to take delivery of offer shares that will result in an ownership in excess of the mandatory offer threshold, then the size of the share issue will be NOK 265 million and 52 919 262 offer shares, and the remaining NOK 135 million will be raised through the Convertible Bonds provided by Altor.

If all offer shares are subscribed by holders of Subscription Rights, then the size of the share issue will be NOK 400 million and 80 007 247 Offer Shares will be issued. In that scenario, there will be no Convertible Bonds.

The subscription period for the share issue will commence on 4 May 2020 and end on 18 May 2020.

The Company has published a prospectus that includes the full terms and conditions for the share issue and is approved by the Norwegian Financial Supervisory Authority prior to publication.

DNB Markets, a part of DNB Bank ASA, and Nordea Bank Abp, filial i Norge have been retained as Global Coordinators for the share issue. Advokatfirmaet Thommessen AS is legal advisor to the Company.

#### **Changes in the Executive Management team**

As previously announced Pål Wibe has been appointed the new Group CEO of XXL. He started 1 April 2020. Pål has a solid background and track record in retail, and he is strong analytically and an inspirational team leader.

There will be several changes in the Executive Management team of XXL. Both Karoline Gjerde (E-commerce Director) and Jakob Olsbø (Marketing Director) will leave XXL to search for new opportunities outside of the company. Anders Kjellén (Retail Director) will no longer be part of the Executive Management team but take up a position in the new category department. All Managing Directors of the four country operations will be a part of the Executive Management team. André Sjåsæt is the new Strategy and Business Development Director in XXL and he started as of 1 March. Tolle Grøterud will head up the new Human Resources and Communications department, including Investor Relations. XXL will strengthen these functions by recruitments of a Communications Director and a Human Resources Director in the very near future.

Claes Winterfeldt has been appointed VP of Buying and Category Development in XXL. Claes has a long and distinguished career so far in the sporting industry. Over the last ten years he has been one of the pioneers at Sportamore, building up the strong Nordic E-commerce player from scratch. As Chief Commercial Officer he has been responsible for Purchasing and Sales at Sportamore. He will be valuable in further developing strong supplier partnerships for XXL as well as optimizing and executing clear category and assortment strategies. Claes has previous experience from Stadium and before that he was five years with Puma Nordic.

As a consequence of the above mentioned changes XXL has commenced the process of recruiting a new leader for the Commercial department, which includes the marketing, store and e-commerce user experience functions.

#### **Update on the COVID-19 situation**

XXL has initiated contingency plans for different challenges that may occur related to the COVID-19 situation. Focus is on the well-being of all our employees and XXL has strengthened the frequency and routines related to cleaning and hygiene in all parts of its operations. XXL will at all times comply with the COVID-19 guidelines issued at any given time by the Norwegian Institute of Public Health and other relevant authorities in the markets it operates, and has established good routines for informing employees, customers and business partners.

As announced on 15 March 2020, Austrian authorities, with effect from 16 March 2020, decided to temporarily close down retail trade other than food, pharmacies and other important supply functions in the country as a precautionary measure to contribute to limit the contagion of COVID-19. As a consequence, the five XXL stores in Austria closed from Monday 16 March 2020. XXL monitors the situation closely and has initiated several actions to reduce costs during this period including temporarily layoffs of around 200 employees. The Austrian authorities plan to lift the ban from 2 May and XXL will open its stores accordingly.

Following the restriction imposed by Norwegian authorities on traveling abroad, XXL has initiated several measures to reduce costs related to its outlet stores including temporarily layoffs of employees and reduced opening hours. These stores are close to the Norwegian border and are heavily reliant on customers traveling from Norway.

As a consequence of the significant decline in sales during the last weeks of March, XXL resolved to give notice of temporary layoffs to around 1 000 store employees in Norway and around 450 employees in Finland.

So far there has been no major disruptions in the inbound or outbound distribution.

Going into April XXL experiences increased demand in Norway and Sweden, especially in categories related to the spring season and home gym equipment, but with significant variations between the various stores. E-commerce continues to see good growth. Finland has been more challenging with negative sales growth so far in April. The Austrian stores will be closed for the whole month. XXL has decided to cancel some temporarily layoffs in Norway due to the improved sales in some departments.

XXL continues to monitor the situation closely and will as part of its contingency plan evaluate alternative actions when necessary.

#### **Outlook**

XXL has signed 4 new lease agreements for store openings in 2020 where of 1 in Norway, 1 in Sweden and 2 in Austria. The new stores in Norway and Sweden opened in Q1 2020.

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, 28 April 2020  
Board of Directors, XXL ASA

**Condensed Consolidated Interim Statements of Income & Comprehensive Income**

Unaudited for the period ended March 31, 2020

<i>(Amounts in NOK million)</i>	Q1 2020	Q1 2019	FY 2019 Audited
<b>Total Operating Revenue</b>	<b>2 162</b>	2 014	8 992
Cost of goods sold	<b>1 559</b>	1 193	5 549
Extraordinary writedown of inventory	-	-	385
Personnel expenses	<b>460</b>	413	1 652
Depreciation	<b>179</b>	173	691
Other operating expenses	<b>227</b>	216	916
<b>Total Operating Expenses</b>	<b>2 424</b>	1 994	9 193
<b>Operating Income</b>	<b>-262</b>	19	-201
<b>Net Financial Income (+) / Expense (-)</b>	<b>-6</b>	-43	-183
<b>Profit before income tax</b>	<b>-268</b>	-23	-384
Income tax expense	<b>-43</b>	-5	-57
<b>Profit for the period</b>	<b>-224</b>	-19	-327
<b>Basic Earnings per share (NOK)</b>	<b>-1,34</b>	-0,14	-2,31
<b>Diluted Earnings per share (NOK)</b>	<b>-1,34</b>	-0,14	-2,31
<b>Other comprehensive income</b>			
<u>Items that may be subsequently reclassified to profit or loss</u>			
Foreign currency rate changes	<b>59</b>	3	-26
<b>Total Other Income and Expense</b>	<b>59</b>	3	-26
<b>Total comprehensive income for the period</b>	<b>-165</b>	-16	-353

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

**Condensed Consolidated Interim Statement of Financial Position**

<i>(Amounts in NOK million)</i>	Note	31.3.20	31.3.19	31.12 2019 Audited
<b>NON CURRENT ASSETS</b>				
<b>Intangible Assets</b>				
Goodwill		2 744	2 734	2 744
Other Intangible Assets		252	248	253
Deferred tax asset		70	-	27
<b>Total Intangible Assets</b>		<b>3 066</b>	<b>2 982</b>	<b>3 024</b>
Fixed Assets		914	870	856
Non-Current Financial Assets		-	12	-
Right-of-Use Assets	9	2 975	3 012	2 827
<b>Total Non Current Assets</b>		<b>6 954</b>	<b>6 877</b>	<b>6 706</b>
<b>CURRENT ASSETS</b>				
Inventory		2 525	3 462	2 843
Trade and Other Receivables		231	273	260
Cash and Cash Equivalents		374	217	433
<b>Total Current Assets</b>		<b>3 129</b>	<b>3 952</b>	<b>3 536</b>
<b>TOTAL ASSETS</b>		<b>10 083</b>	<b>10 828</b>	<b>10 242</b>

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

**Condensed Consolidated Interim Statement of Financial Position**

<i>(Amounts in NOK million)</i>	Note	31.3.20	31.3.19	31.12 2019 Audited
<b>SHAREHOLDERS' EQUITY</b>				
Paid-in Capital		3 457	2 793	3 360
Other equity	9	301	899	467
<b>Total Shareholders' Equity</b>		<b>3 758</b>	<b>3 692</b>	<b>3 826</b>
<b>LIABILITIES</b>				
Deferred Tax Liability		9	52	9
<b>Total Provisions</b>		<b>9</b>	<b>52</b>	<b>9</b>
<b>Other non-current liabilities</b>				
Interest Bearing Non-Current Liabilities		873	1 054	767
Non-Current Lease Liabilities	9	2 533	2 500	2 428
<b>Total other non-current liabilities</b>		<b>3 406</b>	<b>3 554</b>	<b>3 195</b>
<b>Total non-current liabilities</b>		<b>3 416</b>	<b>3 606</b>	<b>3 204</b>
<b>Current liabilities</b>				
Accounts Payable		693	973	980
Current Lease Liabilities	9	603	522	553
Current Interest Bearing Liabilities		808	1 286	889
Tax payable		-	17	-
Public duties payable		328	221	385
Other current liabilities		477	511	405
<b>Total current liabilities</b>		<b>2 909</b>	<b>3 530</b>	<b>3 212</b>
<b>TOTAL LIABILITIES</b>		<b>6 325</b>	<b>7 136</b>	<b>6 416</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 083</b>	<b>10 828</b>	<b>10 242</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>	Q1 2020	Q1 2019	FY2019 Audited
<b>Operating Activities</b>			
Profit before income tax	-268	-23	-384
<i>Adjustments for:</i>			
Income tax paid	1	-45	-75
Depreciation	179	173	692
Net financial expense	6	43	183
<i>Changes in working capital:</i>			
Changes in inventory	542	-311	340
Changes in accounts receivable	39	82	119
Changes in accounts payable and supplier financing	-357	125	111
Other changes	4	-146	-47
<b>Cash Provided (used) by Operating Activities</b>	<b>145</b>	<b>-103</b>	<b>938</b>
<b>Investing Activities</b>			
Acquisition of fixed assets and intangible assets	-47	-27	-163
Payments/proceeds from acquisitions/disposals	0	0	-4
<b>Cash Provided (used) by Investing Activities</b>	<b>-47</b>	<b>-27</b>	<b>-168</b>
<b>Financing Activities</b>			
Sale of own shares/other equity transactions	95	0	477
Payments/proceeds on long/short term debt	-107	298	-387
Payments under recognized lease contracts	-154	-138	-547
Interest payments	-21	-8	-69
<b>Cash Provided (used) by Financing Activities</b>	<b>-187</b>	<b>153</b>	<b>-526</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-89</b>	<b>23</b>	<b>244</b>
Cash and cash equivalents - beginning of period	433	194	194
Effect of foreign currency rate changes on cash and equiv.	31	0	-6
<b>Cash and Cash Equivalents - End of Period</b>	<b>374</b>	<b>217</b>	<b>433</b>

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

## 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 31.12.18</b>	<b>56</b>	<b>2 697</b>	<b>37</b>	<b>904</b>	<b>16</b>	<b>3 710</b>
Net income 2019				-327		-327
Foreign currency rate changes					-26	-26
<b>Transactions with owners:</b>						
Transfer own shares						0
Employee share incentive program			-8			-8
Dividend						0
Sale own shares		178		-100		77
Private Placement	11	389				400
<b>Shareholders' Equity 31.12.19</b>	<b>66</b>	<b>3 264</b>	<b>29</b>	<b>477</b>	<b>-10</b>	<b>3 826</b>
Net income 2020				-224		-224
Foreign currency rate changes					59	59
<b>Transactions with owners:</b>						
Employee share incentive program			1			1
Subsequent Offering	3	93				96
<b>Shareholders' Equity 31.03.2020</b>	<b>69</b>	<b>3 357</b>	<b>31</b>	<b>252</b>	<b>49</b>	<b>3 758</b>

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

# 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 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 2019, 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 2019.

## **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 2019.

1) Please refer to definitions at the end of the report for descriptions of alternative performance measures



## Note 5 Earnings per share

	Q1 2020	Q1 2019	FY 2019
Total profit ( in NOK million)	-224	-19	-327
<b>Weighted average number of ordinary shares in issue</b>	<b>167 081 425</b>	<b>135 957 554</b>	<b>141 329 081</b>
<b>Number of shares outstanding</b>	<b>172 429 411</b>	<b>139 096 077</b>	<b>165 762 744</b>
<b>Adjustment for:</b>			
Effect share options	368 536	282 306	409 561
Weighted number of ordinary shares in issue for diluted earnings per share	167 449 961	136 239 861	141 738 642
<b>Basic Earnings per share (in NOK)</b>	<b>-1,34</b>	<b>-0,14</b>	<b>-2,31</b>
<b>Diluted Earnings per share (in NOK)</b>	<b>-1,34</b>	<b>-0,14</b>	<b>-2,31</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:

### Q1 2020

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	951	646	456	5	104	-	2 162
Gross profit	290	165	114	1	34	-	604
EBITDA	69	-18	4	-1	-11	-126	-83
Operating Income	9	-67	-26	-1	-23	-152	-262

### 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	206	50	43	-3	-9	-94	192
Operating Income	144	1	15	-3	-17	-120	19

### 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
EBITDA	676	99	139	-11	-55	-358	490
Operating Income	432	-91	27	-11	-97	-461	-201

length basis.

## 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 2020. 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-

## Note 8 Risk Management

A description of main risk factors in XXL is included in Note 20 in the Annual Report for 2019.

## Note 9 Right-of-use assets and lease liabilities

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 01.01.2020</b>	<b>3 353</b>
Additions	95
Change incentives	-14
Net exchange differences	0
<b>Aquisition costs 31.03.2020</b>	<b>3 434</b>
Accumulated depreciation and impairment losses 01.01.2020	-493
Depreciation	-127
Impairment losses in the period	0
Disposals	0
Transfers and reclassifications	0
Currency exchange differences	161
<b>Accumulated depreciation and impairment 31.03.2020</b>	<b>-459</b>
<b>Total Right of Use Assets at 31.12.2020</b>	<b>2 975</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>Lease Liabilities 01.01.2020</b>	<b>2 981</b>
New lease liabilities recognised in the period	92
Leasing payments for the principal portion of the lease liability	-154
Interest expense on lease liabilities	24
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences in the period	194
<b>Total lease liabilities at 31.03.2020</b>	<b>3 137</b>
<b>whereof:</b>	
Current lease liabilities < 1 year	603
Non-current lease liabilities > 1 year	2 533

**IFRS 16 effects on the income statement Q1 2020**

(+) positive effect (-) negative effekt

<i>(Amounts in NOK million)</i>	<b>Total</b>
Depreciation	-127
Leasehold cost recorded as operating expense	149
<b>Effect on Operating income in the period</b>	<b>22</b>
Interest expense on lease liabilities	-24
<b>Effect on Profit before income tax in the period</b>	<b>-2</b>
Tax	0
<b>Effect on Profit for the period</b>	<b>-2</b>
Currency exchange differences *)	0
<b>Effect on other comprehensive income</b>	<b>-2</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

	Q1'20	Q1'19	FY 19
Operating Income	-262	19	-201
+ Depreciation	179	173	691
<b>= EBITDA</b>	<b>-83</b>	<b>192</b>	<b>490</b>

#### EBITDA (adj.)

EBITDA (adj.) is used to describe EBITDA excluding extraordinary items. For FY 2019, this was represented by a extraordinary writedown of inventory amounting to NOK 385 million.

#### Reconciliation

	Q1'20	FY 19
EBITDA	-83	490
+ Extraordinary writedown of inventory	-	385
<b>= EBITDA (adj.)</b>	<b>-83</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

	Q1'20	Q1'19	FY 19
Operating revenue	2 162	2 014	8 992
÷ Cost of goods sold	1 559	1 193	5 934
<b>= Gross profit</b>	<b>604</b>	<b>821</b>	<b>3 058</b>
<b>Gross margin</b>	<b>27.9%</b>	<b>40,7%</b>	<b>34,0%</b>

#### Gross profit (adj.)

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

#### Reconciliation

	Q1'20	FY 19
Gross profit	604	3 058
+ Extraordinary writedown of inventory	-	385
<b>= Gross profit (adj.)</b>	<b>604</b>	<b>3 443</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

	Q1'20	Q1'19	FY 19
Other operating expenses	227	216	916
+ Personnel expenses	460	413	1 652
<b>= OPEX</b>	<b>687</b>	<b>628</b>	<b>2 568</b>

### Net interest bearing debt (NIBD)

Net interest bearing liabilities is defined as non-current interest bearing debt and current interest bearing liabilities less cash and cash equivalents. NIBD does not include lease liabilities due to IFRS 16. Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

#### Reconciliation

	Q1'20	Q1'19	FY 19
Non-Current Interest Bearing liabilities	873	1 054	767
+ Current Interest Bearing liabilities	808	1 286	889
÷ Cash and Cash Equivalents	374	217	433
<b>= Net Interest Bearing Debt</b>	<b>1 307</b>	<b>2 122</b>	<b>1 224</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

	Q1'20	Q1'19	FY 19
Cash and Cash Equivalents	374	217	433
+ Undrawn Credit Facilities	400	200	400
<b>= Liquidity reserve</b>	<b>774</b>	<b>417</b>	<b>833</b>

### Leverage ratio/covenant

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

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

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#### FINANCIAL CALENDAR

Annual General Meeting	04.06.2020
Q2 and H1 2020 results:	16.07.2020
Q3 results:	27.10.2020

#### INVESTOR CONTACT

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