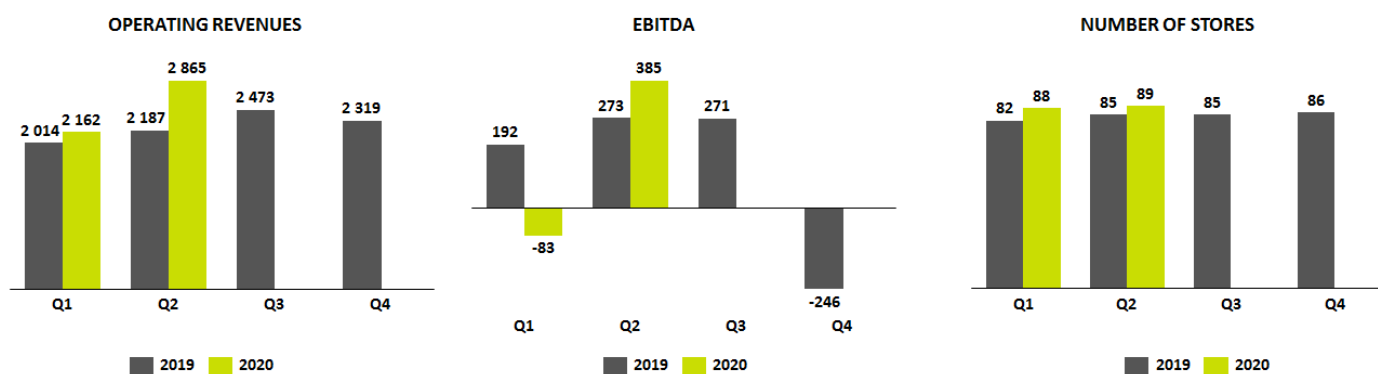


HIGHLIGHTS¹

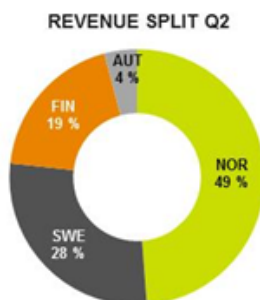
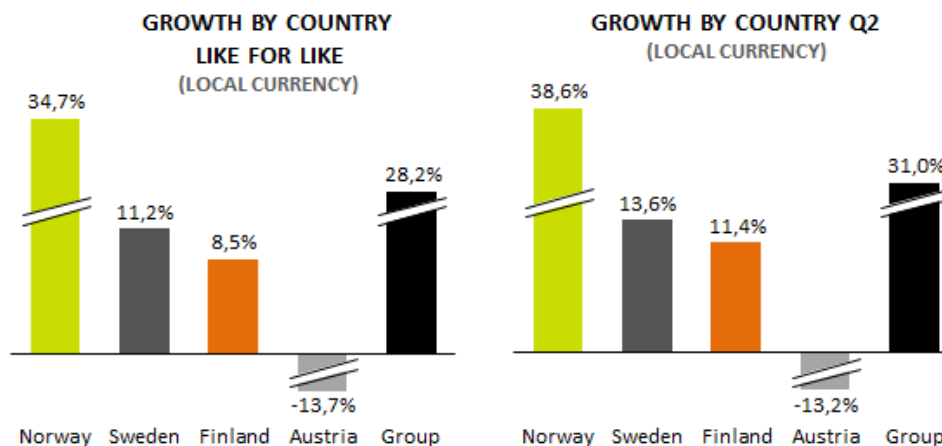
- Operating revenue of NOK 2 865 million (NOK 2 187 million), up 31 per cent
- Like for like growth of 28 per cent
- EBITDA of NOK 385 million (NOK 273 million)
- Liquidity reserves of NOK 987 million (NOK 499 million)
- Net interest bearing debt of NOK 295 million (NOK 2 036 million)



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

KEY FIGURES GROUP

(Amounts in NOK million)	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019 Audited
GROUP					
Operating revenue	2 865	2 187	5 028	4 201	8 992
Growth (%)	31,0 %	-6,2 %	19,7 %	-4,6 %	-5,1 %
Gross profit	1 041	856	1 645	1 677	2 673
Gross margin (%)	36,3 %	39,2 %	32,7 %	39,9 %	29,7 %
OPEX %	22,9 %	26,7 %	26,7 %	28,9 %	28,6 %
EBITDA	385	273	302	465	490
EBITDA margin (%)	13,4 %	12,5 %	6,0 %	11,1 %	5,4 %
EBIT	203	98	-59	117	-201
EBIT margin	7,1 %	4,5 %	-1,2 %	2,8 %	-2,2 %
Profit for the period	117	46	-107	28	-327
**Basic Earnings per share (NOK)	0,58	0,34	-0,58	0,20	-2,31
**Average number of shares (1 000 shares)	201 128	136 000	184 198	135 979	141 329
Cash provided by operating activities	751	263	896	160	938
Like for like revenue growth	28,2 %	-11,1 %	15,8 %	-9,2 %	-8,6 %
Number of stores at period end	89	85	89	85	86
New stores in the period	1	3	3	3	4



**Earnings per share: See Note 5.

KEY FIGURES SEGMENTS

<i>(Amounts in NOK million)</i>	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019 Audited
SEGMENT					
Norway					
Operating revenue	1 392	1 005	2 344	1 952	4 148
Growth (%)	38,6 %	-11,4 %	20,1 %	-8,8 %	-10,6 %
Gross profit	538	427	828	841	1 524
Gross margin (%)	38,6 %	42,5 %	35,3 %	43,1 %	36,7 %
OPEX %	13,6 %	18,2 %	17,5 %	20,1 %	20,4 %
EBITDA	348	244	418	449	676
EBITDA margin (%)	25,0 %	24,2 %	17,8 %	23,0 %	16,3 %
Number of stores at period end	37	36	37	36	36
New stores in the period	-	-	1	-	-
Sweden					
Operating revenue	798	612	1 444	1 169	2 558
Growth (%)	30,3 %	-9,3 %	23,5 %	-7,8 %	-4,5 %
Gross profit	271	230	436	446	816
Gross margin (%)	34,0 %	37,6 %	30,2 %	38,1 %	31,9 %
OPEX %	23,6 %	27,6 %	25,7 %	28,7 %	28,1 %
EBITDA	83	61	65	111	99
EBITDA margin (%)	10,4 %	10,0 %	4,5 %	9,5 %	3,9 %
Number of stores at period end	29	28	29	28	28
New stores in the period	-	1	1	1	1
Finland					
Operating revenue	546	434	1 002	824	1 766
Growth (%)	25,9 %	0,8 %	21,6 %	0,8 %	3,0 %
Gross profit	195	156	309	307	577
Gross margin (%)	35,6 %	36,0 %	30,8 %	37,3 %	32,7 %
OPEX %	19,7 %	24,9 %	21,7 %	26,2 %	24,8 %
EBITDA	87	48	91	91	139
EBITDA margin (%)	16,0 %	11,1 %	9,1 %	11,0 %	7,9 %
Number of stores at period end	17	16	17	16	17
New stores in the period	-	1	-	1	2

KEY FIGURES SEGMENTS – cont.

<i>(Amounts in NOK million)</i>	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019 Audited
SEGMENT					
Denmark					
Operating revenue	10	15	15	30	49
<i>Growth (%)</i>	-32,3 %	-17,8 %	-50,2 %	-12,4 %	-36,7 %
Gross profit	3	3	4	6	10
<i>Gross margin (%)</i>	27,6 %	17,3 %	27,2 %	19,4 %	19,6 %
<i>OPEX %</i>	27,8 %	42,2 %	34,5 %	41,2 %	42,2 %
EBITDA	0	-4	-1	-6	-11
<i>EBITDA margin (%)</i>	-0,2 %	-24,9 %	-7,4 %	-21,8 %	-22,6 %
Austria					
Operating revenue	119	121	223	226	470
<i>Growth (%)</i>	-1,8 %	64,1 %	-1,3 %	59,6 %	29,6 %
Gross profit	34	41	68	78	131
<i>Gross margin (%)</i>	29,0 %	33,6 %	30,6 %	34,4 %	27,9 %
<i>OPEX %</i>	31,6 %	38,6 %	37,1 %	40,9 %	39,5 %
EBITDA	-3	-6	-15	-15	-55
<i>EBITDA margin (%)</i>	-2,6 %	-5,0 %	-6,5 %	-6,5 %	-11,6 %
Number of stores at period end	6	5	6	5	5
New stores in the period	1	1	1	1	1
HQ & logistics					
EBITDA	-131	-71	-256	-165	-358
<i>EBITDA margin (% of Group revenues)</i>	-4,6 %	-3,2 %	-5,1 %	-3,9 %	-4,0 %

Back on track – in position for further improvements

Oslo, 15 July 2020: XXL delivered a growth of 31 per cent for the second quarter 2020 driven by improved performance and good market conditions. Focus during the quarter has been on cash flow generation through topline improvements, capturing markets shares and adapting to the strong demand in the market. EBITDA amounted to record high NOK 385 million (NOK 273 million). XXL generated strong cash flow in the period, with continued build down of inventory, leading to total liquidity reserves of NOK 987 million (NOK 499 million) and a net interest bearing debt of NOK 295 million (NOK 2 036 million).

XXL is starting to see the effect of a number of mid-term measures to strengthen the position as the leading omni-channel sports retail concept in the Nordics. This includes an upgrade of existing stores, further improvement of the category offering, improved marketing effectiveness and a reduced cost base.

Second quarter 2020 review

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

Following the outbreak of the COVID-19 pandemic in March 2020, and a standstill in retail trade, the sales gradually accelerated during the second quarter. XXL has seen large fluctuations across markets and sales channels, with stores in Austria and Sweden partly closed for periods, as well as high volatility overall. Customer behaviour has changed towards more online shopping and XXL has benefited from its E-commerce platform and being a one stop destination for buying sports and outdoor products. The spring and summer seasons have been strong for the sports retail markets in the Nordics and XXL has seen solid growth across categories. Consequently, total operating revenues for the Group in Q2 2020 amounted to NOK 2 865 million, representing a growth of 31.0 per cent. All Nordic operations experienced strong growth leading to market share gains and a solid like for like growth of 28.2 per cent. E-commerce for the Group is included in the like for like figure and operating revenues increased by 61.2 per cent to NOK 561 million in the quarter (NOK 347 million). Consequently E-commerce represented 19.6 per cent of total operating revenues compared to 15.9 per cent in Q2 2019.

XXL has launched a number of strategic initiatives to improve its operations short- and long-term. In the first quarter XXL successfully improved its working capital situation by selling off a substantial part of its inventory. Going into the second quarter XXL further strengthened its balance sheet by a capital raise of NOK 400 million and by securing the necessary long-term loan facilities. Focus during the second quarter has been on cash flow generation through topline improvements, capturing markets shares and adapting to the strong demand in the market. Cash provided by operating activities ended at NOK 896 million for H1 2020, an improvement of NOK 736 million since the same period last year. Inventory amounted to NOK 2 226 million (NOK 3 343

million) representing NOK 23.7 million per store (NOK 37.1 million), resulting in total liquidity reserves of NOK 987 million (NOK 499 million) and a net interest bearing debt of NOK 295 million (NOK 2 036 million).

XXL is also working on initiatives to improve operational efficiency that are expected to give gradually effects going forward. This includes an upgrade of existing stores, further improvement of the category offering, improved marketing effectiveness, a modernized brand platform towards the consumers and a reduced cost base. During the quarter XXL has established a new organization structure that will right size the company and improve the internal working processes to secure higher operational efficiency and cost reductions.



Gross margin for the Group ended at 36.3 per cent in the quarter compared to 39.2 per cent in the same quarter last year. The lower gross margin was mainly related to lower bonuses from suppliers related to continued build down of inventory (1.9 percentage points), higher sell down activity of old inventory, as well as negative mix effects from E-commerce.

Operating expenses before depreciation as percentage of sales decreased to 22.9 per cent in the second quarter this year (26.7 per cent). The main driver is the positive like for like growth yielding scale in the operations. In addition XXL initiated several short term cost reductions in light of the

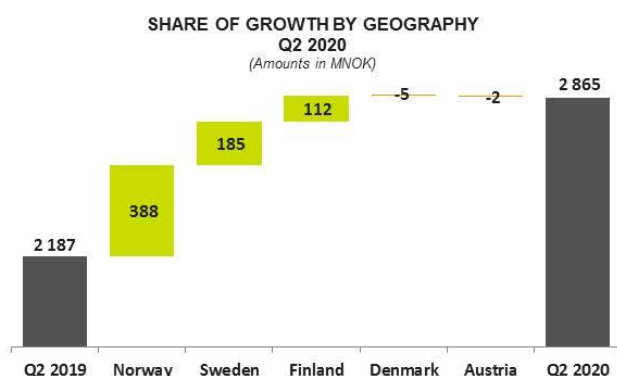
COVID-19 situation mainly related to reduced marketing costs and temporary layoffs in the country operations. Increased HQ costs are related to the ongoing improvement program, refinancing activities and low bonus accruals in Q2 last year.

The Group EBITDA in the second quarter 2020 was NOK 385 million (NOK 273 million), mainly driven by the revenue growth counteracted by lower gross margins.

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 1 392 million in the second quarter 2020 compared to NOK 1 005 million in the same quarter last year. The key driver is a positive like for like growth of 34.7 per cent explained by a booming market with demand for sporting goods and an active population. According to market figures from SSB the sales of sporting goods in Norway increased by 11.6 per cent in April/May. The corresponding growth for XXL was 33.5 per cent. The market was characterized by solid demand across categories lead by outdoor, bikes and water sports.

Gross margin was impacted by lower supplier bonuses (1.8 percentage points), higher sell down activity of old inventory, as well as negative mix effects from E-commerce. Due to these effects the gross margin decreased from 42.5 per cent in Q2 2019 to 38.6 per cent in Q2 2020.

EBITDA increased to NOK 348 million (NOK 244 million). The main reason for the higher EBITDA was the positive like for like growth providing scale in the operations, partly offset by lower gross margin as described. Operating expenses as percentage of sales decreased from 18.2 per cent last year to 13.6 per cent this year. This is due to cost reductions and

temporary layoffs in the period after the outbreak of COVID-19 and the overall revenue growth in the quarter.

Sweden

Total operating revenues for XXL in Sweden in Q2 2020 amounted to NOK 798 million (NOK 612 million) representing a growth of 13.6 per cent in local currency. The driver was like for like growth of 11.2 per cent in local currency and growth from new stores. According to market figures from SCB the sale of sporting goods in Sweden increased by 8.0 per cent in April/May. The corresponding growth for XXL was 12.5 per cent. Following the restrictions imposed by the Norwegian authorities in mid March related to the COVID-19 situation, including traveling to Sweden for Norwegian citizens, 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 and experienced a sales decline of close to 90 per cent. When excluding for the outlet stores the growth for XXL in the quarter was 19.3 per cent and with a like for like growth of 16.8 per cent, both in local currency.

The Swedish sporting goods market is currently undergoing several structural changes with corresponding clearance activities. Gross margin ended at 34.0 per cent (37.6 per cent) also explained by lower supplier bonuses (1.7 percentage points), and higher sell down activity of old inventory.

Operating expenses as percentage of sales ended at 23.6 per cent (27.6 per cent). This was driven by the like for like growth in the quarter and by cost reductions following the extraordinary situation in the market, partly offset by costs related to new stores. EBITDA ended at NOK 83 million (NOK 61 million).

Finland

The Finnish operations gained market shares in a very volatile sports retail market where April proved challenging but with a recovery during the quarter. According to market figures from TMA the sale of sporting goods in Finland increased by 5.1 per cent in Q2 2020. This is to be compared to XXL with an increase of 11.4 per cent in local currency. Total operating revenues in the quarter amounted to NOK 546 million (NOK 434 million) with a like for like growth of 8.5 per cent in local currency.

Gross margin ended at 35.6 per cent (36.0 per cent) impacted by lower supplier bonuses (1.1 percentage points).

EBITDA amounted to NOK 87 million in Q2 2020 compared to NOK 48 million in Q2 2019 explained by the like for like growth and cost reductions. Operating expenses as percentage of sales improved to 19.7 per cent in Q2 2020 (24.9 per cent). Under an extraordinary situation XXL initiated several cost reductions including reduced marketing costs and temporary layoffs which were gradually recalled and adjusted according to normalization of the market conditions.

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 second quarter 2020 amounted to NOK 10 million (NOK 15 million), representing a negative growth of 39.5 per cent in local currency. The Danish operations reached break-even on EBITDA compared to a negative EBITDA of NOK 4 million in Q2 last year. XXL will continue running Denmark with limited resources and use it as a tactical sales channel during 2020.

Austria

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 were closed from 16 March until 2 May 2020, which affected the sales materially. Total operating revenues from the Austrian operations amounted to NOK 119 million in the second quarter (NOK 121 million). XXL opened a new store on 22 May 2020 in Wiener Neustadt outside Vienna.

The gross margin declined to 29.0 per cent (33.6 per cent) due to lower supplier bonuses (0.7 percentage points) and negative mix effects from E-commerce. XXL also initiated several campaigns during the quarter related to the reopening of all the stores in early May as well as the new store opening late May.

Operating expenses as percentage of sales ended at 31.6 per cent in Q2 2020 (38.6 per cent). XXL immediately reduced costs when the stores closed down by temporary layoffs of almost all employees and adjusted marketing activities. EBITDA was negative of NOK 3 million (negative of NOK 6 million). XXL is working on a plan to increase profitability in Austria, including selectively opening some new stores to reach critical base, right sizing of the local organization, marketing efficiency and logistic costs. XXL has decided to establish its own central warehouse facility in the region to serve the Austrian operations. This will benefit service levels and time to market, replenishment of goods and freight and return costs.

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 131 million (NOK 71 million) in Q2 2020. This equals 4.6 per cent of total Group operating revenue compared to 3.2 per cent in the second quarter last year. This is due to several extra costs related to the ongoing improvement program, refinancing activities and contingency plans in relation to the COVID-19 situation as well as lower bonus accruals last year.

Financials

Consolidated income statement – Second quarter

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

Total operating revenue increased by 31.0 per cent to NOK 2 865 million (NOK 2 187 million).

Total operating expenses equaled NOK 2 662 million (NOK 2 089 million) in the second quarter whereof NOK 494 million is related to increased cost of goods sold. Other operating expenses increased from NOK 218 million in Q2 2019 to NOK 229 million in Q2 2020, while depreciation remained stable at NOK 182 million compared to NOK 175 million in Q2 2019. Personnel expenses increased from NOK 366 million in Q2 2019 to NOK 427 million in Q2 2020 partly due to new stores and higher bonuses accruals.

Operating income amounted to NOK 203 million (NOK 98 million) mainly explained by a growth in operating revenue of 31.0 per cent to same period last year offset by somewhat lower margins and higher personnel expenses.

Net financial expense amounted to NOK 64 million for the second quarter (NOK 40 million). Interest expense on the lease liability amounted to NOK 24 million (NOK 24 million). Net interest expenses equaled NOK 17 million (NOK 13 million). Net financial expenses included a negative currency effect of NOK 12 million, compared to a positive currency effect of NOK 6 million in the same quarter last year. Other financial expenses of NOK 12 million were related to amortization of loan costs and other financial costs.

Income tax expense for the second quarter was NOK 22 million (NOK 12 million) and the effective tax rate was 15.8 per cent.

Profit for the period ended at NOK 117 million (NOK 46 million).

Consolidated income statement – First half year

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

Total operating revenue for the first half year 2020 was NOK 5 028 million (NOK 4 201 million), a positive growth of 19.7 per cent. The drivers behind this was a positive like for like growth of 15.8 per cent, full year effect of new stores opened in 2019 and new store openings so far this year.

Total operating expenses equaled NOK 5 086 million (NOK 4 083 million) in H1 2020 whereof NOK 859 million is related to increased cost of goods sold. Other operating expenses increased to NOK 456 million in H1 2020 from NOK 434 million in H1 2019. Depreciation increased from NOK 347 million in H1 2019 to NOK 360 million in H1 2020. Personnel expenses increased from NOK 779 million in H1 2019 to NOK 887 million in H1 2020 partly due to new stores and higher bonuses accruals.

Net financial expense amounted to NOK 70 million for H1 2020 (NOK 83 million). Interest expense on the lease liability amounted to NOK 48 million (NOK 48 million). Net interest expenses equaled NOK 33 million (NOK 25 million). Net financial expenses include a positive currency effect of NOK 26 million compared to a positive currency effect of NOK 4 million in the same period last year. Other financial expenses of NOK 15 million were related to amortization of loan costs and other financial costs.

Income tax expense for the first half year was negative NOK 21 million (positive NOK 7 million) and the effective tax rate was estimated to 16.4 per cent.

Profit for the period ended at negative NOK 107 million (positive NOK 28 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 ended at NOK 896 million for H1 2020 (cash provided of NOK 160 million).

The main reason for the positive development is the significantly decreased inventory somewhat counteracted by change in accounts payables and lower profit before income tax.

The inventory decreased from NOK 3 343 million in H1 2019 to 2 226 million in H1 2020 explained by lower purchasing volumes and higher operating revenue. Inventory per store ended at NOK 23.7 million by the end of H1 2020 (NOK 37.1 million), meaning that the medium-term ambition of reducing the inventory down towards NOK 25 million per store is reached.

The cash flow effect from accounts payables decreased by NOK 208 million in the H1 2020. The most important reason for the increase is lower purchased volumes and timing effects when comparing to H1 2019.

Cash used by investing activities was NOK 61 million (NOK 68 million) in H1 2020. This is mainly related to investments in three new stores, maintenance CAPEX on existing stores and investments in infrastructure.

Cash used by financing activities amounted to NOK 690 million (cash used NOK 169 million) in H1 2020, explained by down payment of debt offset by equity transactions. Payments under recognized lease contracts amounted to NOK 295 million in H1 2020 compared to NOK 268 million last year.

Financial position and liquidity

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

As of 30 June 2020, total assets amounted to NOK 9 872 million (NOK 10 618 million). The decrease is mainly due to

reduction of inventory and lower level of interest bearing debt offset by higher equity. Total equity was NOK 4 232 million (NOK 3 745 million), resulting in an equity ratio of 42.9 per cent (35.3 per cent). Net interest bearing debt (NIBD) ended at NOK 295 million (NOK 2 036 million).

The Group had cash and cash equivalents of NOK 613 million (NOK 118 million) as of 30 June 2020 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 800 million whereof NOK 426 million was used as of 30 June 2020. Available liquidity reserves as of 30 June 2020 were NOK 987 million (NOK 499 million).

Changes in the Executive Management team

As previously announced XXL in the first quarter 2020 commenced the process of recruiting a new leader for the Commercial department, which includes the marketing, store and E-commerce user experience functions. In the second quarter Kjersti Jamne was appointed the new EVP Commercial in XXL ASA. Kjersti has a long career in telecommunications including Telenor ASA and Telia Norway holding different commercial roles. She comes from the position as Commercial Director Mobile for Telia Norway and has been part of the management team in the same company. Kjersti Jamne will start in XXL in September 2020 and be part of the Executive Management team.

Summary from the Annual General Meeting

The Annual General Meeting of XXL ASA was held on 4 June 2020. All items were resolved in accordance with the proposals from the Board and the Nomination Committee's recommendations.

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 and XXL opened a new store in Austria in Q2 2020. The final new store opening is planned for Q4 2020 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.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Oslo, 15 July 2020
Board of Directors, XXL ASA

Hugo Maurstad
Chairman

Øivind Tidemandsen
Board member

Kjersti Hobøl
Board member

Ronny Blomseth
Board member

Maria Aas-Eng
Board member

Pål Wibe
CEO

Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended June 30, 2020

<i>(Amounts in NOK million)</i>	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019 Audited
Total Operating Revenue	2 865	2 187	5 028	4 201	8 992
Cost of goods sold	1 824	1 330	3 383	2 524	5 934
Personnel expenses	427	366	887	779	1 652
Depreciation	182	175	360	347	691
Other operating expenses	229	218	456	434	916
Total Operating Expenses	2 662	2 089	5 086	4 083	9 193
Operating Income	203	98	-59	117	-201
Net Financial Income (+) / Expense (-)	-64	-40	-70	-83	-183
Profit before income tax	139	58	-128	34	-384
Income tax expense	22	12	-21	7	-57
Profit for the period	117	46	-107	28	-327
Basic Earnings per share (NOK)	0,58	0,34	-0,58	0,20	-2,31
Diluted Earnings per share (NOK)	0,58	0,34	-0,58	0,20	-2,31
Other comprehensive income					
<u>Items that may be subsequently reclassified to profit or loss</u>					
Foreign currency rate changes	-29	-61	30	1	-26
Total Other Income and Expense	-29	-61	30	1	-26
Total comprehensive income for the period	88	-15	-77	29	-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	30.6.20	30.6.19	31.12.2019 Audited
NON CURRENT ASSETS				
Intangible Assets				
Goodwill		2 744	2 734	2 744
Other Intangible Assets		255	254	253
Deferred tax asset		47	-	27
Total Intangible Assets		3 047	2 988	3 024
Fixed Assets		877	864	856
Non-Current Financial Assets		-	-0	-
Right-of-Use Assets	9	2 827	3 039	2 827
Total Non Current Assets		6 752	6 890	6 706
CURRENT ASSETS				
Inventory		2 226	3 343	2 843
Trade and Other Receivables		282	267	260
Cash and Cash Equivalents		613	118	433
Total Current Assets		3 121	3 728	3 536
TOTAL ASSETS		9 872	10 618	10 242

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	30.6.20	30.6.19	31.12 2019 Audited
SHAREHOLDERS' EQUITY				
Paid-in Capital		3 843	2 796	3 360
Other equity	9	389	949	467
Total Shareholders' Equity		4 232	3 745	3 826
LIABILITIES				
Other non-current liabilities				
Deferred Tax Liability		9	56	9
Interest Bearing Non-Current Liabilities		482	1 052	767
Non-Current Lease Liabilities	9	2 404	2 535	2 428
Total other non-current liabilities		2 895	3 643	3 204
Total non-current liabilities		2 895	3 643	3 204
Current liabilities				
Accounts Payable		813	874	980
Current Lease Liabilities	9	605	535	553
Current Interest Bearing Liabilities		426	1 102	889
Tax payable		-	-45	-
Public duties payable		450	339	385
Other current liabilities		451	425	405
Total current liabilities		2 745	3 230	3 212
TOTAL LIABILITIES		5 640	6 873	6 416
TOTAL EQUITY AND LIABILITIES		9 872	10 618	10 242

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>	Q2 2020	Q2 2019	H1 2020	H1 2019	FY2019 Audited
Operating Activities					
Profit before income tax	139	58	-128	34	-384
<i>Adjustments for:</i>					
Income tax paid	0	-62	1	-107	-75
Depreciation	182	175	360	347	692
Net financial expense	64	40	70	83	183
<i>Changes in working capital:</i>					
Changes in inventory	236	114	778	-197	340
Changes in accounts receivable	-64	-1	-25	81	119
Changes in accounts payable and supplier financing	149	-99	-208	26	111
Other changes	45	37	49	-109	-47
Cash Provided (used) by Operating Activities	751	263	896	160	938
Investing Activities					
Acquisition of fixed assets and intangible assets	-36	-51	-83	-78	-163
Payments/proceeds from acquisitions/disposals	22	10	22	10	-4
Cash Provided (used) by Investing Activities	-14	-41	-61	-68	-168
Financing Activities					
Share issue/other equity transactions	385	0	480	0	477
Payments/proceeds on long/short term debt	-729	-176	-835	122	-387
Payments under recognized lease contracts	-141	-130	-295	-268	-547
Interest payments	-18	-15	-39	-23	-69
Cash Provided (used) by Financing Activities	-503	-321	-690	-169	-526
Net Change in Cash and Cash Equivalents	234	-100	145	-77	244
Cash and cash equivalents - beginning of period	374	217	433	194	194
Effect of foreign currency rate changes on cash and equiv.	5	0	36	0	-6
Cash and Cash Equivalents - End of Period	613	118	613	118	433

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
Shareholders' Equity 31.12.18	56	2 697	37	904	16	3 710
Net income H1 2019				28		28
Foreign currency rate changes					1	1
Transactions with owners:						
Employee share incentive program			7			7
Shareholders' Equity 30.06.19	56	2 697	44	931	17	3 745
Net income H2 2019				-355		-355
Foreign currency rate changes					-27	-27
Transactions with owners:						
Employee share incentive program			-14			-14
Sale own shares		178		-100		77
Private Placement	11	389				400
Shareholders' Equity 31.12.19	66	3 264	29	477	-10	3 826
Net income H1 2020				-107		-107
Foreign currency rate changes					30	30
Transactions with owners:						
Employee share incentive program			2			2
Share issue	32	353				385
Subsequent Offering	3	93				96
Shareholders' Equity 30.06.2020	101	3 710	32	369	20	4 232

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

Notes to the interim financial statements¹⁾

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 six months ended 30 June 2020 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.

Note 5 Earnings per share

	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Total profit (in NOK million)	117	46	-107	28	-327
Weighted average number of ordinary shares in issue	201 127 663	135 999 803	184 197 567	135 978 795	141 329 081
Number of shares outstanding	252 436 658	139 096 077	252 436 658	139 096 077	165 762 744
Adjustment for:					
Effect share options	327 511	441 901	347 911	388 654	409 561
Weighted number of ordinary shares in issue for diluted earnings per share	201 455 174	136 441 704	184 545 478	136 367 450	141 738 642
Basic Earnings per share (in NOK)	0,58	0,34	-0,58	0,20	-2,31
Diluted Earnings per share (in NOK)	0,58	0,34	-0,58	0,20	-2,31

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

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:

Q2 2020

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 392	798	546	10	119	-	2 865
Gross profit	538	271	195	3	34	-	1 041
EBITDA	348	83	87	-0	-3	-131	385
Operating Income	288	32	57	-0	-15	-158	203

Q2 2019

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 005	612	434	15	121	-	2 187
Gross profit	427	230	156	3	41	-	856
EBITDA	244	61	48	-4	-6	-71	273
Operating Income	183	13	20	-4	-18	-96	98

01.01.2020 - 30.06.2020

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	2 344	1 444	1 002	15	223	-	5 028
Gross profit	828	436	309	4	68	-	1 645
EBITDA	418	65	91	-1	-15	-256	302
Operating Income	296	-35	31	-1	-39	-310	-59

01.01.2019 - 30.06.2019

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 952	1 169	824	30	226	-	4 201
Gross profit	841	446	307	6	78	-	1 677
EBITDA	449	111	91	-6	-15	-165	465
Operating Income	326	14	35	-6	-35	-216	117

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 material related party transactions for XXL Group in Q2 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>	Buildings, machinery and vehicles
Aquisition cost 01.01.2020	3 353
Additions and adjustments	120
Change incentives	-22
Net exchange differences	0
Aquisition costs 30.06.2020	3 451
Accumulated depreciation and impairment losses 01.01.2020	-526
Depreciation	-254
Impairment losses in the period	0
Disposals	0
Transfers and reclassifications	0
Currency exchange differences	156
Accumulated depreciation and impairment 30.06.2020	-624
Total Right of Use Assets at 30.06.2020	2 827
Lower of remaining lease term or economic life	0 - 13 years
Depreciation method	Linear

Lease liabilities

<i>(Amounts in NOK million)</i>	Total
Summary of the lease liabilities in the financial statements	
Lease Liabilities 01.01.2020	2 981
New lease liabilities recognised in the period and adjustments	120
Leasing payments for the principal portion of the lease liability	-295
Interest expense on lease liabilities	48
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences in the period	156
Total lease liabilities at 30.06.2020	3 009
whereof:	
Current lease liabilities < 1 year	605
Non-current lease liabilities > 1 year	2 404

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

	Q2'20	Q2'19	H1'20	H1'19	FY19
Operating Income	203	98	-59	117	-201
+ Depreciation	182	175	360	347	691
= EBITDA	385	273	302	465	490

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

	Q2'20	Q2'19	H1'20	H1'19	FY 19
Operating revenue	2 865	2 187	5 028	4 201	8 992
÷ Cost of goods sold	1 824	1 330	3 383	2 524	5 934
= Gross profit	1 041	857	1 645	1 677	3 058
Gross margin	36.3%	39,2%	32,7%	39,9%	34,0%

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

	Q2'20	Q2'19	H1'20	H1'19	FY 19
Other operating expenses	229	218	456	434	916
+ Personnel expenses	427	366	887	779	1 652
= OPEX	656	584	1 343	1 213	2 568

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. Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

Reconciliation

	H1'20	H1'19	FY 19
Non-Current Interest Bearing liabilities	482	1 052	767

+ Current Interest Bearing liabilities	426	1 102	889
÷ Cash and Cash Equivalents	613	118	433
= Net Interest Bearing Debt	295	2 036	1 224

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

	H1'20	H1'19	FY 19
Cash and Cash Equivalents	613	118	433
+ Undrawn Credit Facilities	374	381	400
= Liquidity reserve	987	499	833

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.

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

IFRS 16 effects affecting EBITDA and EBIT

IFRS 16 was implemented for the Group 1 January 2019. EBITDA ex IFRS 16 effects and EBIT ex IFRS 16 effects represent our EBITDA and EBIT if IFRS 16 had not been implemented, respectively.

H1'20	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	302	418	65	91	-15	-1	-256
IFRS 16 effects OPEX	292	112	85	54	16	0	26
EBITDA ex IFRS 16 effects	10	306	-20	37	-31	-1	-282
EBIT Reported	-59	296	-35	31	-39	-1	-310
IFRS 16 effects affecting EBIT	38	16	9	8	0	0	5
EBIT ex IFRS 16 effects	-96	280	-45	23	-39	-1	-315

Q2'20	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	385	348	83	87	-3	0	-131
IFRS 16 effects OPEX	143	52	43	27	7	0	13
EBITDA ex IFRS 16 effects	242	296	40	60	-10	0	-144
EBIT Reported	203	288	32	57	-15	0	-158
IFRS 16 effects affecting EBIT	16	4	6	4	-1	0	3
EBIT ex IFRS 16 effects	187	283	27	53	-15	0	-161

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FINANCIAL CALENDAR

Q3 results: **27.10.2020**

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