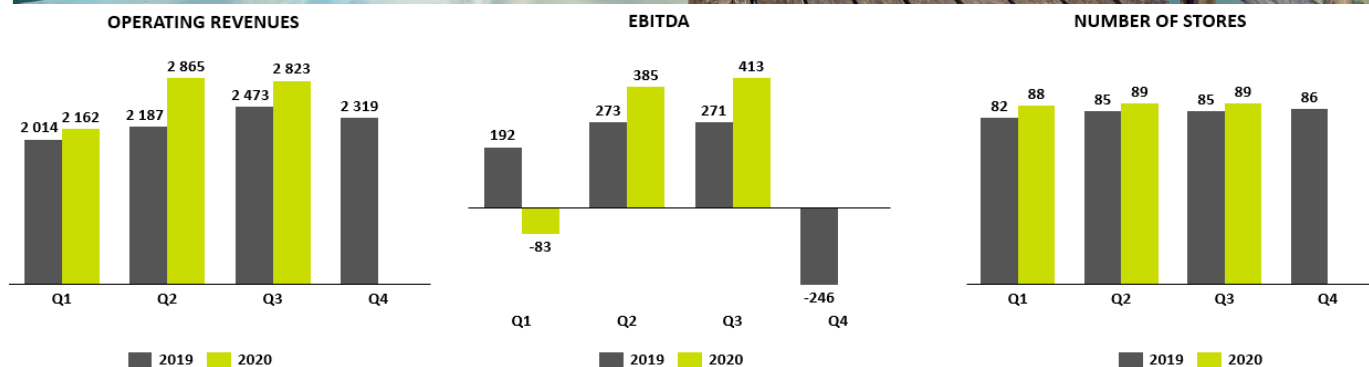


## HIGHLIGHTS<sup>1</sup>

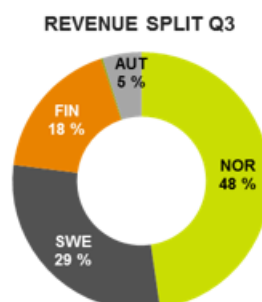
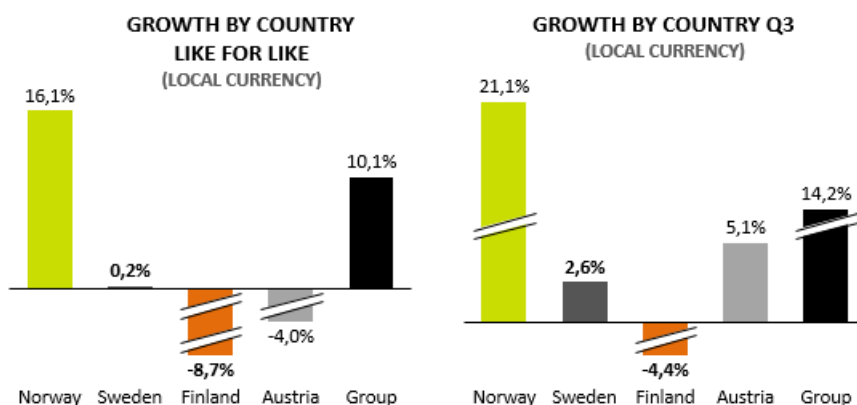
- Operating revenue of NOK 2 823 million (NOK 2 473 million), up 14 per cent
- Like for like growth of 10 per cent driven by Norway of 16 per cent
- Strong underlying gross margin in the quarter of 40.5% (37.3%)
- EBITDA of NOK 413 million (NOK 271 million)
- Solid balance sheet gives financial flexibility



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**

<i>(Amounts in NOK million)</i>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>FY 2019 Audited</b>
<b>GROUP</b>					
Operating revenue	<b>2 823</b>	2 473	<b>7 851</b>	6 673	<b>8 992</b>
Growth (%)	<b>14,2 %</b>	3,6 %	<b>17,6 %</b>	11,7 %	<b>-5,1 %</b>
Gross profit	<b>1 144</b>	922	<b>2 789</b>	2 599	<b>3 058</b>
Gross margin (%)	<b>40,5 %</b>	37,3 %	<b>35,5 %</b>	38,9 %	<b>34,0 %</b>
OPEX %	<b>25,9 %</b>	26,3 %	<b>26,4 %</b>	27,9 %	<b>28,6 %</b>
EBITDA	<b>413</b>	271	<b>715</b>	736	<b>490</b>
EBITDA margin (%)	<b>14,6 %</b>	11,0 %	<b>9,1 %</b>	11,0 %	<b>5,4 %</b>
EBIT	<b>214</b>	94	<b>156</b>	211	<b>-201</b>
EBIT margin	<b>7,6 %</b>	3,8 %	<b>2,0 %</b>	3,2 %	<b>-2,2 %</b>
Net Income	<b>159</b>	33	<b>52</b>	61	<b>-327</b>
**Basic Earnings per share (NOK)	<b>0,63</b>	0,24	<b>0,25</b>	0,45	<b>-2,31</b>
**Average number of shares (1 000 shares)	<b>252 437</b>	138 726	<b>207 027</b>	136 905	<b>141 329</b>
Cash provided by operating activities	<b>488</b>	256	<b>1 385</b>	461	<b>938</b>
Like for like revenue growth	<b>10,1 %</b>	-4,0 %	<b>13,7 %</b>	-7,3 %	<b>-8,6 %</b>
Number of stores at period end	<b>89</b>	85	<b>89</b>	85	<b>86</b>
New stores in the period	<b>-</b>	-	<b>3</b>	3	<b>4</b>



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

**KEY FIGURES SEGMENTS**

<i>(Amounts in NOK million)</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019 Audited
<b>SEGMENT</b>					
<b>Norway</b>					
Operating revenue	1 347	1 112	3 691	3 064	2 344
Growth (%)	21,1 %	0,1 %	20,4 %	6,8 %	4,7 %
Gross profit	554	437	1 382	1 278	828
Gross margin (%)	41,1 %	39,3 %	37,4 %	41,7 %	35,3 %
OPEX %	19,5 %	21,1 %	18,2 %	20,4 %	17,5 %
EBITDA	292	202	709	651	418
EBITDA margin (%)	21,7 %	18,2 %	19,2 %	21,3 %	17,8 %
Number of stores at period end	37	35	37	35	36
New stores in the period	-	-	1	3	4
<b>Sweden</b>					
Operating revenue	827	736	2 271	1 905	1 444
Growth (%)	12,4 %	-6,7 %	19,2 %	3,2 %	1,8 %
Gross profit	331	269	767	715	436
Gross margin (%)	40,0 %	36,5 %	33,8 %	37,5 %	30,2 %
OPEX %	21,8 %	24,4 %	24,3 %	27,0 %	25,7 %
EBITDA	151	89	215	200	65
EBITDA margin (%)	18,2 %	12,1 %	9,5 %	10,5 %	4,5 %
Number of stores at period end	29	27	29	27	28
New stores in the period	-	-	1	1	1
<b>Finland</b>					
Operating revenue	506	492	1 507	1 316	1 002
Growth (%)	2,8 %	15,8 %	14,6 %	20,6 %	14,7 %
Gross profit	211	175	520	482	309
Gross margin (%)	41,8 %	35,5 %	34,5 %	36,6 %	30,8 %
OPEX %	22,9 %	21,6 %	22,1 %	24,5 %	21,7 %
EBITDA	96	68	187	159	91
EBITDA margin (%)	19,0 %	13,9 %	12,4 %	12,1 %	9,1 %
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>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>FY 2019 Audited</b>
<b>SEGMENT</b>					
<b>Denmark</b>					
Operating revenue	6	10	21	39	15
Growth (%)	-35,4 %	57,1 %	-46,6 %	59,8 %	49,3 %
Gross profit	2	2	6	8	4
Gross margin (%)	28,7 %	20,0 %	27,6 %	19,5 %	27,2 %
OPEX %	24,5 %	45,2 %	31,6 %	42,2 %	34,5 %
EBITDA	0	-2	-1	-9	-1
EBITDA margin (%)	4,3 %	-25,3 %	-3,9 %	-22,6 %	-7,4 %
<b>Austria</b>					
Operating revenue	138	123	361	349	223
Growth (%)	11,7 %	24,5 %	3,3 %	45,1 %	269,8 %
Gross profit	46	39	114	117	68
Gross margin (%)	33,5 %	31,7 %	31,7 %	33,4 %	30,6 %
OPEX %	29,2 %	34,7 %	34,1 %	38,7 %	37,1 %
EBITDA	6	-4	-9	-18	-15
EBITDA margin (%)	4,4 %	-3,1 %	-2,4 %	-5,3 %	-6,5 %
Number of stores at period end	6	5	6	5	5
New stores in the period	-	-	1	1	1
<b>HQ &amp; logistics</b>					
EBITDA	-131	-83	-387	-248	-256
EBITDA margin (% of Group revenues)	-4,6 %	-3,3 %	-4,9 %	-3,7 %	-2,8 %

# Solid results and continued improvements

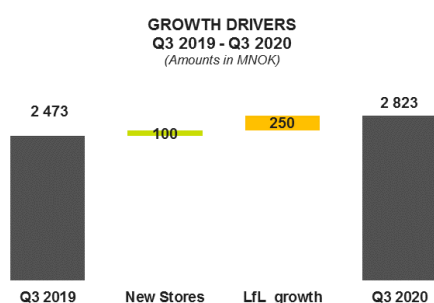
**Oslo, 26 October 2020:** In the third quarter 2020 XXL showed improved operational control under continued good market conditions. XXL delivered a growth of 14 per cent, especially strong in Norway with 21 per cent growth. This combined with higher gross margins lead to the best third quarter in XXLs history. EBITDA ended at NOK 413 million with all segments posting a positive development. XXL generated positive cash flow in the period, with continued build down of inventory, leading to total liquidity reserves of NOK 1 236 million (NOK 575 million) and a net interest bearing debt of NOK 45 million (NOK 1 872 million).

Short term XXL will continue to strengthen routines and to systematically work on seasonal execution and operational excellence. The financial situation with a solid balance sheet provide a foundation for longer term value creation.

## Third quarter 2020 review

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

XXL delivered a growth of 14.2 per cent for the third quarter 2020 driven by good market conditions, positive “staycation” effects and improved operational performance. The sales gradually decelerated during the quarter partly explained by lack of goods after several months with record high growth and demand. XXL has seen large fluctuations across markets and sales channels, with Norway leading the way with 21.1 per cent growth. Consequently, total operating revenues for the Group in Q3 2020 amounted to NOK 2 823 million (NOK 2 473 million). The like for like growth equalled 10.1 per cent once again driven by Norway. E-commerce for the Group is included in the like for like figure and operating revenues increased by 13.3 per cent to NOK 408 million in the quarter (NOK 360 million). The e-commerce sales growth was negatively impacted by low inventory of goods but compensated positively by an increase of 84.3 per cent in gross profit. E-commerce represented 14.4 per cent of total operating revenues compared to 14.6 per cent in Q3 2019.



XXL has launched a number of strategic initiatives to improve its operations short- and long-term. In the first half year XXL successfully improved its financial situation by strengthening its balance sheet and securing necessary long-term loan facilities. Focus during the summer has been on cash flow generation through topline improvements, capturing markets shares and adapting to the strong demand in the market. Going into the third quarter XXL has worked on its operational efficiency and control. Significantly improved campaign execution lead to a strong gross margin for the Group of 40.5 per cent in the third quarter compared to 37.3 per cent in the same quarter last year.

Operating expenses before depreciation as percentage of sales decreased to 25.9 per cent in the third quarter this year (26.3 per cent). The main driver is the positive like for like growth yielding scale in the operations and higher marketing efficiency. Increased HQ costs are related to the ongoing improvement program, higher bonus accruals as well as a positive effect of reversal of share option programs in Q3 last year of NOK 19 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. Going into Q4 2020 focus is on seasonal execution and delivery and to further improve the routines and working processes.

The Group EBITDA in the third quarter 2020 was NOK 413 million (NOK 271 million), driven by the revenue growth and higher gross margins as described above.

Cash flow continued to be strong in the third quarter and cash provided by operating activities ended at NOK 1 385 million for the first nine months in 2020, an improvement of NOK 924



million compared to the same period last year. Inventory amounted to NOK 2 104 million (NOK 3 423 million) representing NOK 22.4 million per store (NOK 37.1 million), resulting in total liquidity reserves of NOK 1 236 million (NOK 575 million) and a net interest bearing debt of NOK 45 million (NOK 1 872 million).

## 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 1 347 million in the third quarter 2020 compared to NOK 1 112 million in the same quarter last year, representing a growth of 21.1 per cent. The key driver is a positive like for like growth of 16.1 per cent explained by strong market conditions and positive "staycation" effects. According to market figures from SSB the sales of sporting goods in Norway increased by 35.5 per cent in July/August. The corresponding growth for XXL was 25.1 per cent. The market was characterized by solid demand across categories.

Gross margin increased from 39.3 per cent in Q3 2019 to 41.1 per cent in Q3 2020, explained by overall solid demand in the market and more optimized campaign mix. XXL is systematically strengthening its campaign process by more analytical and fact based planning.

EBITDA increased to NOK 292 million (NOK 202 million). The main reason for the higher EBITDA was the positive like for like growth, providing scale in the operations, as well as higher gross margin as described. Operating expenses as percentage of sales decreased from 21.1 per cent last year to 19.5 per cent this year.

### Sweden

Total operating revenues for XXL in Sweden in Q3 2020 amounted to NOK 827 million (NOK 736 million) representing a growth of 2.6 per cent in local currency. This was driven by growth from new stores and a like for like growth of 0.2 per cent. According to market figures from SCB the sale of sporting goods in Sweden increased by 8.8 per cent in July/August. The corresponding growth for XXL was 5.8 per cent in local currency. The restrictions imposed by the Norwegian authorities related to the COVID-19 situation, including traveling to Sweden for Norwegian citizens, still has 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 above 70 per cent. When excluding for the outlet stores the growth for XXL in the quarter was 7.2 per cent and with a like for like growth of 4.1 per cent, both in local currency.

Gross margin increased to 40.0 per cent (36.5 per cent) explained by less sell down activity and better campaign planning.

Operating expenses as percentage of sales declined to 21.8 per cent (24.4 per cent) driven by lower marketing costs. EBITDA ended at NOK 151 million (NOK 89 million).

### Finland

The Finnish market proved more challenging with a more abated demand. According to market figures from TMA the sale of sporting goods in Finland increased by 2.9 per cent in Q3 2020. This is to be compared to XXL with a decline of 4.4 per cent in local currency. Total operating revenues in the quarter amounted to NOK 506 million (NOK 492 million) with a negative like for like growth of 8.7 per cent in local currency. This is also to be compared to a solid market demand and results in the third quarter last year.

XXL had less clearance activities which have impacted sales negatively. However this combined with better campaign mix improved gross margin significantly. The gross margin increased from 35.5 per cent in Q3 2019 to record high 41.8 per cent in Q3 2020.

EBITDA amounted to NOK 96 million in Q3 2020 compared to NOK 68 million in Q3 2019 mainly explained by the strong improvement in gross margin. Operating expenses as percentage of sales ended at 22.9 per cent in Q3 2020 (21.6 per cent) due to negative like for like growth.

### Denmark

The Danish operations are moved under the Norwegian 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 third quarter 2020 amounted to NOK 6 million (NOK 10 million), representing a negative growth of 41.8 per cent in local currency. The Danish operations reached break-even on EBITDA compared to a negative EBITDA of NOK 2 million in Q3 last year. XXL will continue running Denmark with limited resources and use it as a tactical sales channel during 2020.

### Austria

The market dynamics in Austria are more challenging than in the Nordic countries during the COVID-19 pandemic, especially in the major cities with more restrictions impacting traffic to the stores and overall demand. Total operating revenues from the Austrian operations amounted to NOK 138 million in the third quarter (NOK 123 million) driven by new stores. Like for like was negative of 4.0 per cent in local currency.

The gross margin increased to 33.5 per cent (31.7 per cent) due to better campaign planning and less clearance activities.

Operating expenses as percentage of sales improved from 34.7 per cent in Q3 2019 to 29.2 per cent in Q3 2020 due to higher scale in operations when opening new stores both related to HQ- and marketing costs. EBITDA was NOK 6 million (negative of NOK 4 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.

### **HQ and Logistics**

The HQ and Logistics segment consists of costs related to the Group's headquarter and logistics operations.

Operating expenses were NOK 131 million (NOK 83 million) in Q3 2020. This equals 4.6 per cent of total Group operating revenue compared to 3.3 per cent in the third quarter last year. This is due to several extra costs related to the ongoing improvement program, higher bonus accruals as well as a positive effect of reversal of share option programs in Q3 last year of NOK 18 million.

## **Financials**

### **Consolidated income statement – Third quarter**

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

**Total operating revenue** increased by 14.2 per cent to NOK 2 823 million (NOK 2 423 million).

**Total operating expenses** equaled NOK 2 608 million (NOK 2 379 million) in the third quarter whereof NOK 128 million is related to increased cost of goods sold. Other operating expenses decreased from NOK 233 million in Q3 2019 to NOK 225 million in Q3 2020, while depreciation increased to NOK 199 million compared to NOK 177 million in Q3 2019. Personnel expenses increased from NOK 418 million in Q3 2019 to NOK 506 million in Q3 2020 partly due to new stores and higher bonuses accruals.

**Operating income** amounted to NOK 214 million (NOK 94 million) mainly explained by a growth in operating revenue of 14.2 per cent to same period last year and higher gross margins partly offset by higher personnel expenses.

**Net financial expense** amounted to NOK 26 million for the third quarter (NOK 52 million). Interest expense on the lease liability amounted to NOK 22 million (NOK 23 million). Net interest expenses equaled NOK 19 million (NOK 25 million). The remaining amount relates to currency income and interest income.

**Income tax expense** for the third quarter was NOK 29 million (NOK 8 million) and the effective tax rate was 15.4 per cent.

**Profit for the period** ended at NOK 159 million (NOK 33 million).

### **Consolidated cash flow**

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

Cash provided by operating activities ended at NOK 1 385 million for nine months ended 30 September 2020 (NOK 461 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 decrease in inventory is explained by lower purchasing volumes and higher operating revenue.

Cash used by investing activities was NOK 88 million (NOK 105 million) for the nine months ended 30 September 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 1 298 million (cash used NOK 364 million) for the nine months ended 30 September 2020, explained by down payment of debt offset by equity transactions. Payments under recognized lease contracts amounted to NOK 437 million compared to NOK 407 million last year.

### **Financial position and liquidity**

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

As of 30 September 2020, total assets amounted to NOK 9 479 million (NOK 10 700 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 4 434 million (NOK 3 841 million), resulting in an equity ratio of 46.7 per cent (35.9 per cent). Net interest bearing debt (NIBD) ended at NOK 45 million (NOK 1 872 million).

The Group had cash and cash equivalents of NOK 436 million (NOK 175 million) as of 30 September 2020 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 800 million whereof NOK 0 million was used as of 30 September 2020. Available liquidity reserves as of 30 June 2020 were NOK 1 236 million (NOK 575 million).

### **Program to repurchase own shares**

In accordance with the authorization to acquire own shares given at the Annual General Meeting on 4 June 2020, the Board of Directors of XXL ASA initiates a program to buy-back own shares. With reference to the resolution made by the Annual General Meeting on 4 June 2020 the share buy-back program is to optimize capital structure by cover for shares to the long term management investment program. The total number of shares to be acquired is of a value of around NOK 100 million. The highest price to be paid per share will be NOK 50, but shall in no event exceed the prevailing market price at the Oslo Stock Exchange on the relevant trading day. The shares will be purchased from the

open market. The share buy-back program will commence on 28 October 2020 and will continue until 15 December 2020. In agreement with the bank consortium the RCF "corona" facility of NOK 300 million will be reduced with NOK 100 million.

**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 the pace of the store roll-out to be 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.

Oslo, 26 October 2020  
Board of Directors, XXL ASA



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

Unaudited for the period ended September 30, 2020

<i>(Amounts in NOK million)</i>	<b>Q3 2020</b>	Q3 2019	<b>YTD 2020</b>	YTD 2019	FY 2019 Audited
<b>Total Operating Revenue</b>	<b>2 823</b>	2 473	<b>7 851</b>	6 673	8 992
Cost of goods sold	<b>1 679</b>	1 551	<b>5 062</b>	4 075	5 934
Personnel expenses	<b>506</b>	418	<b>1 393</b>	1 196	1 652
Depreciation	<b>199</b>	177	<b>559</b>	525	691
Other operating expenses	<b>225</b>	233	<b>681</b>	667	916
<b>Total Operating Expenses</b>	<b>2 608</b>	2 379	<b>7 694</b>	6 462	9 193
<b>Operating Income</b>	<b>214</b>	94	<b>156</b>	211	-201
<b>Net Financial Income (+) / Expense (-)</b>	<b>-26</b>	-52	<b>-96</b>	-135	-183
<b>Profit before income tax</b>	<b>188</b>	42	<b>60</b>	76	-384
Income tax expense	<b>29</b>	8	<b>8</b>	15	-57
<b>Profit for the period</b>	<b>159</b>	33	<b>52</b>	61	-327
<b>Basic Earnings per share (NOK)</b>	<b>0,63</b>	0,24	<b>0,25</b>	0,45	-2,31
<b>Diluted Earnings per share (NOK)</b>	<b>0,63</b>	0,24	<b>0,25</b>	0,44	-2,31
<b>Other comprehensive income</b>					
<u>Items that may be subsequently reclassified to profit or loss</u>					
Foreign currency rate changes	<b>24</b>	1	<b>54</b>	2	-26
<b>Total Other Income and Expense</b>	<b>24</b>	1	<b>54</b>	2	-26
<b>Total comprehensive income for the period</b>	<b>183</b>	35	<b>106</b>	63	-353

**Condensed Consolidated Interim Statement of Financial Position**

<i>(Amounts in NOK million)</i>	Note	30/9/20	30/9/19	31.12 2019 Audited
<b>NON CURRENT ASSETS</b>				
<b>Intangible Assets</b>				
Goodwill		2,744	2,744	2,744
Other Intangible Assets		275	251	280
<b>Total Intangible Assets</b>		<b>3,019</b>	<b>2,995</b>	<b>3,024</b>
Fixed Assets		848	839	856
Non-Current Financial Assets		-	-	-
Right of Use Assets	9	2,699	2,957	2,827
<b>Total Non Current Assets</b>		<b>6,566</b>	<b>6,790</b>	<b>6,706</b>
<b>CURRENT ASSETS</b>				
Inventory		2,104	3,423	2,843
Trade and Other Receivables		372	312	260
Cash and Cash Equivalents		436	175	433
<b>Total Current Assets</b>		<b>2,912</b>	<b>3,910</b>	<b>3,536</b>
<b>TOTAL ASSETS</b>		<b>9,479</b>	<b>10,700</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	30/9/20	30/9/19	31.12 2019 Audited
<b>SHAREHOLDERS' EQUITY</b>				
Paid-in Capital		3,843	2,958	3,360
Other equity	9	591	883	467
<b>Total Shareholders' Equity</b>		<b>4,434</b>	<b>3,841</b>	<b>3,826</b>
<b>LIABILITIES</b>				
Deferred Tax Liability		10	86	9
<b>Total Provisions</b>		<b>10</b>	<b>86</b>	<b>9</b>
<b>Other non-current liabilities</b>				
Interest Bearing Non-Current Liabilities		481	1,066	767
Lease Liabilities	9	2,291	2,454	2,428
<b>Total other non-current liabilities</b>		<b>2,772</b>	<b>3,520</b>	<b>3,195</b>
<b>Total non-current liabilities</b>		<b>2,782</b>	<b>3,606</b>	<b>3,204</b>
<b>Current liabilities</b>				
Accounts Payable		762	1,003	980
Lease Liabilities	9	605	545	553
Current Interest Bearing Liabilities		-	982	889
Tax payable		0	-45	-
Public duties payable		407	326	385
Other current liabilities		488	443	405
<b>Total current liabilities</b>		<b>2,263</b>	<b>3,253</b>	<b>3,212</b>
<b>TOTAL LIABILITIES</b>		<b>5,044</b>	<b>6,859</b>	<b>6,416</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,479</b>	<b>10,700</b>	<b>10,242</b>

## Condensed Consolidated Interim Statement of Cash Flows

<i>(Amounts in NOK million)</i>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>FY2019 Audited</b>
<b>Operating Activities</b>					
Profit before income tax	188	42	60	76	-384
<i>Adjustments for:</i>					
Income tax paid	-1	0	0	-107	-75
Depreciation	199	177	559	525	692
Net financial expense	27	52	97	135	183
<i>Changes in working capital:</i>					
Changes in inventory	116	-52	894	-249	340
Changes in accounts receivable	37	-41	12	40	119
Changes in accounts payable	-44	120	-252	146	111
Other changes	-32	4	17	-105	-47
<b>Cash Provided (used) by Operating Activities</b>	<b>488</b>	<b>256</b>	<b>1 385</b>	<b>461</b>	<b>938</b>
<b>Investing Activities</b>					
Acquisition of fixed assets and intangible assets	-27	-23	-110	-101	-163
Payments/proceeds from acquisitions/disposals	0	-14	22	-4	-4
<b>Cash Provided (used) by Investing Activities</b>	<b>-27</b>	<b>-37</b>	<b>-88</b>	<b>-105</b>	<b>-168</b>
<b>Financing Activities</b>					
Sale of own shares/other equity transactions	18	77	498	77	477
Payments/proceeds on long/short term debt	-466	-103	-1 301	19	-387
Repayment of lease liabilities*	-142	-139	-437	-407	-69
Interest payments	-19	-31	-58	-54	-547
<b>Cash Provided (used) by Financing Activities</b>	<b>-609</b>	<b>-195</b>	<b>-1 298</b>	<b>-364</b>	<b>-526</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-147</b>	<b>70</b>	<b>0</b>	<b>-8</b>	<b>244</b>
Cash and cash equivalents - beginning of period	613	118	433	194	194
Effect of foreign currency rate changes on cash and equivalen	-30	-12	3	-12	-6
<b>Cash and Cash Equivalents - End of Period</b>	<b>436</b>	<b>175</b>	<b>436</b>	<b>175</b>	<b>433</b>

## 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	Non-Controlling Interest	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 Q3 YTD 2019				61			61
Foreign currency rate changes					2		2
<b>Transactions with owners:</b>							
Employee share incentive program			-9				-9
Sale own shares		178		-100			77
<b>Shareholders' Equity 30.09.19</b>	<b>56</b>	<b>2 875</b>	<b>28</b>	<b>865</b>	<b>18</b>		<b>3 841</b>
Net income Q4 2018				-388			-388
Foreign currency rate changes					-28		-28
<b>Transactions with owners:</b>							
Employee share incentive program			1				1
Private Placement	11	389					400
<b>Shareholders' Equity 31.12.19</b>	<b>66</b>	<b>3 264</b>	<b>29</b>	<b>476</b>	<b>-10</b>		<b>3 826</b>
Net income 2020				47		5	52
Foreign currency rate changes					54		54
<b>Transactions with owners:</b>							<b>0</b>
Employee share incentive program			2				2
Share issue	35	446					481
Transaction with non-controlling interest						20	20
<b>Shareholders' Equity 30.09.2020</b>	<b>101</b>	<b>3 710</b>	<b>31</b>	<b>523</b>	<b>44</b>	<b>25</b>	<b>4 434</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 nine months ended 30 September 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

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	YE 2019
Total profit (in NOK million)	159	33	52	61	-327
<b>Weighted average number of ordinary shares in issue</b>	<b>252 436 658</b>	138 725 870	<b>207 026 644</b>	136 904 550	141 329 081
<b>Number of shares outstanding</b>	<b>252 436 658</b>	139 096 077	<b>252 436 658</b>	139 096 077	165 762 744
<b>Adjustment for:</b>					
Effect share options	327 511	441 901	339 159	406 598	409 561
Weighted number of ordinary shares in issue for diluted earnings per share	252 764 169	139 167 771	207 365 803	137 311 148	141 738 642
<b>Basic Earnings per share (in NOK)</b>	<b>0,63</b>	0,24	<b>0,25</b>	0,45	-2,31
<b>Diluted Earnings per share (in NOK)</b>	<b>0,63</b>	0,24	<b>0,25</b>	0,44	-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:

### Q3 2020

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
<b>Operating revenue</b>	1 347	827	506	6	138	-	2 823
Gross profit	554	331	211	2	46	-	1 144
<b>EBITDA</b>	292	151	96	0	6	-131	413
<b>Operating Income</b>	231	92	60	0	-9	-160	214

### Q3 2019

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
<b>Operating revenue</b>	1 112	736	492	10	123	-	2 473
Gross profit	437	269	175	2	39	-	922
<b>EBITDA</b>	202	89	68	-2	-4	-83	271
<b>Operating Income</b>	140	39	40	-2	-15	-108	94

### 01.01.2020 - 30.09.2020

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
<b>Operating revenue</b>	3 691	2 271	1 507	21	361	-	7 851
Gross profit	1 382	767	520	6	114	-	2 789
<b>EBITDA</b>	709	215	187	-1	-9	-387	715
<b>Operating Income</b>	527	57	91	-1	-48	-470	156

### 01.01.2019 - 30.09.2019

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
<b>Operating revenue</b>	3 064	1 905	1 316	39	349	-	6 673
Gross profit	1 278	715	482	8	117	-	2 599
<b>EBITDA</b>	651	200	159	-9	-18	-248	736
<b>Operating Income</b>	467	53	75	-9	-50	-325	211

## 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 Q3 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-length basis.

In July 2020 the long-term investment program for key management members and certain Board members was implemented. This program offered key management and

Board members to invest in XXL Sport & Villmark AS, a subsidiary of XXL ASA, through XXL Management Invest AS, a company controlled and consolidated into XXL ASA. XXL Sport & Villmark AS issued new shares for this investment program and this is recorded as non-controlling interest in XXL ASA Group accounts.

## 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:

<i>(Amounts in NOK million)</i>	<b>Buildings, machinery and vehicles</b>
<b>Aquisition cost 01.01.2020</b>	<b>3 353</b>
Additions and adjustments	120
Change incentives	-22
Net exchange differences	220
<b>Aquisition costs 30.09.2020</b>	<b>3 671</b>
Accumulated depreciation and impairment losses 01.01.2020	-526
Depreciation	-398
Impairment losses in the period	0
Disposals	0
Transfers and reclassifications	0
Currency exchange differences	-48
<b>Accumulated depreciation and impairment 30.09.2020</b>	<b>-972</b>
<b>Total Right of Use Assets at 30.09.2020</b>	<b>2 699</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 and adjustments	120
Leasing payments for the principal portion of the lease liability	-437
Interest expense on lease liabilities	70
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences in the period	162
<b>Total lease liabilities at 30.09.2020</b>	<b>2 896</b>
<b>whereof:</b>	
Current lease liabilities < 1 year	605
Non-current lease liabilities > 1 year	2 291

## 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

	Q3'20	Q3'19	YTD'20	YTD'19	FY19
Operating Income	214	94	156	211	-201
+ Depreciation	199	177	559	525	691
<b>= EBITDA</b>	<b>413</b>	<b>271</b>	<b>715</b>	<b>736</b>	<b>490</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.

#### 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

	Q3'20	Q3'19	YTD'20	YTD'19	FY 19
Operating revenue	2 823	2 473	7 851	6 673	8 992
÷ Cost of goods sold	1 679	1 551	5 062	4 075	5 934
<b>= Gross profit</b>	<b>1 144</b>	<b>922</b>	<b>2 789</b>	<b>2 599</b>	<b>3 058</b>
<b>Gross margin</b>	<b>40.5%</b>	<b>37.3%</b>	<b>35.5%</b>	<b>38.9%</b>	<b>34,0%</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

	Q3'20	Q3'19	YTD'20	YTD'19	FY 19
Other operating expenses	225	233	681	667	916
+ Personnel expenses	506	418	1 393	1 196	1 652
<b>= OPEX</b>	<b>731</b>	<b>651</b>	<b>2 074</b>	<b>1 863</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. Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

#### Reconciliation

	Q3'20	Q3'19	FY 19
Non-Current Interest Bearing liabilities	481	1 066	767
+ Current Interest Bearing liabilities	0	982	889
÷ Cash and Cash Equivalents	436	175	433
<b>= Net Interest Bearing Debt</b>	<b>45</b>	<b>1 873</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*

	Q3'20	Q3'19	FY 19
Cash and Cash Equivalents	436	175	433
+ Undrawn Credit Facilities	800	400	400
<b>= Liquidity reserve</b>	<b>1 236</b>	<b>575</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.

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

**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.

YTD'20	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	715	709	215	187	-9	-1	-387
IFRS 16 effects OPEX	-437	-159	-135	-75	-27	0	-40
<b>EBITDA ex IFRS 16 effects</b>	<b>278</b>	<b>550</b>	<b>80</b>	<b>111</b>	<b>-36</b>	<b>-1</b>	<b>-428</b>
<b>EBIT Reported</b>	<b>156</b>	<b>527</b>	<b>57</b>	<b>91</b>	<b>-48</b>	<b>-1</b>	<b>-470</b>
IFRS 16 effects affecting EBIT	-39	-16	-13	0	-1	0	-8
<b>EBIT ex IFRS 16 effects</b>	<b>117</b>	<b>511</b>	<b>43</b>	<b>90</b>	<b>-49</b>	<b>-1</b>	<b>-478</b>

Q3'20	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	413	292	151	96	6	0	-131
IFRS 16 effects OPEX	-145	-47	-50	-21	-12	0	-15
<b>EBITDA ex IFRS 16 effects</b>	<b>268</b>	<b>245</b>	<b>101</b>	<b>75</b>	<b>-6</b>	<b>0</b>	<b>-146</b>
<b>EBIT Reported</b>	<b>214</b>	<b>231</b>	<b>92</b>	<b>60</b>	<b>-9</b>	<b>0</b>	<b>-160</b>
IFRS 16 effects affecting EBIT	-1	0	-5	8	-1	0	-3
<b>EBIT ex IFRS 16 effects</b>	<b>213</b>	<b>231</b>	<b>87</b>	<b>68</b>	<b>-10</b>	<b>0</b>	<b>-163</b>

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**FINANCIAL CALENDAR**

Q4 and FY 2019 results:	05.02.2021
Q1 2020 results:	23.04.2021
Q2 and H1 2020 results:	15.07.2021

**INVESTOR CONTACT**

Contact person:	Tolle Grøterud
E-mail:	<a href="mailto:ir@xxlasa.com">ir@xxlasa.com</a>
Phone:	+4790272959