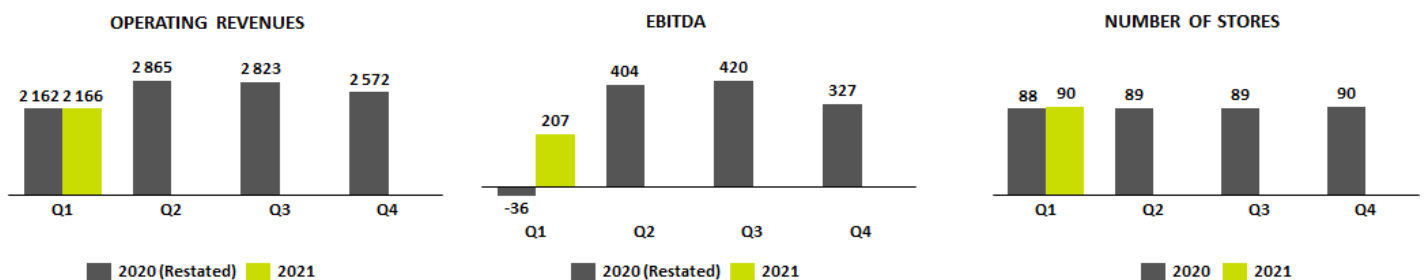


# HIGHLIGHTS<sup>1</sup>

- Operating revenue of NOK 2 166 million (NOK 2 162 million)
- Sustainable strong gross margin of 40.4 per cent (30.1 per cent)
- EBITDA of NOK 207 million (minus NOK 36 million)
- Liquidity reserves of NOK 1 181 million (NOK 774 million)

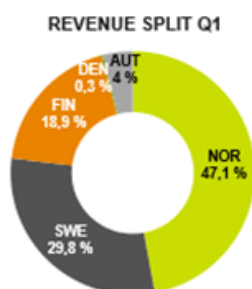
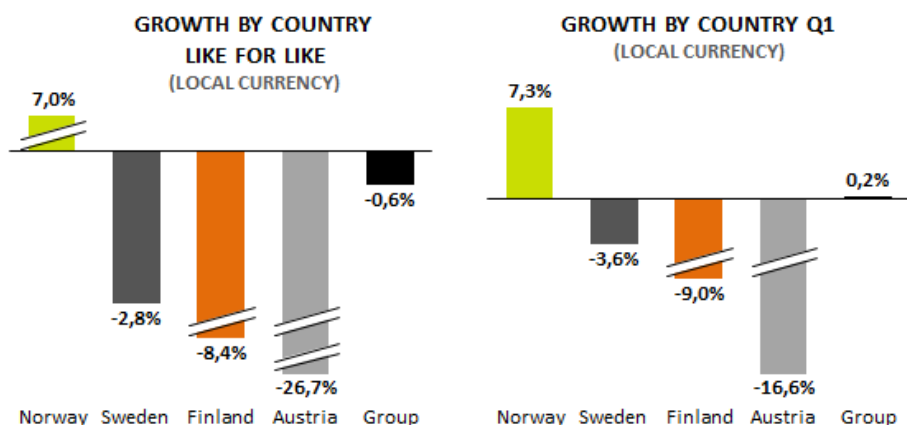
**Great brands**  
**Great prices**  
**Great assortment**  
**Great expertise**  
**Great accessibility**



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 (all numbers from Q1 2020 are restated)

**KEY FIGURES GROUP**

(Amounts in NOK million)	Q1 2021	Q1 2020 (Restated)	FY 2020 Audited
<b>GROUP</b>			
Operating revenue	2 166	2 162	10 423
Growth (%)	0,2 %	7,4 %	15,9 %
Gross profit	876	651	3 904
Gross margin (%)	40,4 %	30,1 %	37,5 %
OPEX %	30,9 %	31,8 %	26,7 %
EBITDA	207	-36	1 117
EBITDA margin (%)	9,5 %	-1,7 %	10,7 %
EBIT	16	-215	364
EBIT margin	0,7 %	-10,0 %	3,5 %
Net Income	-39	-186	126
**Basic Earnings per share (NOK)	-0,15	-1,11	0,57
**Average number of shares (1 000 shares)	252 437	167 081	218 952
Cash provided by operating activities	230	145	1 653
Like for like revenue growth	-0,6 %	2,8 %	12,5 %
Number of stores at period end	90	88	90
New stores in the period	-	2	4



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

**KEY FIGURES SEGMENTS**

<i>(Amounts in NOK million)</i>	<b>Q1 2021</b>	Q1 2020 (Restated)	<b>FY 2020 Audited</b>
<b>SEGMENT</b>			
<b>Norway</b>			
Operating revenue	<b>1 021</b>	951	<b>4 987</b>
<i>Growth (%)</i>	<b>7,3 %</b>	0,4 %	<b>20,2 %</b>
Gross profit	<b>430</b>	307	<b>1 983</b>
<i>Gross margin (%)</i>	<b>42,1 %</b>	32,2 %	<b>39,8 %</b>
<i>OPEX %</i>	<b>21,7 %</b>	23,2 %	<b>18,5 %</b>
EBITDA	<b>209</b>	86	<b>1 062</b>
<i>EBITDA margin (%)</i>	<b>20,5 %</b>	9,0 %	<b>21,3 %</b>
Number of stores at period end	<b>37</b>	37	<b>37</b>
New stores in the period	-	1	<b>1</b>
<b>Sweden</b>			
Operating revenue	<b>646</b>	646	<b>2 974</b>
<i>Growth (%)</i>	<b>-0,1 %</b>	16,1 %	<b>16,2 %</b>
Gross profit	<b>252</b>	182	<b>1 055</b>
<i>Gross margin (%)</i>	<b>39,0 %</b>	28,1 %	<b>35,5 %</b>
<i>OPEX %</i>	<b>27,9 %</b>	28,3 %	<b>24,9 %</b>
EBITDA	<b>72</b>	-1	<b>316</b>
<i>EBITDA margin (%)</i>	<b>11,2 %</b>	-0,2 %	<b>10,6 %</b>
Number of stores at period end	<b>29</b>	29	<b>29</b>
New stores in the period	-	1	<b>1</b>
<b>Finland</b>			
Operating revenue	<b>409</b>	456	<b>1 950</b>
<i>Growth (%)</i>	<b>-10,3 %</b>	16,9 %	<b>10,4 %</b>
Gross profit	<b>167</b>	126	<b>708</b>
<i>Gross margin (%)</i>	<b>40,8 %</b>	27,5 %	<b>36,3 %</b>
<i>OPEX %</i>	<b>23,2 %</b>	24,1 %	<b>22,5 %</b>
EBITDA	<b>72</b>	16	<b>270</b>
<i>EBITDA margin (%)</i>	<b>17,6 %</b>	3,4 %	<b>13,8 %</b>
Number of stores at period end	<b>17</b>	17	<b>17</b>
New stores in the period	-	-	-

**KEY FIGURES SEGMENTS – cont.**

<i>(Amounts in NOK million)</i>	<b>Q1 2021</b>	<b>Q1 2020 (Restated)</b>	<b>FY 2020 Audited</b>
<b>SEGMENT</b>			
<b>Denmark</b>			
Operating revenue	6	5	27
<i>Growth (%)</i>	14,4 %	-68,9 %	-44,1 %
Gross profit	2	1	8
<i>Gross margin (%)</i>	33,6 %	20,0 %	29,5 %
<i>OPEX %</i>	26,4 %	40,0 %	30,8 %
EBITDA	0	-1	0
<i>EBITDA margin (%)</i>	7,2 %	-20,0 %	-1,3 %
<b>Austria</b>			
Operating revenue	85	104	484
<i>Growth (%)</i>	-18,0 %	-0,8 %	3,0 %
Gross profit	25	36	150
<i>Gross margin (%)</i>	29,6 %	34,7 %	30,9 %
<i>OPEX %</i>	49,2 %	43,3 %	32,7 %
EBITDA	-17	-9	-9
<i>EBITDA margin (%)</i>	-19,6 %	-8,6 %	-1,8 %
Number of stores at period end	7	5	7
New stores in the period	-	-	2
<b>HQ &amp; logistics</b>			
EBITDA	-130	-126	-522
<i>EBITDA margin (% of Group revenues)</i>	-6,0 %	-5,8 %	-5,0 %

# Solid result improvement despite store closures

**Oslo, 22 April 2021:** Despite the many temporarily store closures XXL delivered stable revenues, sustainable strong gross margins and a solid EBITDA in the first quarter. XXL has capitalized on its E-commerce platform which made up 26 per cent of sales in the period. Also under lockdown periods XXL has accelerated the implementation of several strategic projects which will strengthen the Group further going forward.

In the first quarter 2021 XXL improved its results posting total operating revenues of NOK 2 166 million, 40.4 per cent gross margin and an EBITDA of NOK 207 million. Norway is standing out with a revenue growth of 7 per cent, despite several store closures.

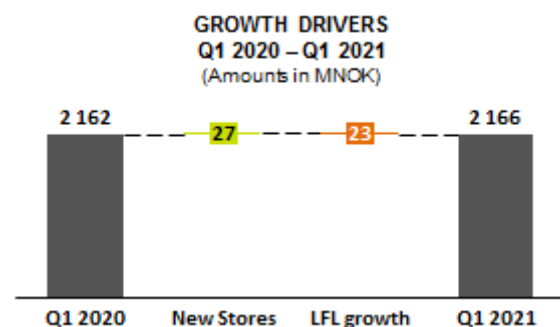
The financial position of XXL continues to be strong with total liquidity reserves of NOK 1 181 million and a net interest bearing debt of NOK 5 million.

XXL works on several strategic initiatives to increase operational efficiency that over time should contribute to increasing market shares, strengthening the E-commerce channel, and stabilizing the gross margins from current levels.

## First quarter 2021 review

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

XXL delivered a growth of 0.2 per cent for the first quarter 2021 driven by Norway and a strong growth in e-commerce. The quarter was positively affected by good winter conditions all over the Nordic region, but hampered significantly by COVID-19 restrictions in all markets and in particular store closures in Austria and Norway. Also Q1 2020 was positively affected by an extraordinary clearance campaign amounting to around NOK 350 million in sales. At the end of the quarter 20 stores in XXL were closed, all in Norway. In Austria all stores were closed from 1 January until 8 February. XXL has successfully compensated lost sales in stores with increased volumes online. E-commerce had a growth of 30.8 per cent in the quarter to NOK 570 million (NOK 436 million), representing 26.3 per cent of total operating revenues for the Group. Consequently the like for like growth of the Group was negative of 0.6 per cent with Norway posting positive like for like growth of 7.0 per cent again driven by strong contribution from E-commerce.



XXL has improved its campaign execution which lead to a sustainable strong gross margin for the Group of 40.4 per

cent in the first quarter compared to 30.1 per cent in the same quarter last year. XXL is systematically strengthening its campaign process by more analytical and fact based planning and pricing. Gross margin was negatively impacted by mix effects from E-commerce and increased freight costs compensated by a release of around NOK 25 million in obsolete provisions of inventory. The significantly lower gross margin in Q1 2020 was related to an extraordinary clearance campaign, with high volumes but at lower margins.

During the COVID-19 pandemic XXL has worked according to its contingency plan, taking into account different challenges that may occur, including cost reduction measures. At the same time the Group is in the implementation phase of several strategic initiatives, and has utilized the lockdown period to accelerate the progress of projects like new store layouts, RFID and electronic price labels.

Operating expenses before depreciation as percentage of sales decreased to 30.9 per cent in the first quarter this year (31.8 per cent). XXL has reduced costs related to personnel and marketing during lockdown periods, however partly counteracted by costs related to the implementation of strategic projects and opening of a new central warehouse in Austria.

XXL is working on several 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.

The Group EBITDA in the first quarter 2021 was NOK 207 million (negative of NOK 36 million), driven by significantly higher gross margin as described above.

The financial position of XXL continues to be strong with total liquidity reserves of NOK 1 181 million (NOK 774 million) and a net interest bearing debt of NOK 5 million (NOK 1 307 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 1 021 million in the first quarter 2021 compared to NOK 951 million in the same quarter last year, representing a growth of 7.3 per cent. The key driver was a positive like for like growth of 7.0 per cent under good winter conditions and despite several store closures. On average nine stores were closed from 23 January until the end of the quarter. During the period XXL has capitalized on its strong E-commerce platform, partly compensating for lost sales in stores. According to market figures from SSB, on a twelve month rolling basis, the sales of sporting goods in Norway increased by 14.2 per cent. The corresponding growth for XXL was 21.1 per cent, hence capturing market shares over time.

Gross margin increased from 32.2 per cent in Q1 2020 to 42.1 per cent in Q1 2021, explained by an extraordinary clearance campaign last year and strengthened execution this year with improved price management and a more optimized campaign mix.

Operating expenses as percentage of sales ended at 21.7 per cent (23.2 per cent). This was driven by the like for like growth in the quarter yielding scale in operations. EBITDA increased to NOK 209 million (NOK 86 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. XXL has accelerated the implementation of several strategic initiatives by changing most of the stores to new layouts, introducing electronic price labels and RFID technology.

### Sweden

Total operating revenues for XXL in Sweden in Q1 2021 amounted to NOK 646 million (NOK 646 million) representing a negative growth of 3.6 per cent in local currency. The driver was a negative like for like growth of 2.8 per cent in local currency affected by high volumes last year related to an extraordinary clearance campaign. According to market figures from SCB, on a twelve month rolling basis, the sale of sporting goods in Sweden increased by 4.7 per cent. The corresponding growth for XXL (excluding outlets) was 5.7 per cent in local currency, hence gaining market shares. 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 almost 85 per cent. When excluding for the outlet stores the growth for XXL in the quarter was negative of 0.7 per cent and with a like for like growth of 0.3 per cent, both in local currency.

Gross margin increased to 39.0 per cent (28.1 per cent) explained by the extraordinary clearance campaign in two months of Q1 last year.

Operating expenses as percentage of sales declined to 27.9 per cent (28.3 per cent). EBITDA ended at NOK 72 million (negative of NOK 1 million), where the improvement was related to the improved gross margins.

### Finland

The Finnish market experience sound winter conditions but also influenced by COVID-19 restrictions. Over the last quarters consumer behaviour has moved in favour of the hypermarket chains as "one shop destinations". According to market figures from TMA, on a twelve month rolling basis, the sale of sporting goods in Finland increased by 6.9 per cent. This is to be compared to XXL with a decline of 2.8 per cent in local currency. In the first quarter last year XXL commenced an extraordinary clearance campaign with high volumes which contributed to strong growth overall. Total operating revenues in the quarter amounted to NOK 409 million (NOK 456 million) with a negative like for like growth of 8.4 per cent in local currency.

The gross margin increased from 27.5 per cent in Q1 2020 to a strong 40.8 per cent in Q1 2021, explained partly by the extraordinary clearance campaign last year, but also good price management and improved campaign planning.

EBITDA amounted to record high NOK 72 million in Q1 2021 (NOK 16 million) despite negative growth and driven by the improvement in gross margin and cost control. Operating expenses as percentage of sales ended at 23.2 per cent in Q1 2021 (24.1 per cent) due to reduced personnel and marketing costs.

### Denmark

Total operating revenues in the first quarter 2021 amounted to NOK 6 million (NOK 5 million), representing a growth of 28.0 per cent in local currency. The Danish operations ended with an EBITDA of NOK 0 million in Q1 2021 compared to a loss of NOK 1 million last year. This is driven by the improved gross margin of 33.6 per cent (20.0 per cent). XXL will continue to run Denmark with limited resources and use it as a tactical sales channel going forward.

### 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. The Austrian stores were closed throughout January and until 8 February 2021, hence during most of the winter season.

Total operating revenues from the Austrian operations amounted to NOK 85 million in the first quarter (NOK 104 million) driven by the lockdown but partly compensated by strong E-commerce growth and contribution from new stores. Currently XXL operates seven stores compared to five stores in Q1 last year. Like for like was negative of 26.7 per cent in local currency.

The gross margin decreased to 29.6 per cent (34.7 per cent) due to negative mix effects from high share of E-commerce as well as clearance related to a short winter sales season.

Operating expenses as percentage of sales increased from 43.3 per cent in Q1 2020 to 49.2 per cent in Q1 2021 due to negative like for like growth impacting scale in the operations. XXL has reduced costs by temporarily layoffs and adjusted marketing activities.

EBITDA was negative of NOK 17 million (negative of NOK 9 million) due to the lockdown situation.

XXL is working on a plan to increase profitability in Austria, including selectively opening some new stores, improving marketing efficiency and reducing logistic costs. In February 2021 XXL opened its warehouse in Austria which will contribute to overall profitability in the Austrian operations over time.

#### HQ and Logistics

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

Operating expenses were NOK 130 million (NOK 126 million) in Q1 2021. The increase is mainly due to costs related to the new central warehouse in Austria.

## Financials

### Consolidated income statement – First quarter

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

**Total operating revenue** increased by 0.2 per cent to NOK 2 166 million (NOK 2 162 million).

**Total operating expenses** equaled NOK 2 150 million (NOK 2 377 million) in the first quarter. Other operating expenses decreased from NOK 227 million in Q1 2020 to NOK 201 million in Q1 2021, while depreciation increased to NOK 190 million compared to NOK 179 million in Q1 2020.

**Operating income** amounted to NOK 16 million (minus NOK 215 million). Last year mainly explained by lower margins due to the clearance sales campaign.

**Net financial expense** amounted to NOK 54 million for the first quarter (NOK 6 million) whereof NOK 21 million is related to IFRS 16 effects compared to NOK 24 million Q1 2020. Net interest expenses equaled NOK 8 million (NOK 16 million).

Net financial expenses included a negative currency effect of NOK 18 million, compared to a positive currency effect of NOK 38 million in the same quarter last year. Other financial expenses of NOK 7 million were related to amortization of loan costs and other financial costs.

**Income tax expense** for the first quarter was NOK 1 million (negative NOK 35 million), where parts are related to a not recognized deferred tax asset.

**Profit for the period** ended at negative NOK 39 million (negative NOK 186 million).

### Consolidated cash flow

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

Cash provided by operating activities was NOK 230 million (NOK 145 million) in the first quarter. The main reason for the increase is better margins on sales at same levels.

The inventory decreased from NOK 1 835 million at the end of 2020 to 1 742 million at Q1 2021.

Cash used by investing activities was NOK 48 million (NOK 47 million) in Q1 2021. This is mainly related to investments in a new central warehouse in Austria, various ongoing improvement projects in existing stores, maintenance CAPEX on existing stores and investments in infrastructure.

Cash used by financing activities amounted to NOK 531 million (NOK 187 million) in the first quarter and is mainly related to net payments on short/long term debt of NOK 355 million and leasing payments.

### Financial position and liquidity

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

As of 31 March 2021, total assets amounted to NOK 8 615 million (NOK 9 870 million). The decrease is mainly due to reduction of inventory and lower level of interest-bearing debt. Total equity was NOK 4 130 million (NOK 3 545 million), resulting in an equity ratio of 47.9 per cent (35.9 per cent). Net interest bearing debt (NIBD) ended at NOK 5 million (NOK 1 307 million).

The Group had cash and cash equivalents of NOK 481 million (NOK 374 million) as of 31 March 2021 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 700 million whereof NOK 0 million was used as of 31 March 2021. Available liquidity reserves as of 31 March 2021 were NOK 1 181 million (NOK 774 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 3,500,000 shares, currently of a value of around NOK 70 million. The highest price to be paid per share will be NOK 30, 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 26 April 2021 and will continue until 1 June 2021. In agreement with the bank consortium the RCF "corona" facility of NOK 200 million will be cancelled.

#### **Long term incentive programs for employees**

On 11 February 2021 employees in XXL ASA exercised 63,376 share units from 2018. Following this the Board of Directors, pursuant to authorization granted by the Annual General Meeting on 4 June 2020, decided to buy 63,376 of its own shares at a price of NOK 19.69. All these shares were transferred to the employees. Subsequently XXL ASA hold 4,970,000 own shares after this transfer.

In accordance with the resolution made by the Annual General Meeting in XXL ASA on 4 June 2020, a program of restricted share units for around 60 employees was implemented on 11 February 2021. The allocation price was NOK 21.88, equal to the volume weighted average price in the market from 5 February 2021 to 11 February 2021. In total 457,000 shares were allocated to employees. The shares are exercisable after three years subject to the holder at the time of exercise is employed in the company. The value of the restricted share units program is NOK 10 million and the costs related to this will be booked over the duration period of three years with effect from 11 February 2021.

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

Claes Winterfeldt, EVP Category and Buying, will leave his position in XXL. André Sjøset, EVP Strategy and Business Development, has been appointed interim EVP Category and Buying. Claes Winterfeldt will for a period of time continue as a strategic advisor for the Group.

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

The COVID-19 situation escalated during Q1 2021. Both Norwegian and Austrian authorities have on short notice legislated regional and local restrictions which have affected several stores in both markets. As a consequence, XXL has closed and re-opened stores on short notice. The store closures had an estimated negative effect on sales of around NOK 155 million compared to Q1 last year, partly compensated by strong E-commerce growth.

As of 22 April 2021 XXL has 14 stores closed in Norway and 5 stores closed in greater Vienna area, Austria. The temporarily close down of retail trade imposed by the authorities could be reduced or expanded to other regions on short notice and consequently more XXL stores could re-open or again be closed. Authorities will continuously update on changes in the restrictions, as well as potential new regulations. XXL websites will at all times be updated on status and opening hours for the store base.

XXL monitors the situation closely and has initiated actions in order to reduce costs, including temporarily layoffs of employees. At the same time the Group is in the implementation phase of several strategic initiatives, and has utilized the lockdown period to accelerate the outtake of projects like new store layouts, RFID and electronic price labels.

XXL has a strong and solid balance sheet giving financial flexibility going forward.

#### **Outlook**

XXL's ambitions going forward is to over time gain market shares in all markets, and continue the growth in the E-commerce channel.

XXL targets to strengthen and stabilize the gross margin further from the current levels.

In line with the existing strategy, XXL will continue to invest in operational efficiency, new stores, E-commerce platform, existing stores, infrastructure and IT. Total CAPEX for XXL Group in 2021 is expected to be around NOK 250-300 million. Going forward XXL expects the pace of the store roll-out to be 3-5 new stores per year. XXL has signed 2 new lease agreements for store openings in 2021 where of 1 in Sweden and 1 in Austria. At the same time XXL will be downsizing several existing stores.

Given the financial strength, XXL will initiate a refinancing of the Group, aiming for continued flexibility, improved terms, as well as returning to the long term dividend policy with a targeted pay out ratio of 40-50 per cent of the Groups annual normalized net income.

Oslo, 22 April 2021  
Board of Directors, XXL ASA



## Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended March 31, 2021

<i>(Amounts in NOK million)</i>	Q1 2021	Q1 2020 (Restated)	FY 2020 (Audited)
<b>Total Operating Revenue</b>	<b>2 166</b>	2 162	10 423
Cost of goods sold	1 290	1 511	6 519
Personnel expenses	468	460	1 863
Depreciation	190	179	753
Other operating expenses	201	227	924
<b>Total Operating Expenses</b>	<b>2 150</b>	2 377	10 059
<b>Operating Income</b>	<b>16</b>	-215	364
<b>Net Financial Income (+) / Expense (-)</b>	<b>-54</b>	-6	-172
<b>Profit before income tax</b>	<b>-38</b>	-221	191
Income tax expense	1	-35	66
<b>Profit for the period</b>	<b>-39</b>	-186	126
<b>Basic Earnings per share (NOK)</b>	<b>-0,15</b>	-1,11	0,57
<b>Diluted Earnings per share (NOK)</b>	<b>-0,15</b>	-1,11	0,57
<b>Other comprehensive income</b>			
<u>Items that may be subsequently reclassified to profit or loss</u>			
Foreign currency rate changes	-16	59	22
<b>Total Other Income and Expense</b>	<b>-16</b>	59	22
<b>Total comprehensive income for the period</b>	<b>-55</b>	-127	148

*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	31.03.2021	31.03.2020 (Restated)	31.12.2020 Audited
<b>NON CURRENT ASSETS</b>				
<b>Intangible Assets</b>				
Goodwill		2 744	2 744	2 744
Other Intangible Assets		254	252	257
Deferred tax asset		14	126	18
<b>Total Intangible Assets</b>		<b>3 012</b>	<b>3 121</b>	<b>3 019</b>
Fixed Assets		794	914	839
Non-Current Financial Assets		-	-	-
Right of Use Assets	9	2 389	2 897	2 569
<b>Total Non Current Assets</b>		<b>6 195</b>	<b>6 932</b>	<b>6 426</b>
<b>CURRENT ASSETS</b>				
Inventory		1 742	2 334	1 835
Trade and Other Receivables		197	231	284
Cash and Cash Equivalents		481	374	830
<b>Total Current Assets</b>		<b>2 420</b>	<b>2 938</b>	<b>2 949</b>
<b>TOTAL ASSETS</b>		<b>8 615</b>	<b>9 870</b>	<b>9 375</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	31.03.2021	31.03.2020 (Restated)	31.12.2020 Audited
<b>SHAREHOLDERS' EQUITY</b>				
Paid-in Capital		3 741	3 457	3 742
Other equity	9	389	88	441
<b>Total Shareholders' Equity</b>		<b>4 130</b>	<b>3 545</b>	<b>4 185</b>
<b>LIABILITIES</b>				
Deferred Tax Liability		3	9	3
<b>Total Provisions</b>		<b>3</b>	<b>9</b>	<b>3</b>
<b>Other non-current liabilities</b>				
Interest Bearing Non-Current Liabilities		486	873	483
Lease Liabilities	9	2 006	2 533	2 180
<b>Total other non-current liabilities</b>		<b>2 492</b>	<b>3 406</b>	<b>2 663</b>
<b>Total non-current liabilities</b>		<b>2 495</b>	<b>3 416</b>	<b>2 666</b>
<b>Current liabilities</b>				
Accounts Payable		520	693	532
Lease Liabilities	9	578	603	593
Current Interest Bearing Liabilities		0	808	418
Tax payable		17	-	16
Public duties payable		272	328	391
Other current liabilities		604	477	574
<b>Total current liabilities</b>		<b>1 991</b>	<b>2 909</b>	<b>2 524</b>
<b>TOTAL LIABILITIES</b>		<b>4 485</b>	<b>6 325</b>	<b>5 191</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 615</b>	<b>9 870</b>	<b>9 375</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 2021	Q1 2020 (Restated)
<b>Operating Activities</b>		
Income before tax	(38)	(221)
Income tax paid	-	1
Depreciation and amortization	190	179
Net financial expense		6
Changes in inventory	42	494
Changes in accounts receivable	80	39
Changes in accounts payable and supplier financing	1	(357)
Other changes	(45)	4
<b>Cash provided (used) by operating activities</b>	<b>230</b>	<b>145</b>
<b>Investing Activities</b>		
Investment in fixed assets	(48)	(47)
Payments/proceeds from acquisitions/disposals	-	-
<b>Cash provided (used) by investing activities</b>	<b>(48)</b>	<b>(47)</b>
<b>Financing Activities</b>		
Sales/purchase of own shares/other equity transactions	-	95
Payments/proceeds on long/short term debt	(355)	(107)
Interest payments	(21)	(21)
Total leasing payments for the lease liability	(155)	(154)
<b>Cash provided (used) by financing activities</b>	<b>(531)</b>	<b>(187)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(348)</b>	<b>(89)</b>
Cash and cash equivalents - beginning of period	830	433
Effect of foreign currency rate changes on cash and equivalents	(1)	30
<b>Cash and Cash Equivalents - End of period</b>	<b>481</b>	<b>374</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 31.12.19</b>	<b>66</b>	<b>3 264</b>	<b>29</b>	<b>284</b>	<b>-9</b>	<b>-</b>	<b>3 635</b>
Net income 2020	-	-	-	120	-	6	126
Foreign currency rate changes	-	-	-	-	22	-	22
<b>Transactions with owners:</b>							
Employee share incentive program	-	-	2	-	-	-	2
Share issue	35	446	-	-	-	-	481
Purchase own shares	-	-101	-	-	-	-	-101
Trasaction with non-controlling interes	-	-	-	-	-	20	20
<b>Shareholders' Equity 31.12.20</b>	<b>101</b>	<b>3 609</b>	<b>31</b>	<b>404</b>	<b>13</b>	<b>26</b>	<b>4 185</b>
Net income Q1 2021	-	-	-	-37	-	-1	-39
Foreign currency rate changes	-	-	-	-	-16	-	-16
<b>Shareholders' Equity 31.03.21</b>	<b>101</b>	<b>3 609</b>	<b>31</b>	<b>367</b>	<b>-3</b>	<b>25</b>	<b>4 130</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 2021 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 2020, 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 2020.

## 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 2020.

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

## Note 5 Earnings per share

	Q1 2021	Q1 2020 (Restated)	FY 2020 (Audited)
Total profit ( in NOK million)	-39	-186	126
<b>Weighted average number of ordinary shares in issue</b>	252 436 658	167 081 425	218 952 136
<b>Number of shares outstanding</b>	252 436 658	172 429 411	252 436 658
<b>Adjustment for:</b>			
Effect share options	506 952	368 536	292 646
Weighted number of ordinary shares in issue for diluted earnings per share	252 943 610	167 449 961	219 244 782
<b>Basic Earnings per share (in NOK)</b>	-0,15	-1,11	0,57
<b>Diluted Earnings per share (in NOK)</b>	-0,15	-1,11	0,57

## 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 2021

Amounts in NOK million	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 021	646	409	6	85	-	2 166
Gross profit	430	252	167	2	25	-	876
EBITDA	209	72	72	0	-17	-130	207
Operating Income	144	19	43	0	-30	-159	16

### Q1 2020 (Restated)

Amounts in NOK million	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	951	646	456	5	104	-	2 162
Gross profit	307	182	126	1	36	-	651
EBITDA	86	-1	16	-1	-9	-126	-36
Operating Income	25	-51	-15	-1	-21	-152	-215

### 01.01.2020 - 31.12.2020

Amounts in NOK million	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	4 987	2 974	1 950	27	484	-	10 423
Gross profit	1 983	1 055	708	8	150	-	3 904
EBITDA	1 062	316	270	-0	-9	-522	1 117
Operating Income	816	101	142	-0	-61	-633	364

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 2021. 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 2020.

## 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 01.01.2021</b>	<b>3 656</b>
Additions and adjustments	27
Change incentives	-5
Net exchange differences	-87
<b>Aquisition costs 31.03.2021</b>	<b>3 591</b>
Accumulated depreciation and impairment losses 01.01.2021	-1 087
Depreciation	-136
Impairment losses in the period	-
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	21
<b>Accumulated depreciation and impairment 31.03.2021</b>	<b>-1 202</b>
<b>Total Right of Use Assets at 31.03.2021</b>	<b>2 389</b>



**Lease liabilities**

*(Amounts in NOK million)*

**Summary of the lease liabilities in the financial statements**

<b>At initial application 01.01.2021</b>	<b>2 773</b>
New lease liabilities recognised in the period and adjustments	27
Leasing payments for the principal portion of the lease liability	-155
Interest expense on lease liabilities	21
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	-83
<b>Total lease liabilities at 31.03.2021</b>	<b>2 583</b>

**whereof:**

Current lease liabilities < 1 year	578
Non-current lease liabilities > 1 year	2 006

## 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

	Q1'21	Q1'20 Restated	FY 20
Operating Income	16	-215	364
+ Depreciation	190	179	753
<b>= EBITDA</b>	<b>207</b>	<b>-36</b>	<b>1 117</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 for the total Group is calculated with fx constant y-o-y to eliminate the FX effect.

### 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

	Q1'21	Q1'20 Restated	FY 20
Operating revenue	2 166	2 162	10 423
÷ Cost of goods sold	1 290	1 511	6 519
<b>= Gross profit</b>	<b>876</b>	<b>651</b>	<b>3 904</b>
<b>Gross margin</b>	<b>40.4%</b>	<b>30,1%</b>	<b>37,5%</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

	Q1'21	Q1'20 Restated	FY 20
Other operating expenses	201	227	924
+ Personnel expenses	468	460	1 863
<b>= OPEX</b>	<b>669</b>	<b>687</b>	<b>2 787</b>

### Leverage ratio/covenant

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

### 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.

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

**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*

	Q1'21	Q1'20 Restated	FY 20
Non-Current Interest Bearing liabilities	486	873	483
+ Current Interest Bearing liabilities	0	808	418
÷ Cash and Cash Equivalents	481	374	830
<b>= Net Interest Bearing Debt</b>	<b>5</b>	<b>1 307</b>	<b>71</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*

	Q1'21	Q1'20 Restated	FY 20
Cash and Cash Equivalents	481	374	830
+ Undrawn Credit Facilities	700	400	281
<b>= Liquidity reserve</b>	<b>1 181</b>	<b>774</b>	<b>1 111</b>

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.

Q1'21	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	207	209	72	72	-17	0	-130
IFRS 16 effects OPEX	-156	-63	-43	-26	-10	0	-13
<b>EBITDA ex IFRS 16 effects</b>	<b>51</b>	<b>146</b>	<b>29</b>	<b>46</b>	<b>-27</b>	<b>0</b>	<b>-143</b>
<b>EBIT Reported</b>	<b>16</b>	<b>144</b>	<b>19</b>	<b>43</b>	<b>-30</b>	<b>0</b>	<b>-159</b>
IFRS 16 effects affecting EBIT	-19	-12	-1	-4	-1	0	-2
<b>EBIT ex IFRS 16 effects</b>	<b>-3</b>	<b>132</b>	<b>18</b>	<b>39</b>	<b>-31</b>	<b>0</b>	<b>-161</b>

**IFRS 16 effects affecting EBITDA and EBIT**

[www.xxlasa.com/investor](http://www.xxlasa.com/investor)

**FINANCIAL CALENDAR**

Annual General Meeting	03.06.2021
Q2 and H1 2021 results:	15.07.2021
Q3 Results:	28.10.2021

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