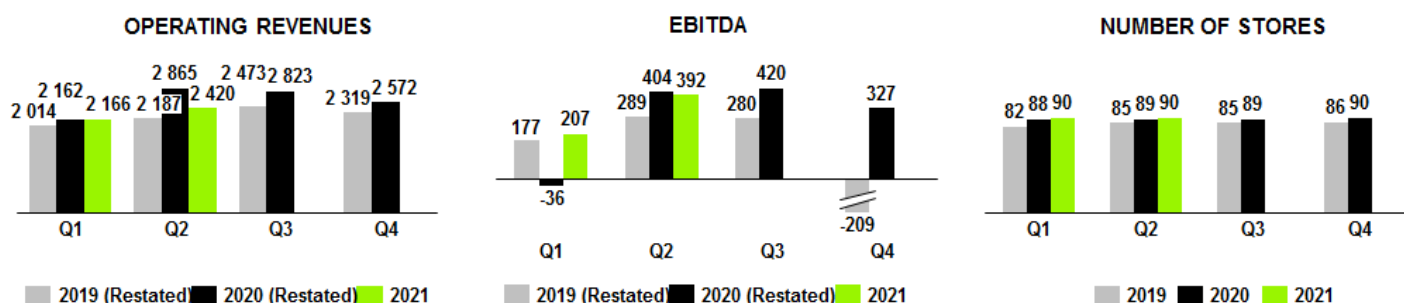
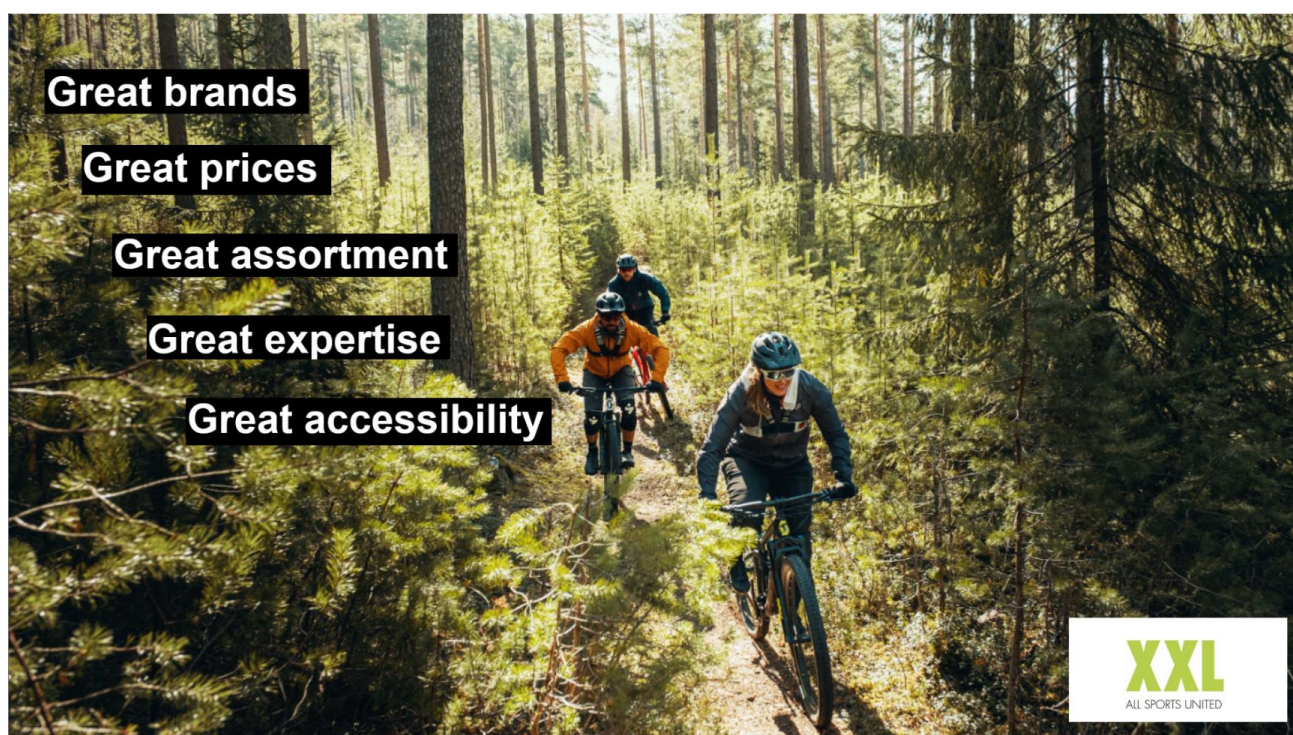


HIGHLIGHTS¹

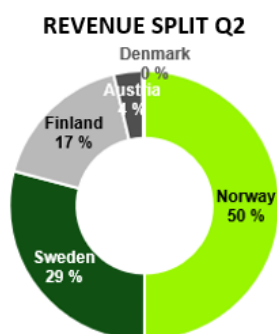
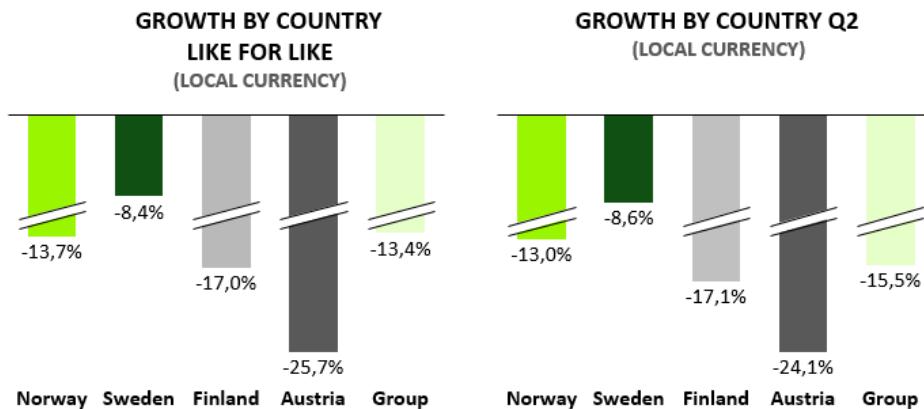
- Operating revenue of NOK 2 420 million (NOK 2 865 million) – deviation from last year mainly explained by store closures and product availability
- Strong gross margin of 41.8 per cent (37.0 per cent)
- EBITDA of NOK 392 million (NOK 404 million)
- Refinancing of the Group and returning to dividend distribution



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 Q2 2020 are restated)

KEY FIGURES GROUP

(Amounts in NOK million)	Q2 2021	Q2 2020 (Restated)	H1 2021	H1 2020	FY 2020 Audited
GROUP					
Operating revenue	2 420	2 865	4 587	5 027	10 423
Growth (%)	-15,5 %	-6,2 %	-8,8 %	19,7 %	15,9 %
Gross profit	1 013	1 060	1 889	1 711	3 904
Gross margin (%)	41,8 %	37,0 %	41,2 %	34,0 %	37,5 %
OPEX %	25,7 %	22,9 %	28,1 %	26,7 %	26,7 %
EBITDA	392	404	598	368	1 117
EBITDA margin (%)	16,2 %	14,1 %	13,0 %	7,3 %	10,7 %
EBIT	202	222	218	7	364
EBIT margin	8,4 %	7,8 %	4,8 %	0,1 %	3,5 %
Net Income	159	133	121	-53	126
**Basic Earnings per share (NOK)	0,63	0,66	0,48	-0,29	0,57
**Average number of shares (1 000 shares)	252 437	201 128	252 437	184 198	218 952
Cash provided by operating activities	289	751	519	896	1 653
Like for like revenue growth	-13,4 %	28,2 %	-7,9 %	15,8 %	12,5 %
Number of stores at period end	90	89	90	89	90
New stores in the period	-	1	-	3	4



**Earnings per share: See Note 5.

KEY FIGURES SEGMENTS

<i>(Amounts in NOK million)</i>	Q2 2021	Q2 2020 (Restated)	H1 2021	H1 2020	FY 2020 Audited
SEGMENT					
Norway					
Operating revenue	1 211	1 392	2 232	2 344	4 987
Growth (%)	-13,0 %	38,6 %	-4,8 %	20,1 %	20,2 %
Gross profit	533	548	963	855	1 983
Gross margin (%)	44,0 %	39,4 %	43,2 %	36,5 %	39,8 %
OPEX %	16,2 %	13,6 %	18,7 %	17,5 %	18,5 %
EBITDA	337	358	546	444	1 062
EBITDA margin (%)	27,9 %	25,7 %	24,5 %	19,0 %	21,3 %
Number of stores at period end	37	37	37	37	37
New stores in the period	-	-	-	1	1
Sweden					
Operating revenue	705	798	1 351	1 444	2 974
Growth (%)	-11,6 %	30,3 %	-6,4 %	23,5 %	16,2 %
Gross profit	280	276	532	458	1 055
Gross margin (%)	39,7 %	34,6 %	39,4 %	31,7 %	35,5 %
OPEX %	24,8 %	23,6 %	26,3 %	25,7 %	24,9 %
EBITDA	105	88	177	87	316
EBITDA margin (%)	14,9 %	11,1 %	13,1 %	6,0 %	10,6 %
Number of stores at period end	29	29	29	29	29
New stores in the period	-	-	1	1	1
Finland					
Operating revenue	416	546	825	1 002	1 950
Growth (%)	-23,9 %	25,9 %	-17,7 %	21,6 %	10,4 %
Gross profit	170	199	337	325	708
Gross margin (%)	40,9 %	36,4 %	40,9 %	32,4 %	36,3 %
OPEX %	24,2 %	19,7 %	23,7 %	21,7 %	22,5 %
EBITDA	70	91	142	107	270
EBITDA margin (%)	16,8 %	16,7 %	17,2 %	10,7 %	13,8 %
Number of stores at period end	17	17	17	17	17
New stores in the period	-	-	-	-	-

KEY FIGURES SEGMENTS – cont.

<i>(Amounts in NOK million)</i>	Q2 2021	Q2 2020 (Restated)	H1 2021	H1 2020	FY 2020 Audited
SEGMENT					
Denmark					
Operating revenue	6	10	12	15	27
Growth (%)	-41,9 %	-32,3 %	-24,2 %	-50,2 %	-44,1 %
Gross profit	2	3	4	4	8
Gross margin (%)	32,2 %	27,6 %	32,9 %	27,2 %	29,5 %
OPEX %	19,4 %	27,8 %	22,9 %	34,5 %	30,8 %
EBITDA	1	0	1	-1	0
EBITDA margin (%)	12,7 %	-0,2 %	10,0 %	-7,4 %	-1,3 %
Austria					
Operating revenue	83	119	168	223	484
Growth (%)	-30,6 %	-1,8 %	-24,7 %	-1,3 %	3,0 %
Gross profit	27	34	53	70	150
Gross margin (%)	33,2 %	28,5 %	31,4 %	31,4 %	30,9 %
OPEX %	47,6 %	31,6 %	48,4 %	37,1 %	32,7 %
EBITDA	-12	-3	-29	-12	-9
EBITDA margin (%)	-14,4 %	-2,6 %	-17,0 %	-5,4 %	-1,8 %
Number of stores at period end	7	6	7	6	7
New stores in the period	-	1	-	1	2
HQ & logistics					
EBITDA	-109	-131	-239	-256	-522
EBITDA margin (% of Group revenues)	-4,5 %	-4,6 %	-5,2 %	-5,1 %	-5,0 %

Solid results despite closed stores and product availability

Oslo, 14 July 2021: Several temporarily store closures and delayed delivery of incoming goods hampered sales in the quarter and total operating revenue ended at NOK 2.4 billion (NOK 2.9 billion). XXL is not satisfied with the sales and market share development and will sharpen campaign activities going forward. However lost sales in the quarter were compensated through improved gross margins and good cost control, delivering a solid EBITDA of NOK 392 million (NOK 404 million).

In the quarter XXL has implemented several projects including roll-out of RFID, electronic price labels, modernized brand platform and new store layouts towards the customers. XXL works on other 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.

XXL has refinanced the Group, providing total bank loan facilities of NOK 1.8 billion at improved terms, giving increased flexibility and the ability to return to dividend distribution. The Board of Directors propose an extraordinary dividend of NOK 500 million to be paid out during H2 2021.

Second quarter 2021 review

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

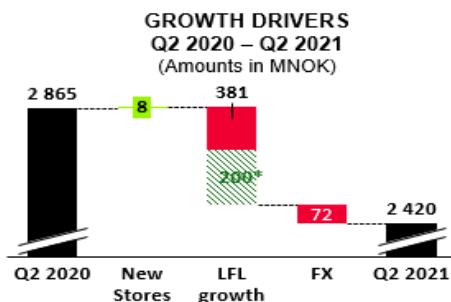
Second quarter 2021 was partly affected by temporarily store closures and delays in the delivery of incoming goods, especially within the bicycles category. XXL ended the quarter with total operating revenue of NOK 2 420 million which represented a negative growth of 15.5 per cent. All countries were hampered by COVID-19 restrictions and reduced mobility in societies. In April and parts of May several stores in XXL were closed, in Norway up to 22 stores and in Austria 5 stores. The store closures had an estimated negative effect on sales of around NOK 200 million compared to Q2 last year. Late delivery within the bicycles category also had a negative effect of around NOK 250 million and the category decreased to around 20 per cent of sales in the quarter compared to around 26 per cent in Q2 2020. Consequently, the like for like growth of the Group was negative of 13.4 per cent, partly compensated by positive contribution from E-commerce.

E-commerce had a growth of 7.0 per cent in the quarter to NOK 600 million (NOK 561 million), representing 24.8 per cent (19.6 per cent) of total operating revenue for the Group. Going forward XXL will focus on improving the sales trend to deliver on the target of gaining market shares, including controlled sharpening of campaign activities.

XXL ended the second quarter at a strong gross margin for the Group of 41.8 per cent compared to 37.0 per cent in the same quarter last year. The higher gross margin is driven by campaign execution, a healthy inventory situation and positive category mix due to significantly lower sales of bicycles, partly offset by negatively mix effects from E-commerce and higher freight costs. The lower gross margin in Q2 2020 was driven by several clearance campaigns, with high volumes but at lower margins. Over time XXL targets to stabilize the gross margin above 39 per cent for the Group.

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 in Norway, electronic price labels as well as launched a modernized brand platform towards the consumers.

OPEX as percentage of sales increased to 25.7 per cent in the second quarter this year (22.9 per cent) impacted by negative like for like growth hampering scale in the operations. OPEX decreased to NOK 621 million (NOK 656 million). XXL has reduced consultancy costs as well as lower bonus accruals of NOK 30 million.



*Estimated effect from store closures

The Group EBITDA in the second quarter 2021 was NOK 392 million (NOK 404 million), mainly driven by the negative like for like growth but partly compensated by higher gross margin as described above.

The financial position of XXL continues to be strong with total liquidity reserves of NOK 905 million (NOK 1 182 million) and a net interest bearing debt of NOK 83 million (NOK 295 million). XXL has refinanced its bank loan facilities to a total of NOK 1 800 million giving the Group increased flexibility, improved terms and the ability to return to dividend distribution.

Operating segments

(Figures in brackets = same quarter previous year (restated), 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 revenue of NOK 1 211 million in the second quarter 2021 compared to NOK 1 392 million in the same quarter last year, representing a negative growth of 13.0 per cent. The key driver was a negative like for like growth of 13.7 per cent versus a strong comparator last year of 34.7 per cent. The main explanations are several store closures as well as delays in deliveries of bicycles. On average six stores were closed during the quarter. XXL has capitalized on its strong E-commerce platform with a growth of 21.4 per cent, partly compensating for lost sales in stores. According to market figures from SSB, on a twelve-month rolling basis per May, the sales of sporting goods in Norway increased by 15.8 per cent. The corresponding growth for XXL was 12.3 per cent.

Gross margin increased from 39.4 per cent in Q2 2020 to 44.0 per cent in Q2 2021, explained by clearance campaigns 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 16.2 per cent (13.6 per cent). This was driven by the negative like for like growth in the quarter hampering scale in operations.

EBITDA amounted to NOK 337 million (NOK 358 million). The main reason for the EBITDA decline was the negative like for like growth, compensated by higher gross margin as described above.

Sweden

Total operating revenue for XXL in Sweden in Q2 2021 amounted to NOK 705 million (NOK 798 million) representing a negative growth of 8.6 per cent in local currency. The driver was a negative like for like growth of 8.4 per cent in local currency affected by high volumes last year related to several clearance campaigns and lack of bicycles this year.

According to market figures from SCB, on a twelve-month rolling basis per May, the sale of sporting goods in Sweden increased by 7.2 per cent. The corresponding growth for XXL (excluding outlets) was 2.2 per cent in local currency.

Gross margin increased to 39.7 per cent (34.6 per cent) explained by the clearance campaigns last year and improved campaign and pricing execution this year.

Operating expenses as percentage of sales ended at 24.8 per cent (23.6 per cent) impacted by the negative like for like growth. EBITDA improved to NOK 105 million (NOK 88 million), mainly driven by the higher gross margins.

Finland

During COVID-19 restrictions 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 per May, the sale of sporting goods in Finland increased by 11.5 per cent. This is to be compared to XXL with a decline of 6.7 per cent in local currency. Total operating revenue in the quarter amounted to NOK 416 million (NOK 546 million), representing a negative like for like growth of 17.0 per cent in local currency. This is partly explained by late deliveries of bicycles this quarter as well as several clearance campaigns last year. XXL is not satisfied with the sales development in the Finnish market and will sharpen marketing and campaign activities going forward.

The gross margin increased from 36.4 per cent in Q2 2020 to a strong 40.9 per cent in Q2 2021, explained partly by clearance campaigns last year, but also good price management and improved campaign planning.

EBITDA amounted to NOK 70 million in Q2 2021 (NOK 91 million) driven by the negative like for like growth. Operating expenses as percentage of sales ended at 24.2 per cent in Q2 2021 (19.7 per cent) due to hampered scale in the operations.

Denmark

Total operating revenue in the second quarter 2021 amounted to NOK 6 million (NOK 10 million), representing a negative growth of 39.2 per cent in local currency. The Danish operations ended with an EBITDA of NOK 1 million in Q2 2021 (NOK 0 million). This is driven by the improved gross margin of 32.2 per cent (27.6 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. Five out of 7 stores were closed throughout April, all in the greater Vienna area.

Total operating revenue from the Austrian operations amounted to NOK 83 million in the second quarter (NOK 119

million) driven by the lockdown and lack of bicycles. Like for like was negative of 25.7 per cent in local currency.

The gross margin increased to 33.2 per cent (28.5 per cent) due to several clearance and re-opening campaigns last year with lower gross margins.

Operating expenses as percentage of sales increased from 31.6 per cent in Q2 2020 to 47.6 per cent in Q2 2021 due to negative like for like growth impacting scale in the operations.

EBITDA was negative of NOK 12 million (negative of NOK 3 million) due to the negative like for like development.

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 109 million (NOK 131 million) in Q2 2021. The reduction is mainly due to lower bonus accruals of NOK 16 million and reduced consultancy costs.

Financials

Consolidated income statement – Second quarter

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

Total operating revenue decreased by 15.5 per cent to NOK 2 420 million (NOK 2 865 million).

Total operating expenses equaled NOK 2 218 million (2 643 million) in the second quarter. Other operating expenses decreased from NOK 229 million in Q2 2020 to NOK 219 million in Q2 2021, while depreciation increased to NOK 190 million compared to NOK 182 million in Q2 2020.

Operating income amounted to NOK 202 million (NOK 222 million).

Net financial expense amounted to NOK 28 million for the second quarter (NOK 64 million) whereof NOK 20 million is related to IFRS 16 effects compared to NOK 24 million in Q2 2020. Net interest expenses ended at NOK 8 million (NOK 17 million). Net financial expenses included a positive currency effect of NOK 8 million, compared to a negative currency effect of NOK 12 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 second quarter was NOK 15 million (NOK 25 million).

Profit for the period ended at NOK 159 million (NOK 133 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 2021 was NOK 4 587 million (NOK 5 027 million), a negative growth of 8.8 per cent. This is mainly explained by closed stores in several months in H1 2021, some delays of incoming goods as well as clearance campaigns in H1 2020 with high volumes.

Total operating expenses equaled NOK 4 368 million (NOK 5 020 million) in H1 2021 whereof NOK 618 million is related to decreased cost of goods sold. Other operating expenses declined to NOK 420 million in H1 2021 from NOK 456 million in H1 2020. Depreciation increased from NOK 361 million in H1 2020 to NOK 380 million in H1 2021. Personnel expenses decreased from NOK 887 million in H1 2020 to NOK 870 million in H1 2021 due to lower bonus accruals.

Net financial expense amounted to NOK 82 million for H1 2021 (NOK 70 million). Interest expense on the lease liability amounted to NOK 41 million (NOK 48 million). Net interest expenses equaled NOK 16 million (NOK 33 million). Net financial expenses include a negative currency effect of NOK 10 million compared to a positive currency effect of NOK 26 million in the same period last year. Other financial expenses of NOK 14 million were related to amortization of loan costs and other financial costs.

Income tax expense for the first half year was NOK 16 million (negative NOK 10 million) the change was mainly due to positive development in profit before income tax in the first half year 2021.

Profit for the period ended at NOK 121 million (negative NOK 53 million) as a result of the reasons stated above.

Consolidated cash flow

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

Cash provided by operating activities was NOK 519 million (NOK 1 653 million) in H1 2021. The main reason for the decrease is mainly the increased inventory level.

Cash used by investing activities was NOK 125 million (NOK 61 million) in H1 2021. This is mainly related to several investments in all stores in H1 2021 as part of the general improvement program of XXL.

Cash used by financing activities amounted to NOK 667 million (NOK 690 million) in H1 2021 and is mainly related to net payments on short/long term debt of NOK 270 million (NOK 836 million) and leasing payments.

Financial position and liquidity

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

As of 30 June 2021, total assets amounted to NOK 8 974 million (NOK 9 736 million). The decrease is mainly due to depreciation on right of use asset. Total equity was NOK 4 222 million (NOK 4 096 million), resulting in an equity ratio of 47.0 per cent (42.1 per cent). Net interest bearing debt (NIBD) ended at NOK 83 million (NOK 295 million).

The Group had cash and cash equivalents of NOK 556 million (NOK 613 million) as of 30 June 2021 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 500 million whereof NOK 151 million was used as of 30 June 2021. Available liquidity reserves as of 30 June 2021 were NOK 905 million (NOK 987 million).

Share buy backs

In accordance with the authorization to acquire own shares given by the Annual General Meeting on 4 June 2020, XXL ASA acquired in total 3 500 000 shares in the market between 26 April 2021 and 10 May 2021. The shares were purchased from the open market at an average price of NOK 21.86 and for an aggregate consideration of NOK 76.5 million. These shares will be used to optimize capital structure by cover for shares to the long term management investment program.

Refinancing of bank loan facilities

XXL has refinanced the existing bank loan facilities. The refinancing is a prolonged arrangement with the existing bank syndicate. The facilities include a multi-currency RCF of NOK 1 650 million at slightly better terms. The maturity of the loan is 3 years. In addition XXL has an overdraft facility of NOK 150 million. Consequently XXL will from Q3 2021 return to a leverage covenant structure and will be in position for dividend distribution.

Proposal of extraordinary dividend

The Board of Directors of XXL ASA proposes a total extraordinary dividend of NOK 1.98 per share to an Extraordinary General Meeting to be held on 16 September 2021. The dividend will be split into two tranches of NOK 0.99 per share to be paid in September and December 2021, respectively. The total extraordinary dividends is NOK 500 million. The two tranches will have separate ex. dividend and record dates.

XXL will return to its long-term dividend policy with a targeted payout ratio of 40-50 per cent of Groups annual, normalized net income.

Summary from the Annual General Meeting

The Annual General Meeting of XXL ASA was held on 3 June 2021. All items were resolved in accordance with the proposals from the Board and the Nomination Committee's recommendations.

Outlook

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

XXL targets to stabilize the gross margin above 39 per cent.

In line with the existing strategy, XXL will continue to invest in operational efficiency, selective new store openings, 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.

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 2021 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, 14 July 2021
Board of Directors, XXL ASA

Hugo Maurstad
Chairman

Øivind Tidemandsen
Board member

Kjersti Hobøl
Board member

Ronny Blomseth
Board member

Ulrike Koehler
Board member

Pål Wibe
CEO

Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended June 30, 2021

<i>(Amounts in NOK million)</i>	Q2 2021	Q2 2020 (Restated)	H1 2021	H1 2020 (Restated)	FY 2020 (Audited)
Total Operating Revenue	2 420	2 865	4 587	5 027	10 423
Cost of goods sold	1 408	1 805	2 698	3 316	6 519
Personnel expenses	402	427	870	887	1 863
Depreciation	190	182	380	361	753
Other operating expenses	219	229	420	456	924
Total Operating Expenses	2 218	2 643	4 368	5 020	10 059
Operating Income	202	222	218	7	364
Net Financial Income (+) / Expense (-)	-28	-64	-82	-70	-172
Profit before income tax	174	158	137	-63	191
Income tax expense	15	25	16	-10	66
Profit for the period	159	133	121	-53	126
Basic Earnings per share (NOK)	0,63	0,66	0,48	-0,29	0,57
Diluted Earnings per share (NOK)	0,63	0,66	0,48	-0,29	0,57
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Foreign currency rate changes	6	-29	-10	30	22
Total Other Income and Expense	6	-29	-10	30	22
Total comprehensive income for the period	165	104	111	-23	148
Total comprehensive income attributable to:					
Equity holders of the company	160	-	107	-	142
Non-controlling interest	5	-	4	-	6

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	30.06.2021	30.06.2020 (Restated)	31.12.2020 Audited
NON CURRENT ASSETS				
Intangible Assets				
Goodwill		2 744	2 744	2 744
Other Intangible Assets		257	255	257
Deferred tax asset		10	83	18
Total Intangible Assets		3 011	3 083	3 019
Fixed Assets		825	877	839
Right of Use Assets	9	2 306	2 827	2 569
Total Non Current Assets		6 143	6 787	6 426
CURRENT ASSETS				
Inventory		2 055	2 054	1 835
Trade and Other Receivables		220	282	284
Cash and Cash Equivalents		556	613	830
Total Current Assets		2 831	2 949	2 949
TOTAL ASSETS		8 974	9 736	9 375

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	30.06.2021	30.06.2020 (Restated)	31.12.2020 Audited
SHAREHOLDERS' EQUITY				
Paid-in Capital		3 667	3 843	3 742
Other equity	9	554	253	441
Total Shareholders' Equity		4 222	4 096	4 185
LIABILITIES				
Deferred Tax Liability		8	9	3
Total Provisions		8	9	3
Other non-current liabilities				
Interest Bearing Non-Current Liabilities		489	482	483
Lease Liabilities	9	1 926	2 404	2 180
Total other non-current liabilities		2 414	2 886	2 663
Total non-current liabilities		2 422	2 895	2 666
Current liabilities				
Accounts Payable		798	813	532
Lease Liabilities	9	584	605	593
Current Interest Bearing Liabilities		151	426	418
Tax payable		8	-	16
Public duties payable		345	450	391
Other current liabilities		445	451	574
Total current liabilities		2 330	2 745	2 524
TOTAL LIABILITIES		4 752	5 640	5 191
TOTAL EQUITY AND LIABILITIES		8 974	9 736	9 375

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 2021	Q2 2020 (Restated)	H1 2021	H1 2020 (Restated)	FY 2020
Operating Activities					
Income before tax	175	158	137	24	191
Income tax paid	-	-	-	1	-
Depreciation and amortization	190	182	380	360	753
Net financial expense	82	64	82	70	172
Changes in inventory	(259)	217	(217)	625	789
Changes in accounts receivable	(72)	(64)	8	(25)	(19)
Changes in accounts payable and supplier financing	264	149	265	(208)	(462)
Other changes	(91)	45	(136)	49	229
Cash provided (used) by operating activities	289	751	519	896	1 653
Investing Activities					
Investment in fixed assets	(77)	(36)	(125)	(83)	(181)
Payments/proceeds from acquisitions/disposals	-	22	-	22	22
Cash provided (used) by investing activities	(77)	(14)	(125)	(61)	(159)
Financing Activities					
Sales/purchase of own shares/other equity transactions	(77)	385	(77)	480	400
Payments/proceeds on long/short term debt	85	(729)	(270)	(836)	(820)
Interest payments	(41)	(18)	(62)	(39)	(80)
Total leasing payments for the lease liability	(104)	(140)	(259)	(295)	(594)
Cash provided (used) by financing activities	(136)	(502)	(667)	(690)	(1 094)
Net Change in Cash and Cash Equivalents	76	235	(273)	145	400
Cash and cash equivalents - beginning of period	481	374	830	433	433
Effect of foreign currency rate changes on cash and equivalents	(1)	5	(1)	36	(3)
Cash and Cash Equivalents - End of period	556	614	556	614	830

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	Non-Controlling Interest	Total Shareholders' Equity
Shareholders' Equity 31.12.19 (restated)	67	3 264	29	284	-9	-	3 635
Net income H1 2020	-	-	-	-52	-	0	-52
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	102	3 710	31	232	21	0	4 096
Net income H2 2020	-	-	-	172	-	6	178
Foreign currency rate changes	-	-	-	-	-8	-	-8
Transactions with owners:							
Purchase of own shares	-	-101	-	-	-	-	-101
Transaction with non-controlling interest	-	-	-	-	-	20	20
Shareholders' Equity 31.12.2020	102	3 609	31	404	13	26	4 186
Net income H1 2021	-	-	-	117	-	4	121
Foreign currency rate changes	-	-	-	-	-10	-	-10
Transactions with owners:							
Employee share incentive program	-	-	2	-	-	-	2
Purchase of own shares	-	-77	-	-	-	-	-77
Transaction with non-controlling interest	-	-	-	-	-	0	0
Shareholders' Equity 30.06.2021	102	3 532	33	521	3	30	4 222

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 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.

Note 5 Earnings per share

	Q2 2021	Q2 2020 (Restated)	H1 2021	H1 2020	FY 2020 (Audited)
Total profit (in NOK million)	159	133	121	-53	126
Weighted average number of ordinary shares in issue	252 436 658	201 127 663	252 436 658	184 197 567	218 952 136
Number of shares outstanding	252 436 658	252 436 658	252 436 658	252 436 658	252 436 658
Adjustment for:					
Effect share options	686 270	327 511	597 107	347 911	292 646
Weighted number of ordinary shares in issue for diluted earnings per share	253 122 928	201 455 174	253 033 765	184 545 478	219 244 782
Basic Earnings per share (in NOK)	0,63	0,66	0,48	-0,29	0,57
Diluted Earnings per share (in NOK)	0,63	0,66	0,48	-0,29	0,57

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 2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 211	705	416	6	83	-	2 420
Gross profit	533	280	170	2	27	-	1 013
EBITDA	337	105	70	1	-12	-109	392
Operating Income	271	54	41	1	-26	-139	202

Q2 2020 (Restated)

<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	548	276	199	3	34	-	1 060
EBITDA	358	88	91	0	-3	-131	404
Operating Income	298	37	61	-0	-15	-158	222

01.01.2021 - 30.06.2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	2 232	1 351	825	12	168	0	4 587
Gross profit	963	532	337	4	53	-0	1 889
EBITDA	546	177	142	1	-29	-239	598
Operating Income	415	73	83	1	-56	-298	218

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	855	458	325	4	70	-	1 712
EBITDA	444	87	107	-1	-12	-256	369
Operating Income	324	-13	47	-1	-36	-310	8

01.01.2020 - 31.12.2020

<i>Amounts in NOK million</i>	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	-	-9	-522	1 117
Operating Income	816	101	142	-	-61	-633	364

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 Q2 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-length basis.

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>	Buildings, machinery and vehicles
Aquisition cost 01.01.2021	3 656
Additions and adjustments	51
Change incentives	-9
Net exchange differences	-51
Aquisition costs 30.06.2021	3 647
Accumulated depreciation and impairment losses 01.01.2021	-1 087
Depreciation	-271
Impairment losses in the period	-
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	16
Accumulated depreciation and impairment 30.06.2021	-1 342
Total Right of Use Assets at 30.06.2021	2 306

Lease liabilities

(Amounts in NOK million)

Summary of the lease liabilities in the financial statements	
At initial application 01.01.2021	2 773
New lease liabilities recognised in the period and adjustments	51
Leasing payments for the principal portion of the lease liability	-300
Interest expense on lease liabilities	41
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	-55
Total lease liabilities at 30.06.2021	2 510
whereof:	
Current lease liabilities < 1 year	584
Non-current lease liabilities > 1 year	1 926

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

	Q2'21	Q2'20 Re-stated	H1'21	H1'20 Re-stated	FY20
Operating Income	202	222	218	7	364
+ Depreciation	190	182	380	361	753
= EBITDA	392	404	598	368	1 117

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

	Q2'21	Q2'20 Restated	H1'21	H1'20 Restated	FY 20
Operating revenue	2 420	2 865	4 587	5 027	10 423
÷ Cost of goods sold	1 408	1 805	2 698	3 316	6 519
= Gross profit	1 015	1 060	1 889	1 711	3 904
Gross margin	41.8%	37.0%	41.2%	34.0%	37,5%

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

	Q2'21	Q2'20 Restated	H1'21	H1'20 Restated	FY 20
Other operating expenses	219	229	420	456	924
+ Personnel expenses	402	427	870	887	1 863
= OPEX	621	656	1 290	1 343	2 787

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

	H1'21	H1'20 Restated	FY 20
Non-Current Interest Bearing liabilities	489	482	483
+ Current Interest Bearing liabilities	151	426	418
÷ Cash and Cash Equivalents	556	613	830
= Net Interest Bearing Debt	83	295	71

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

	H1'21	H1'20 Restated	FY 20
Cash and Cash Equivalents	556	613	830
+ Undrawn Credit Facilities	349	374	281
= Liquidity reserve	905	987	1 111

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.

Q2'21	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	392	337	105	70	-12	1	-109
IFRS 16 effects OPEX	-145	-52	-42	-25	-10	-	-15
EBITDA ex IFRS 16 effects	247	284	63	45	-22	1	-124
EBIT Reported	202	271	54	41	-26	1	-139
IFRS 16 effects affecting EBIT	-10	-2	-1	-3	-	-	-3
EBIT ex IFRS 16 effects	192	269	53	38	-26	1	-142

H2'21	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	598	546	177	142	-29	1	-239
IFRS 16 effects OPEX	-300	-116	-85	-51	-20	-	-28
EBITDA ex IFRS 16 effects	298	430	92	91	-49	1	-267
EBIT Reported	218	415	73	83	-56	1	-298
IFRS 16 effects affecting EBIT	-29	-14	-3	-6	-2	-	-5
EBIT ex IFRS 16 effects	189	401	70	77	-58	1	-303

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FINANCIAL CALENDAR

Q3 2021 Results:	28.10.2021
Q4 2021 Results:	09.02.2022

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