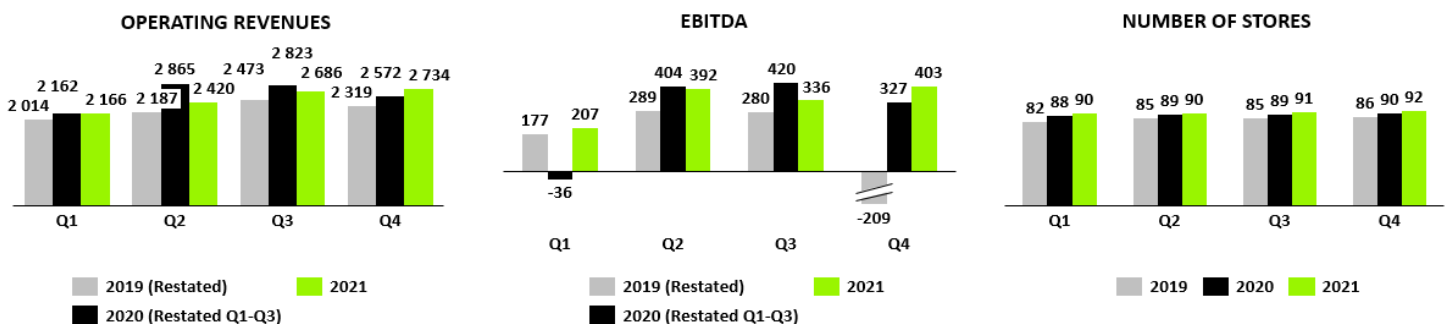


HIGHLIGHTS¹

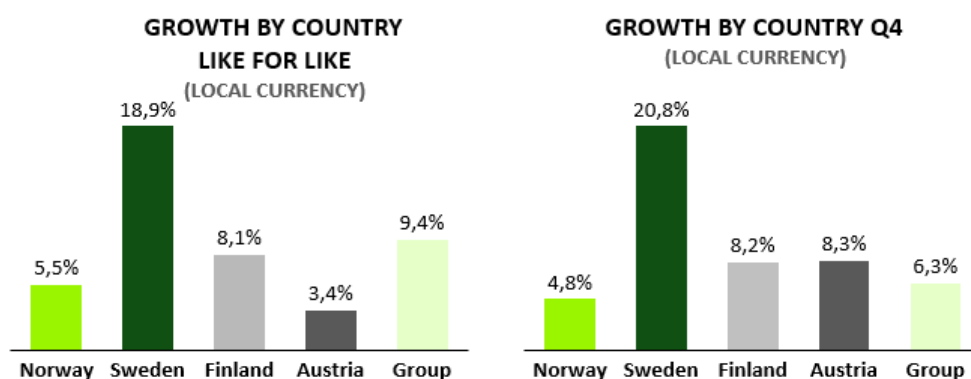
- Improved seasonal plan and execution
- Operating revenue increased to NOK 2 734 million (NOK 2 572 million)
- Gross margin improvement to 42.1 per cent (40.4 per cent)
- EBITDA increased 23 per cent, to NOK 403 million (NOK 327 million)
- Earnings per share (adj) for 2021 of NOK 1.31 – dividend proposal of NOK 0.60 per share



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

KEY FIGURES GROUP

(Amounts in NOK million)	Q4 2021	Q4 2020	FY 2021	FY 2020 Audited
GROUP				
Operating revenue	2 734	2 572	10 006	10 423
Growth (%)	6,3 %	10,9 %	-4,0 %	15,9 %
Gross profit	1 151	1 040	4 084	3 904
Gross margin (%)	42,1 %	40,4 %	40,8 %	37,5 %
OPEX %	27,3 %	27,7 %	27,4 %	26,7 %
EBITDA	403	327	1 338	1 117
EBITDA margin (%)	14,7 %	12,7 %	13,4 %	10,7 %
EBIT	42	133	391	364
EBIT margin	1,5 %	5,2 %	3,9 %	3,5 %
Impairment losses	136	-	136	-
EBIT adj	177	133	527	364
EBIT adj margin	6,5 %	5,2 %	5,3 %	3,5 %
Net Income	3	13	194	126
Net Income adj	139	13	330	126
**Basic Earnings per share (NOK)	0,01	0,05	0,77	0,57
**Earnings per share (adj)	0,55	0,05	1,31	0,57
**Average number of shares (1 000 shares)	252 437	249 839	252 437	218 952
Cash provided by operating activities	182	262	905	1 653
Like for like revenue growth	9,4 %	9,1 %	-2,6 %	12,5 %
Number of stores at period end	92	90	92	90
New stores in the period	1	1	2	4



**Earnings per share: See Note 5.

KEY FIGURES SEGMENTS

<i>(Amounts in NOK million)</i>	Q4 2021	Q4 2020	FY 2021	FY 2020 Audited
SEGMENT				
Norway				
Operating revenue	1 359	1 297	4 873	4 987
Growth (%)	4,8 %	19,6 %	-2,3 %	20,2 %
Gross profit	606	567	2 098	1 983
Gross margin (%)	44,6 %	43,7 %	43,1 %	39,8 %
OPEX %	20,4 %	19,1 %	19,4 %	18,5 %
EBITDA	329	319	1 154	1 062
EBITDA margin (%)	24,2 %	24,6 %	23,7 %	21,3 %
Number of stores at period end	37	37	37	37
New stores in the period	-	-	-	1
Sweden				
Operating revenue	801	704	2 961	2 974
Growth (%)	13,7 %	7,8 %	-0,4 %	16,2 %
Gross profit	316	265	1 148	1 055
Gross margin (%)	39,4 %	37,7 %	38,8 %	35,5 %
OPEX %	24,4 %	26,6 %	24,6 %	24,9 %
EBITDA	120	78	420	316
EBITDA margin (%)	15,0 %	11,1 %	14,2 %	10,6 %
Number of stores at period end	30	29	30	29
New stores in the period	1	-	1	1
Finland				
Operating revenue	444	442	1 744	1 950
Growth (%)	0,6 %	-2,1 %	-10,6 %	10,4 %
Gross profit	181	172	696	708
Gross margin (%)	40,8 %	38,8 %	39,9 %	36,3 %
OPEX %	23,7 %	23,7 %	23,0 %	22,5 %
EBITDA	76	67	294	270
EBITDA margin (%)	17,1 %	15,2 %	16,9 %	13,8 %
Number of stores at period end	17	17	17	17
New stores in the period	-	-	-	-

KEY FIGURES SEGMENTS – cont.

<i>(Amounts in NOK million)</i>	Q4 2021	Q4 2020	FY 2021	FY 2020 Audited
SEGMENT				
Denmark				
Operating revenue	5	6	20	27
Growth (%)	-19,9 %	-33,9 %	-28,1 %	-44,1 %
Gross profit	2	2	6	8
Gross margin (%)	31,2 %	33,6 %	31,7 %	29,5 %
OPEX %	29,8 %	27,1 %	25,9 %	30,8 %
EBITDA	0	0	1	0
EBITDA margin (%)	1,4 %	6,5 %	5,9 %	-1,3 %
Austria				
Operating revenue	125	124	409	484
Growth (%)	0,9 %	2,1 %	-15,5 %	3,0 %
Gross profit	46	34	135	150
Gross margin (%)	36,8 %	27,3 %	33,0 %	30,9 %
OPEX %	33,3 %	28,7 %	40,7 %	32,7 %
EBITDA	4	-2	-31	-9
EBITDA margin (%)	3,5 %	-1,4 %	-7,7 %	-1,8 %
Number of stores at period end	8	7	8	7
New stores in the period	-	1	1	2
HQ & logistics				
EBITDA	-127	-136	-501	-522
EBITDA margin (% of Group revenues)	-4,6 %	-5,3 %	-5,0 %	-5,0 %

Solid growth and gross margin improvement – Sweden leading the way

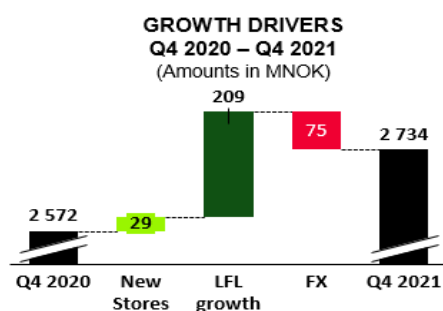
Oslo, 8 February 2022: XXL delivered a growth of 6 per cent in the fourth quarter 2021, with like for like growth of 9 per cent, and positive developments in all markets. Total operating revenue in the quarter ended at NOK 2.7 billion (NOK 2.6 billion) under good winter conditions as well as improved seasonal planning and execution. Consequently, gross margin in the quarter ended at 42.1 per cent (40.4 per cent). EBITDA amounted to NOK 403 million (NOK 327 million). The Swedish operations had a particular strong development, capturing market shares and having good progress on the “Sweden Full Potential” initiatives.

XXL has impaired its right of use assets related to the Austrian operation with a consequence of a write down of NOK 123 million, as well as write down of fixed assets related to the two Outlet stores in Sweden of NOK 13 million. The write downs have no cash effect. Adjusted for the write downs Net income for 2021 was NOK 330 million (NOK 126 million), and Earnings per share at NOK 1.31. XXL ended the year with a solid balance sheet and the liquidity reserves amounted to NOK 1.1 billion (NOK 1.1 billion). The Board of Directors will propose a dividend of NOK 0.60 per share for the year 2021.

Fourth quarter 2021 review

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

XXL delivered a like for like growth of 9.4 per cent in the fourth quarter 2021 and all countries posted positive figures. The performance during the quarter gradually improved driven by a solid December with good winter conditions in all markets as well as an improved seasonal plan and execution. Especially Sweden is standing out with a like for like growth of 18.9 per cent in local currency and gaining market shares. In Austria market conditions were tough and all the eight stores were closed between 22 November and 13 December (Linz until 18 December). XXL Group ended the quarter with total operating revenue of NOK 2 734 million (NOK 2 572 million) which represented a growth of 6.3 per cent. E-commerce had a growth of 8.5 per cent in the quarter to NOK 696 million (NOK 642 million), representing 25.5 per cent (25.0 per cent) of total operating revenue for the Group.



Gross margin for the Group ended at 42.1 per cent in the quarter compared to 40.4 per cent in the same quarter last year. XXL successfully improved its campaign execution and planning in the quarter, especially balancing the important

Black Week campaign and the Christmas sales period. All markets posted gross margin improvement, partly affected by a release of obsolete accruals due to healthier inventory. Going forward there will be fluctuations in the gross margin between quarters and seasons, but XXL targets a long term sustainable gross margin above 39 per cent for the Group.

XXL is in the phase of implementing several strategic initiatives and projects to improve the customer journey and operational efficiency going forward. The key strategic focus is currently on developing an ambitious E-commerce growth plan, continue improving category strategy and plans, streamlining the campaign process as well as strengthening product availability.

OPEX as percentage of sales decreased to 27.3 per cent in the fourth quarter this year (27.7 per cent) impacted by solid like for like growth improving scale in the operations. OPEX increased to NOK 747 million (NOK 712 million) partly related to new store openings as well as higher activity levels and late arrival of goods to the central warehouses. In addition, XXL is currently experiencing increased sick leave in stores due to the pandemic.

The Group EBITDA in the fourth quarter 2021 was NOK 403 million (NOK 327 million), driven by strong like for like growth and higher gross margin as described above.

XXL has impaired its right of use assets related to the Austrian operation with a consequence of a write down of NOK 123 million. Also, XXL wrote down fixed assets of NOK 13 million related to the two outlets stores in Sweden, that is expected to be closed down soon. The write down has no cash effect. Net Income in the quarter ended at NOK 3 million (NOK 13 million) but adjusted for the write downs the net income was NOK 139 million.

The financial position of XXL continues to be strong with total liquidity reserves of NOK 1 093 million (NOK 1 111 million) and a net interest-bearing debt of NOK 707 million (NOK 71 million). In the quarter XXL distributed an extraordinary dividend of NOK 239 million to its shareholders. For the year 2021 the Board of Directors will propose a dividend of NOK 0.60 per share, representing 45.8 per cent of Earnings per Share for 2021, when adjusted for the above mentioned write downs.

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 revenue of NOK 1 359 million in the fourth quarter 2021 compared to NOK 1 297 million in the same quarter last year, representing a growth of 4.8 per cent. The key driver was a like for like growth of 5.5 per cent versus a strong comparator last year of 17.6 per cent. This is explained by strong Christmas sales under good winter conditions and improved campaign execution. According to market figures from SSB for 2021, the sales of sporting goods in Norway increased by 5.2 per cent. The corresponding growth for XXL was negative of 2.3 per cent, somewhat affected by last year clearance campaign, several store closures, and a challenging delivery situation of bicycles. In Q4 XXL had a growth on par with the market.

Gross margin increased from 43.7 per cent in Q4 2020 to 44.6 per cent in Q4 2021, explained by better campaign activities and seasonal execution. Also, the gross margin was positively affected by a release of obsolete accrual of NOK 11 million.

Operating expenses as percentage of sales ended at 20.4 per cent (19.1 per cent) partly due to higher marketing costs but also increased personnel costs related to sick leave under the pandemic.

EBITDA amounted to NOK 329 million (NOK 319 million). The main reasons for the EBITDA development were positive like for like growth and the improved gross margin as described above.

Sweden

According to market figures from SCB for Q4 2021, the sale of sporting goods in Sweden increased by 5.9 per cent, while the corresponding growth for XXL was 20.8 per cent in local currency, hence significantly gaining market share.

Total operating revenue for XXL in Sweden in Q4 2021 amounted to NOK 801 million (NOK 704 million). The driver

was a like for like growth of 18.9 percent in local currency. XXL had a good start to the winter season with arrival of snow and cold weather early in December, while last year was negatively impacted by the cancellation of "Mellandagsrea". In addition to the favorable market conditions, XXL had positive effects of the "Sweden Full Potential" project aimed at significantly improving profitability from the Swedish operations.

Gross margin increased to 39.4 per cent (37.7 per cent) explained by improved seasonal execution under good market conditions.

Operating expenses as percentage of sales ended at 24.4 per cent (26.6 per cent) explained by the positive like for like growth.

EBITDA increased to NOK 120 million (NOK 78 million), driven by both the increased revenue and the stronger gross margin.

Finland

According to market figures from TMA for 2021, the sale of sporting goods in Finland increased by 10.8 per cent. This is to be compared to XXL with a decline of 6.0 per cent in local currency, hence losing market shares, but affected by last year clearance campaign and a challenging delivery situation of bicycles. Total operating revenue in the quarter amounted to NOK 444 million (NOK 442 million), representing a growth of 8.2 per cent and a like for like growth of 8.1 per cent, both in local currency. Sales gradually improved during the quarter with favorable winter conditions and solid Christmas sales.

Gross margin increased from 38.8 per cent in Q4 2020 to 40.8 per cent in Q4 2021 due to favorable market conditions.

EBITDA amounted to NOK 76 million in Q4 2021 (NOK 67 million) driven by the like for like growth and higher gross margins. Operating expenses as percentage of sales was stable of 23.7 per cent in Q4 2021 (23.7 per cent)

Denmark

Total operating revenue in the fourth quarter 2021 amounted to NOK 5 million (NOK 6 million), representing a negative growth of 14.2 per cent in local currency. The Danish operations ended with an EBITDA of NOK 0 million in Q4 2021 (NOK 0 million). XXL will continue to run Denmark with limited resources and use it as a tactical sales channel going forward. The Danish segment will from 2022 be a part of the Norwegian segment.

Austria

The market dynamics in Austria continues to be more challenging than in the Nordic countries with store closures and several restrictions throughout the pandemic. All the eight stores were closed between 22 November and 13 December (Linz until 18 December).

Total operating revenue from the Austrian operations amounted to NOK 125 million in the third quarter (NOK 124

million). Like for like growth was 3.4 per cent in local currency.

The gross margin increased to 36.8 per cent (27.3 per cent), partly due to a release of obsolete accrual of NOK 4 million.

Operating expenses as percentage of sales increased from 28.7 per cent in Q4 2020 to 33.3 per cent in Q4 2021 due to more stores and increased marketing costs.

EBITDA ended at NOK 4 million (negative of NOK 2 million) due to the improved gross margin as described above.

XXL is committed to significantly improve the profitability in Austria in 2022. The organization is working on several category assortment initiatives as well as increasing marketing efficiency and reducing logistic costs.

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 127 million (NOK 136 million) in Q4 2021. Increased personnel costs mainly at the central warehouses driven by late arrival of goods were more than counteracted by lower bonus accruals and reduced consultancy costs.

Financials

Consolidated income statement – Fourth quarter

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

Total operating revenue increased by 6.3 per cent to NOK 2 734 million (NOK 2 572 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 747 million (NOK 713 million) in the fourth quarter. As percentage of total operating revenues of the Group, operating expenses decreased from 27.7 per cent in the fourth quarter last year to 27.3 per cent in the fourth quarter this year.

Operating income amounted to NOK 42 million (NOK 133 million). The change is mainly explained by impairment losses on right of use assets (Austria), higher personnel expenses and depreciation offset by a higher margin in kroner.

Net financial expense amounted to NOK 37 million for the fourth quarter (NOK 76 million) whereof NOK 21 million is related to IFRS 16 effects compared to NOK 22 million in Q4 2020. Net interest expenses ended at NOK 7 million (NOK 11 million). Net financial expenses included a negative currency effect of NOK 4 million compared to a negative currency effect of NOK 33 million last year. Other financial expenses of NOK 5 million were related to amortization of loan costs and other financial costs.

Income tax expense for the fourth quarter was NOK 2 million (NOK 44 million).

Profit for the period ended at NOK 3 million (NOK 13 million).

Consolidated income statement – 2021

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

Total operating revenue in 2021 was NOK 10 006 million (NOK 10 423 million) a decrease of 4.0 per cent. The drivers behind the decrease are mainly periods with closed stores due to the pandemic and low availability of bicycles.

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 2 746 million (NOK 2 787 million) for 2021. As percentage of total operating revenues of the Group, operating expenses increased from 26.7 per cent in 2020 to 27.4 per cent in 2021.

Operating income amounted to NOK 391 million (NOK 364 million). The change is mainly explained by the clearance sales XXL had in 2020 (higher sales with less margin, impairment losses on right of use assets (Austria), and higher personnel expenses and depreciation.

Net financial expense amounted to NOK 146 million for 2021 (NOK 172 million) whereof IFRS 16 effects amounted to NOK 82 million compared to NOK 92 million in 2020. Net interest expenses equaled NOK 28 million (NOK 52 million). Net financial expenses included a negative currency effect of NOK 10 million compared to a positive currency effect of NOK 5 million last year. Other financial expenses of NOK 25 million were related to amortization of loan costs and other financial costs.

Tax expense for 2021 was estimated to NOK 52 million (NOK 66 million).

Profit for the period ended at NOK 194 million (NOK 126 million).

Consolidated cash flow

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

Cash provided by operating activities was at NOK 905 million (NOK 1 653 million) for the year ended 31 December 2021. The reason for the decrease is mainly the increased inventory level, which continues to be healthy.

Cash used by investing activities was NOK 261 million (NOK 181 million) for the year ended 31 December 2021. This is mainly related to several investments in all stores in 2021 as part of the general improvement program of XXL.

Cash used by financing activities amounted to NOK 1 284 million (NOK 1 094 million) for the year ended 31 December 2021. The change is mainly related to lower net level of debt repayments, offset by a dividend payment of NOK 483

million.

Financial position and liquidity

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

As of 31 December 2021, total assets amounted to NOK 9 015 million (NOK 9 375 million). The decrease is mainly due to impairment losses and depreciation on right of use asset. Total equity was NOK 3 753 million (NOK 4 185 million), resulting in an equity ratio of 41.6 per cent (44.6 per cent). Net interest bearing debt (NIBD) ended at NOK 707 million (NOK 71 million).

The Group had cash and cash equivalents of NOK 173 million (NOK 830 million) as of 31 December 2021 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 800 million whereof NOK 880 million was used as of 31 December 2021. Available liquidity reserves as of 31 December 2021 were NOK 1 093 million (NOK 1 111 million).

Dividend proposal for 2021

The XXL Group posted a preliminary consolidated net income of NOK 194 million for 2021 which include impairment of NOK 136 million.

The Board of Directors will propose a dividend of NOK 0.60 per share for 2021, representing 45.8 per cent of Earning per Share for 2021 when adjusting for the above mentioned write downs. Going forward the Board of Directors will target a pay-out ratio of 40-50 per cent of annual net income as the dividend policy.

Changes in the Executive Management team

In order to improve and strengthen the cooperation between the key commercial departments in XXL, the Category and Marketing departments will merge under the leadership of André Sjøset. He will permanently take up the position as the new EVP Marketing and Category, after recently assuming permanent responsibility for the Category department, in addition to his previous responsibility as EVP Strategy and Business Development. XXL has commenced the process of hiring a new EVP Strategy and Business Development for the Group

In addition, XXL has appointed Sebastian Blom as the new EVP Digital Commerce in XXL. He will be responsible for an ambitious growth plan for the E-commerce and digital sales in XXL. Sebastian has worked in XXL for many years, first as Head of E-commerce development in XXL Group and later as the Chief Digital Officer (CDO). Before coming back to XXL he held the position as CDO in the leading Nordic coffee chain Espresso House. Sebastian Blom has extensive experience in E-commerce development, including consultancy for iStone (now Columbus) in many years serving retail and B2B clients.

Kjersti Jamne, EVP Commercial, has decided to leave XXL. She will for a period continue as a strategic advisor for the Group.

Outlook

Total operating revenues for the Group in January 2022 decreased by around 20 per cent to around NOK 720 million, compared to the record breaking 2021. The month was partly affected by change in winter conditions in most of the Nordic region as well as early start of the season moving sales between December 2021 and January 2022. In addition, January 2021 represents a strong comparator with more than 50 per cent growth vs. January 2020. Consequently the growth from January 2020 to January 2022 was 20 per cent.

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 long term 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 2022 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 3 new lease agreements for store openings in 2022, whereof 1 in Norway and 2 in Sweden. XXL is expected to close down two outlet stores, Töcksfors and Nordby in Sweden, during 2022. At the same time XXL will be downsizing several existing stores, mainly in Sweden. The Group will continue to focus on optimizing the store portfolio.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 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, 8 February 2022
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

Cristina Moreno
Board member – employee repr.

Tor Andrin Jacobsen
Board member – employee repr.

Kai Arne Nordhaug
Board member – employee repr.

Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended December 31, 2021

<i>(Amounts in NOK million)</i>	Q4 2021	Q4 2020	FY 2021	FY 2020 (Audited)
Total Operating Revenue	2 734	2 572	10 006	10 423
Cost of goods sold	1 583	1 532	5 923	6 519
Personnel expenses	508	470	1 886	1 863
Other operating expenses	240	243	860	924
Depreciation	226	194	810	753
Impairment losses	136	-	136	-
Total Operating Expenses	2 692	2 439	9 615	10 059
Operating Income	42	133	391	364
Net Financial Income (+) / Expense (-)	-37	-76	-146	-172
Profit before income tax	5	57	246	191
Income tax expense	2	44	52	66
Profit for the period	3	13	194	126
Basic Earnings per share (NOK)	0,01	0,05	0,77	0,57
Diluted Earnings per share (NOK)	0,01	0,05	0,77	0,57
Other comprehensive income				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Foreign currency rate changes	-66	-32	-60	22
Total Other Income and Expense	-66	-32	-60	22
Total comprehensive income for the period	-63	-19	134	148
Total comprehensive income attributable to:				
Equity holders of the company	-63	-	128	142
Non-controlling interest	0	-	6	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	31.12.2021	31.12.2020 Audited
NON CURRENT ASSETS			
Intangible Assets			
Goodwill		2 744	2 744
Other Intangible Assets		260	257
Deferred tax asset		64	18
Total Intangible Assets		3 069	3 019
Fixed Assets		826	839
Right of Use Assets	9	2 126	2 569
Total Non Current Assets		6 020	6 426
CURRENT ASSETS			
Inventory		2 220	1 835
Trade and Other Receivables		601	284
Cash and Cash Equivalents		173	830
Total Current Assets		2 994	2 949
TOTAL ASSETS		9 015	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	31.12.2021	31.12.2020 Audited
SHAREHOLDERS' EQUITY			
Paid-in Capital		3 187	3 742
Other equity	9	566	441
Total Shareholders' Equity		3 753	4 185
LIABILITIES			
Deferred Tax Liability		0	3
Total Provisions		0	3
Other non-current liabilities			
Interest Bearing Non-Current Liabilities		485	483
Lease Liabilities	9	1 925	2 180
Total other non-current liabilities		2 410	2 663
Total non-current liabilities		2 410	2 666
Current liabilities			
Accounts Payable		644	532
Lease Liabilities	9	567	593
Current Interest Bearing Liabilities		395	418
Tax payable		102	16
Public duties payable		544	391
Other current liabilities		600	574
Total current liabilities		2 852	2 524
TOTAL LIABILITIES		5 262	5 191
TOTAL EQUITY AND LIABILITIES		9 015	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>	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating Activities				
Income before tax	5	57	246	191
Income tax paid	-	-	-	-
Depreciation and amortization	225	194	810	753
Impairment losses	136	-	136	-
Net financial expense	37	76	146	172
Changes in inventory	(100)	(86)	(385)	789
Changes in accounts receivable	(315)	(31)	(318)	(19)
Changes in accounts payable and supplier financing	(131)	(210)	111	(462)
Other changes	325	262	159	229
Cash provided (used) by operating activities	182	262	905	1 653
Investing Activities				
Investment in fixed assets	(77)	(71)	(261)	(181)
Payments/proceeds from acquisitions/disposals	-	-	-	22
Cash provided (used) by investing activities	(77)	(71)	(261)	(159)
Financing Activities				
Sales/purchase of own shares/other equity transactions	-	(98)	(77)	400
Dividends	(239)	-	(483)	-
Payments on long/short term debt	(441)	-	(1 006)	(2 366)
Proceeds from long/short term debt	650	480	993	1 546
Interest payments	(30)	(22)	(111)	(80)
Total leasing payments for the lease liability	(149)	(157)	(600)	(594)
Cash provided (used) by financing activities	(210)	203	(1 284)	(1 094)
Net Change in Cash and Cash Equivalents	(105)	394	(641)	400
Cash and cash equivalents - beginning of period	291	436	830	433
Effect of foreign currency rate changes on cash and equivalents	(13)	-	(16)	(3)
Cash and Cash Equivalents - End of period	173	830	173	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 2020	-	-	-	120	-	6	126
Foreign currency rate changes	-	-	-	-	22	-	22
Transactions with owners:							
Employee share incentive program	-	-	2	-	-	-	2
Share issue	35	446	-	-	-	-	481
Purchase own shares	-	-101	-	-	-	-	-101
Transactions with non-controlling interest	-	-	-	-	-	20	20
Shareholders' Equity 31.12.2020	102	3 609	31	404	13	26	4 185
Net income 2021	-	-	-	188	-	6	194
Foreign currency rate changes	-	-	-	-	-60	-	-60
Transactions with owners:							
Employee share incentive program	-	-	5	-	-	-	5
Dividends	-	-484	-	-	-	-	-484
Purchase of own shares	-	-77	-	-	-	-	-77
Transaction with non-controlling interest	-	-	-	-9	-	-2	-11
Shareholders' Equity 31.12.2021	102	3 049	36	583	-47	30	3 753

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 31 December 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

	Q4 2021	Q4 2020	FY 2021	FY 2020 (Audited)
Profit for the period (in NOK million)	3	13	194	126
Profit for the period (adj for impairment losses) (in NOK million)	139	13	330	126
Weighted average number of ordinary shares in issue	252 436 658	249 839 158	252 436 658	218 952 136
Number of shares outstanding	252 436 658	252 436 658	252 436 658	252 436 658
Adjustment for:				
Effect share options	677 165	327 511	639 760	292 646
Weighted number of ordinary shares in issue for diluted earnings per share	253 113 823	250 166 669	253 076 418	219 244 782
Basic Earnings per share (in NOK)	0,01	0,05	0,77	0,57
Diluted Earnings per share (in NOK)	0,01	0,05	0,77	0,57
Earnings per share (adj) (in NOK)	0,55	0,05	1,31	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:

Q4 2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 359	801	444	5	125	-	2 734
Gross profit	606	316	181	2	46	-	1 151
EBITDA	329	120	76	0	4	-127	403
Operating Income	246	34	46	0	-114	-171	42

Q4 2020

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	1 297	704	442	6	124	-	2 572
Gross profit	567	265	172	2	34	-	1 040
EBITDA	319	78	67	0	-2	-136	327
Operating Income	255	22	35	0	-15	-164	133

01.01.2021 - 31.12.2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Denmark	Austria	HQ & Logistics	Total
Operating revenue	4 873	2 961	1 744	20	409	0	10 006
Gross profit	2 098	1 148	696	6	135	-0	4 084
EBITDA	1 154	420	294	1	-31	-501	1 338
Operating Income	866	173	176	1	-191	-634	391

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	0	-9	-522	1 117
Operating Income	816	101	142	0	-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 Q4 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	328
Change incentives	-19
Net exchange differences	-92
Aquisition costs 31.12.2021	3 872
Accumulated depreciation and impairment losses 01.01.2021	-1 087
Depreciation	-578
Impairment losses in the period	-123
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	41
Accumulated depreciation and impairment 31.12.2021	-1 747
Total Right of Use Assets at 31.12.2021	2 126

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	328
Leasing payments for the principal portion of the lease liability	-600
Interest expense on lease liabilities	82
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	-91
Total lease liabilities at 31.12.2021	2 492
whereof:	
Current lease liabilities < 1 year	567
Non-current lease liabilities > 1 year	1 925

An impairment indicator was identified related to the Austria segment due to their negative trend and store closures due to COVID-19. A Value-in-use calculation was performed and showed an impairment was needed. As such the Right of use assets related to the Austrian segment was impaired by NOK 123m. The value-in-use calculation was based on future expected cash flows of the cash generating units, which includes an allocated share of overhead costs such as the central warehouse as well as the national HQ in Austria. The discount rate used was 7%.

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.

EBIT adj

EBIT adjusted (adj) represents EBIT adjusted for impairment losses in the period.

Reconciliation

	Q4'21	Q4'20	FY21	FY20
EBIT	42	133	391	364
+ Impairment Losses	136	-	136	-
= EBIT adj	177	133	527	364

Earnings per Share Adj

Our Earnings per share adjusted (adj) represents Net Income Adj divided per weighted average number of shares in issue. See reconciliation in note 5 – Earnings per share.

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.

Net Income Adj

Our Net Income adjusted (adj) represents Net Income adjusted for impairment losses in the period.

Reconciliation

	Q4'21	Q4'20	FY21	FY20
Net Income	3	13	194	126
+ Impairment Losses	136	-	136	-
= EBIT adj	139	13	330	126

EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a key financial parameter for XXL. Our EBITDA represents operating income plus depreciation.

Reconciliation

	Q4'21	Q4'20	FY21	FY20
Operating Income	42	133	391	364
+ Depreciation	226	194	810	753
+ Impairment Losses	136	-	136	-
= EBITDA	403	327	1 338	1 117

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

	Q4'21	Q4'20	FY 21	FY 20
Operating revenue	2 734	2 272	10 006	10 423
÷ Cost of goods sold	1 583	1 532	5 923	6 519
= Gross profit	1 151	1 040	4 084	3 904
Gross margin	42.1%	40.4%	40.8%	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

	Q4'21	Q4'20	FY 21	FY 20
Other operating expenses	240	243	860	924
+ Personnel expenses	508	470	1 886	1 863
= OPEX	747	713	2 746	2 787

Leverage ratio/covenant

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

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

	FY 21	FY 20
Non-Current Interest Bearing liabilities	485	483
+ Current Interest Bearing liabilities	395	418
÷ Cash and Cash Equivalents	173	830
= Net Interest Bearing Debt	707	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

	FY 21	FY 20
Cash and Cash Equivalents	173	830
+ Undrawn Credit Facilities	920	281
= Liquidity reserve	1 093	1 111

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.

Q4'21	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	403	329	120	76	4	0	-127
IFRS 16 effects OPEX	-150	-58	-42	-26	-10	-	-13
EBITDA ex IFRS 16 effects	253	271	78	50	-6	0	-140
EBIT Reported	42	246	34	46	-114	0	-171
IFRS 16 effects affecting EBIT	141	8	21	4	103	-	13
EBIT ex IFRS 16 effects	182	254	55	42	-11	0	-158

FY 21	XXL Group	NOR	SWE	FIN	AUT	DEN	HQ & logistics
EBITDA reported	1 338	1 154	420	294	-31	1	-501
IFRS 16 effects OPEX	-600	-232	-169	-103	-42	-	-54
EBITDA ex IFRS 16 effects	737	922	251	191	-73	1	-555
EBIT Reported	391	866	173	176	-191	1	-634
IFRS 16 effects affecting EBIT	-106	-7	-21	-10	+100	-	-6
EBIT ex IFRS 16 effects	498	859	194	162	-90	1	-628

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FINANCIAL CALENDAR

Q1 2022 Results:	27.04.2022
Annual General Meeting	02.06.2022
Q2 and H1 2022 Results:	15.07.2022

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