

XXL

XXL ASA – Q1 2022

**Presentation of
Financial Results
27 April 2022**



Disclaimer

Important notice

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated (“relevant persons”). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the XXL Group. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation includes and is based, inter alia, on forward-looking information and contains statements regarding the future in connection with the XXL Group’s growth initiatives, profit figures, outlook, strategies and objectives. All forward-looking information and statements in this presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for the XXL Group and its lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects”, “believes”, “estimates” or similar expressions.

Important factors may lead to actual profits, results and developments deviating substantially from what has been expressed or implied in such statements. Although XXL believes that its expectations and the presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the presentation.

XXL is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the presentation, and neither XXL nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.

This presentation was prepared for the interim results presentation for the first quarter 2022, held on 27th of April 2022. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

XXL

XXL

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

XXL ASA – Q1 2022





XXL



FITSTATION

XXL
LUCKSANTED

...LL DEB PÅ 30-OGANMEYEN
...VE DINE
...RYKOPLATEN
...PESKO SOM PASSER TIL, BEB
XXL

LØP ASFALT

LØP ASFALT GAME



XXL

Headlines Q1 2022

Capturing market shares and well prepared for the upcoming spring season

Q1 2022

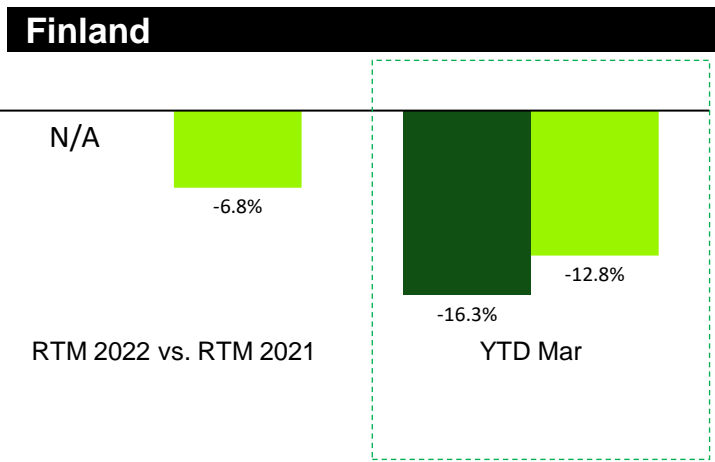
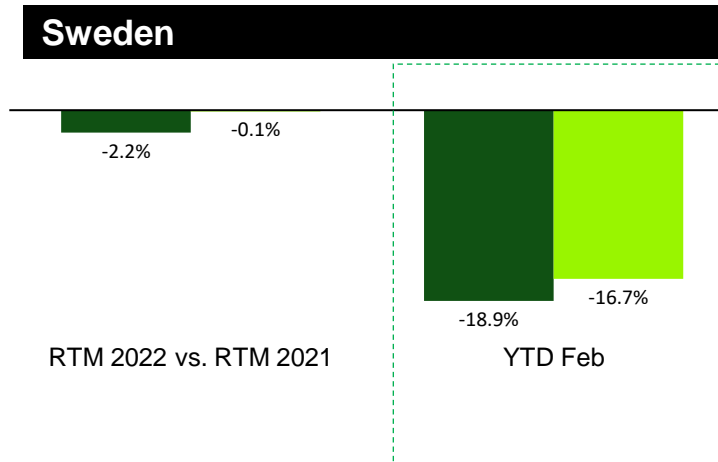
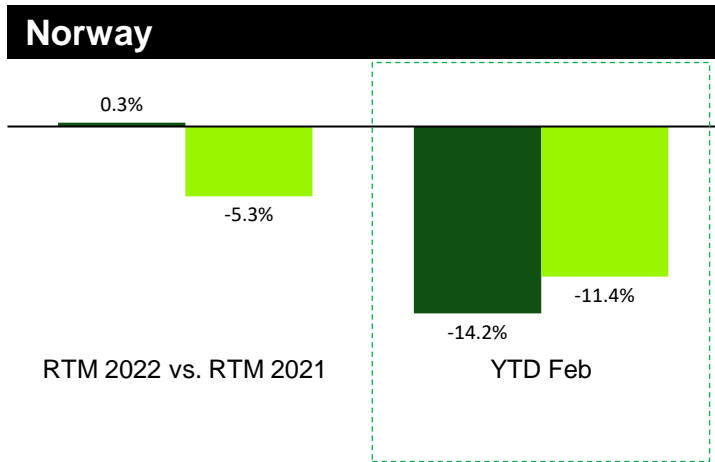
- Challenging winter conditions for the sport industry in Q1 2022, after strong demand in December 2021
- Under these circumstances XXL gained market shares in all markets
- Sales ended at NOK 2.0 billion (- 8% vs. 2021)
- Gross margin of 38.0+% (- 240bps) – long term yearly target of above 39 per cent remains
- EBITDA of NOK 75 million (NOK 207 million)
- XXL is well prepared for the upcoming spring and summer season

Outlook

- XXL is historically a winning concept during uncertain times with challenging global macro conditions
- XXL with strong concept and capabilities to succeed – ongoing implementation of strategic initiatives
- Our targets and goals going forward is to continuously gain market shares and strengthen our profitability



Market share development – XXL gained market shares



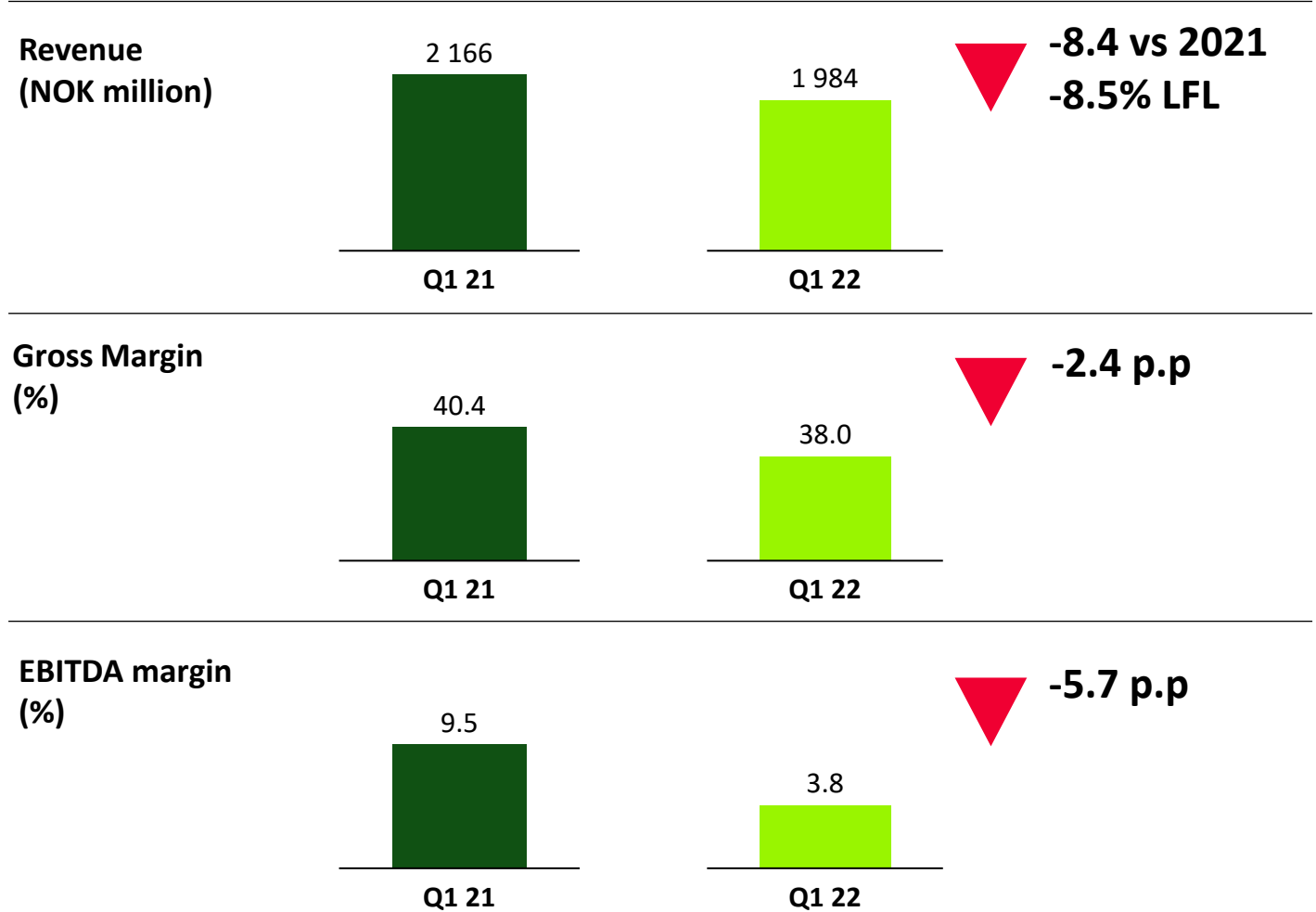
Market (dark green) | XXL (light green)

- Challenging winter conditions for the sporting goods industry in 2022 after strong winter conditions in December 2021. However, XXL gained shares in all Nordic markets
- RTM numbers in Norway and Sweden were partly affected by the extraordinary clearance campaign in Q1 2020
- XXL’s target and goal to gain market shares over time
- XXL is well prepared for the upcoming spring and summer season

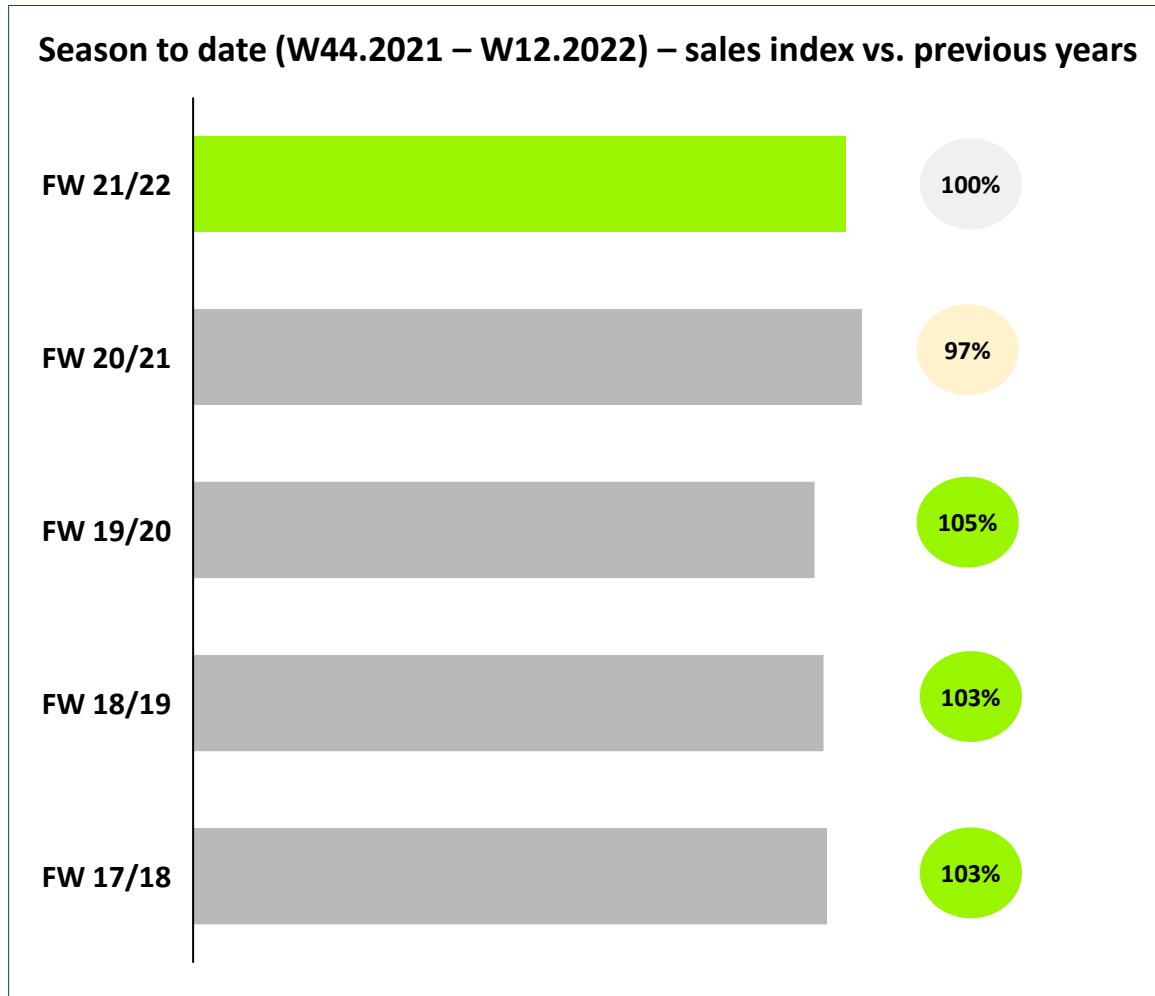
• Sources: Norway – SSB, Sweden – SCB, Finland – TMA (TMA has changed the base for 2021, hence RTM N/A)

Highlights Q1 2022 – Challenging winter season in the quarter

- Operating revenue of NOK 1 984 million (NOK 2 166 million)
- Store closures in Norway and Austria last year due to the pandemic
- E-commerce with negative growth of 19%, representing 23.2% of the total revenue for the Group. Q1 last year was boosted by online sales compensating for store closures
- Gross margin of 38.0%, negatively impacted by more clearance activities in the market, as well as increased freight costs.
- EBITDA of NOK 75 million (NOK 207 million)

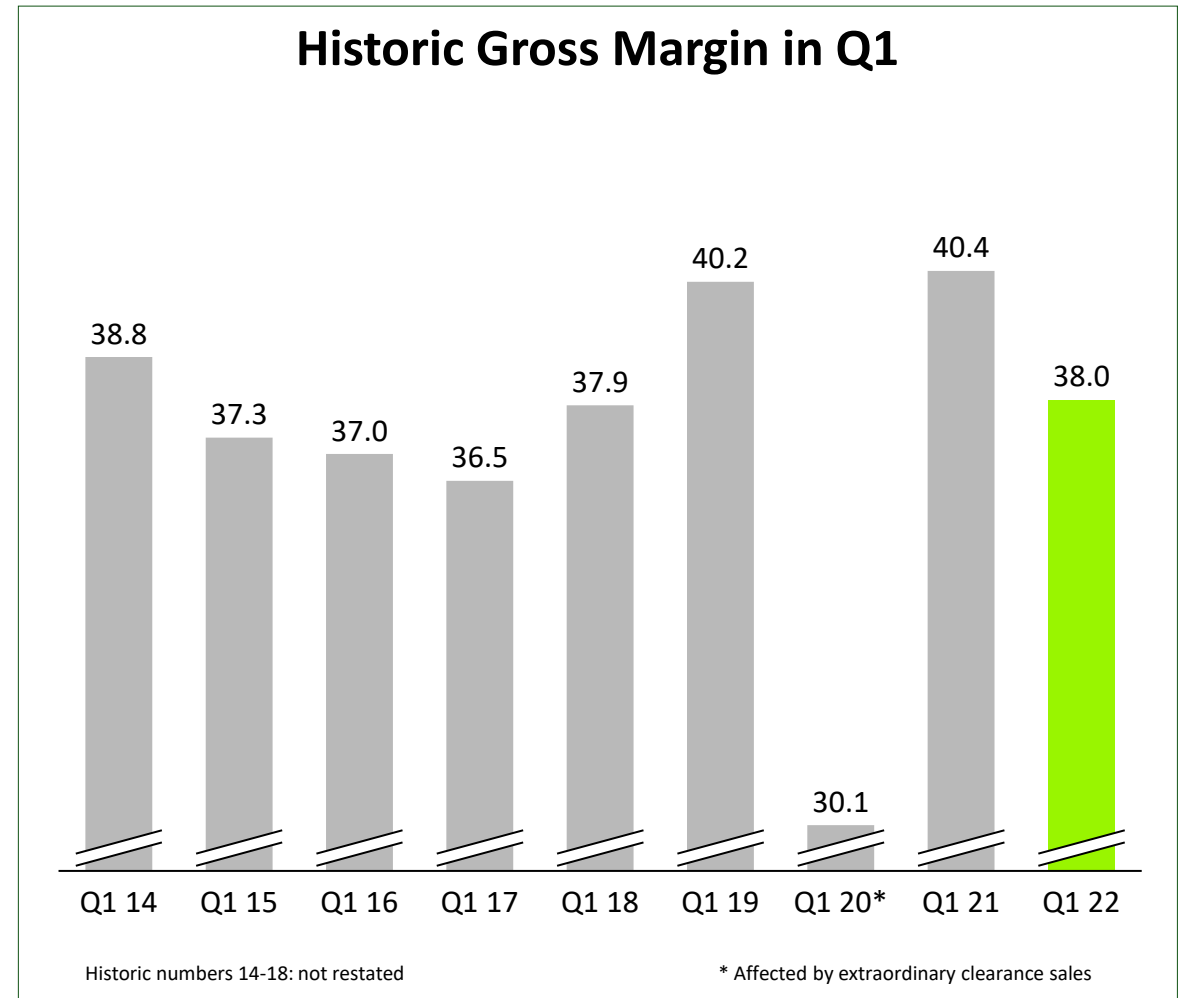
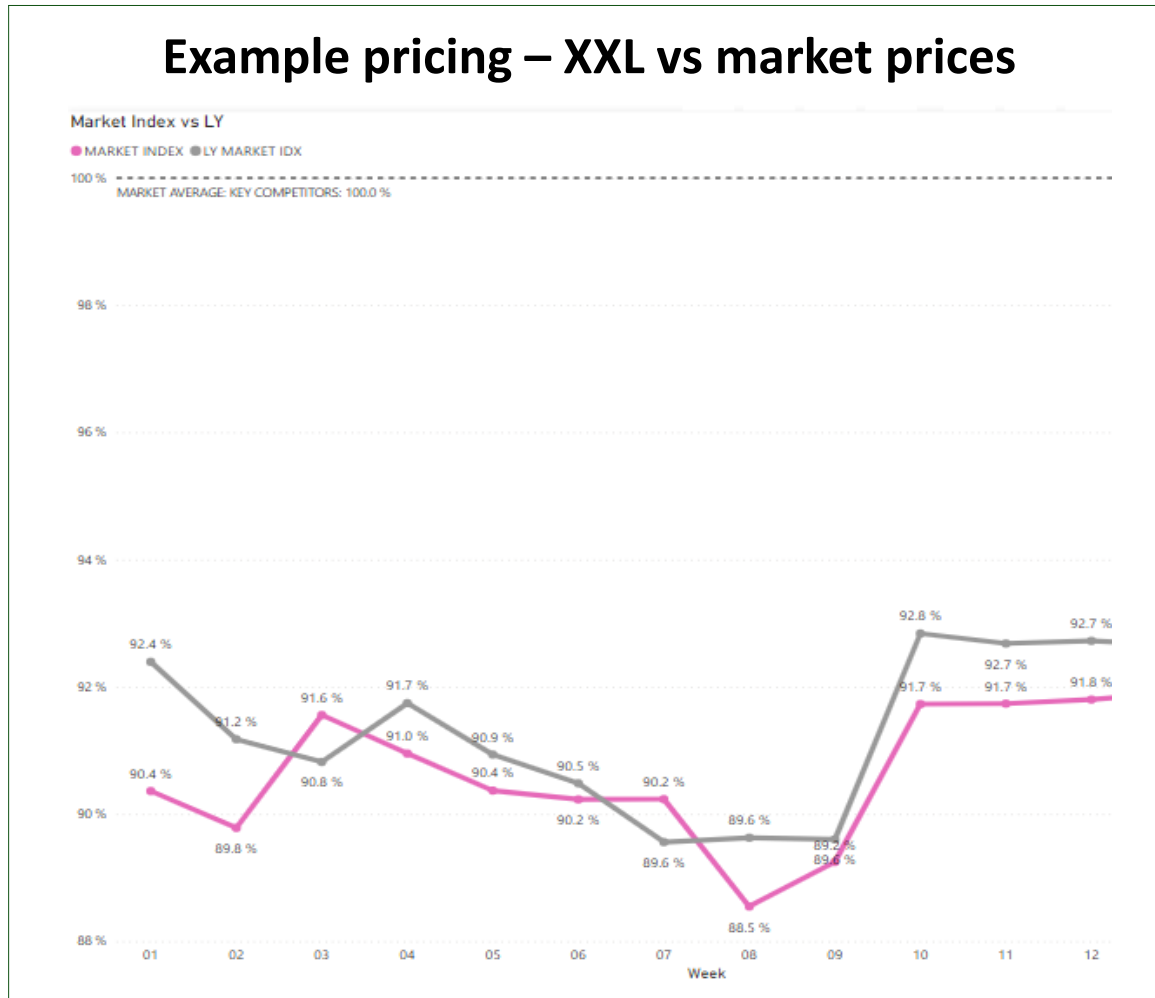


Overall winter season sales has been OK



- Overall, ok winter season 2021/2022
 - strong winter sales in November/December 2021 partly affecting sales in negatively in Q1 2022
 - also, poor winter conditions in Q1 2022 compared to Q1 2021
- Inventory of winter products is on normal levels, but higher than the low levels last year
- Spring season has started well, especially in Norway, partly due to store closures last year

Historic gross margin in Q1 is normally influenced by the winter conditions and competition level



Q1 2022 – Capturing market shares in a challenging market

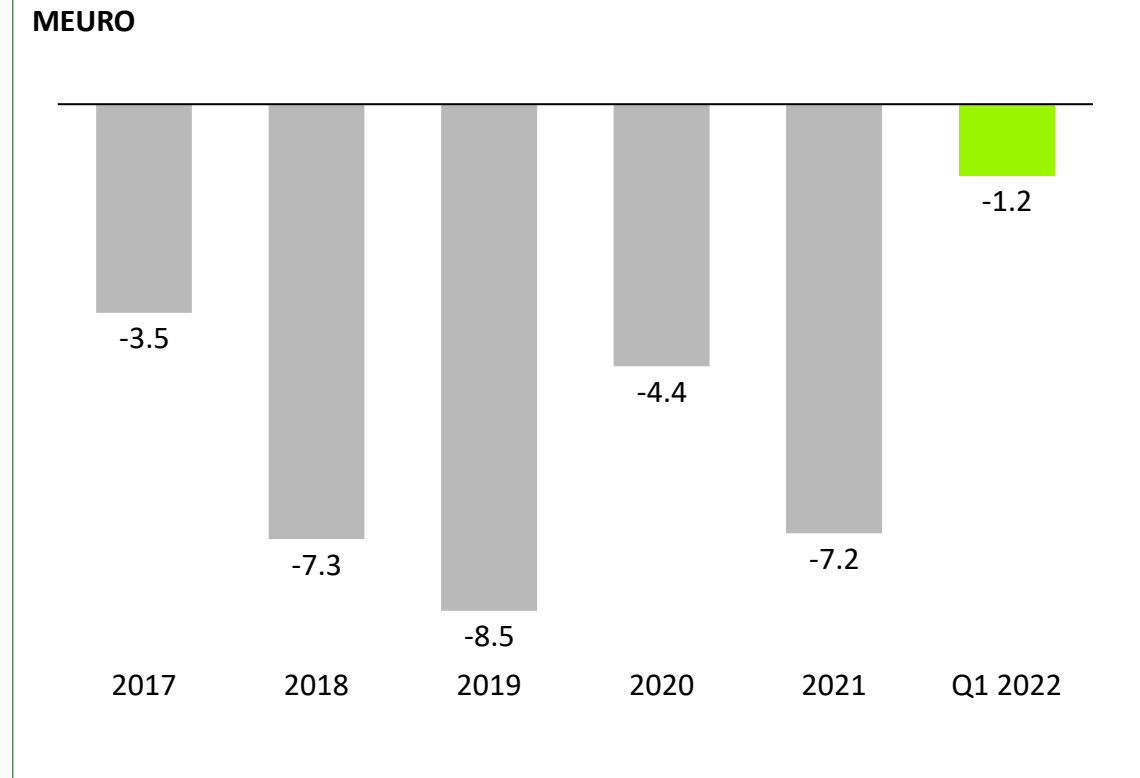
	Group	Norway	Sweden	Finland	Austria	HQ
LFL GROWTH	-8.5% ▼	-6.0% ▼	-13.4% ▼	-13.8% ▼	+24.3% ▲	n/a
EBITDA GROWTH (mnok)	-131 ▼	-43 ▼	-47 ▼	-43 ▼	+15 ▲	-13 ▼
Market share dev	▲	▲	▲	▲	▲	

Austria – initiating a strategic review

Comments

- All stores opened this year vs. several store closures last year
- Recognized income of EUR 0.8 million in Q1 due to governmental contributions related to the pandemic
- Negative EBITDA (ex. IFRS 16) in Q1 of EUR 1.2 million
- XXL is committed to significantly improve the profitability in Austria in 2022 and will initiate a strategic review of its Austrian operations.

EBITDA (ex. IFRS 16)



Financial Review Q1 2022



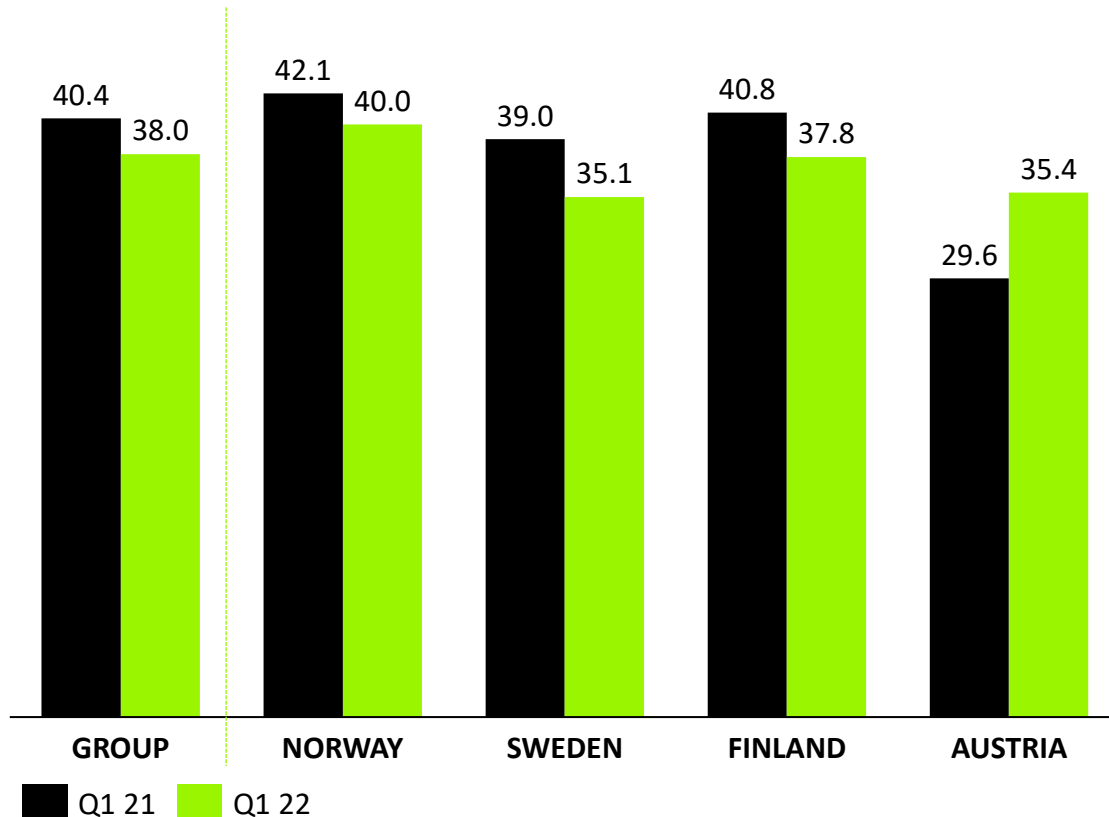
Key Figures

(Amounts in NOK million)	Q12022	Q12021	FY 2021 Audited
GROUP			
Operating revenue	1984	2 166	10 006
Growth (%)	-8,4 %	0,2 %	-4,0 %
Gross profit	754	876	4 084
Gross margin (%)	38,0 %	40,4 %	40,8 %
OPEX %	34,2 %	30,9 %	27,4 %
EBITDA	75	207	1338
EBITDA margin (%)	3,8 %	9,5 %	13,4 %
EBIT	-127	16	391
EBIT margin	-6,4 %	0,7 %	3,9 %
Net Income	-151	-39	194
Earnings per share (adj for impairment losses)	-0,60	-0,15	1,31

- Revenue down with NOK 182 million y-o-y
 - Negative like for like growth of 8.5%
 - Gaining market shares in all markets – under challenging winter conditions for the sport industry
 - E-com negative growth of 19.4% - representing 23.2% of total revenue versus 25.0% last year
- Gross margins ended at 38.0%, down from 40.4% last year
 - More clearance activities both in the market as a whole and by XXL due to poor winter conditions, impacting the gross margin negatively
 - Increased freight cost hampering the margin with around 1 percentage point
- OPEX % is 3.3 percentage point higher than last year driven by the negative like for like growth hampering scale in operations
- EBITDA ending at NOK 75 million
 - RTM EBITDA of NOK 1 206 million
 - RTM EBITDA ex. IFRS of NOK 607 million
- Net income of negative NOK 151 million in Q1 2022

Gross Margin Development

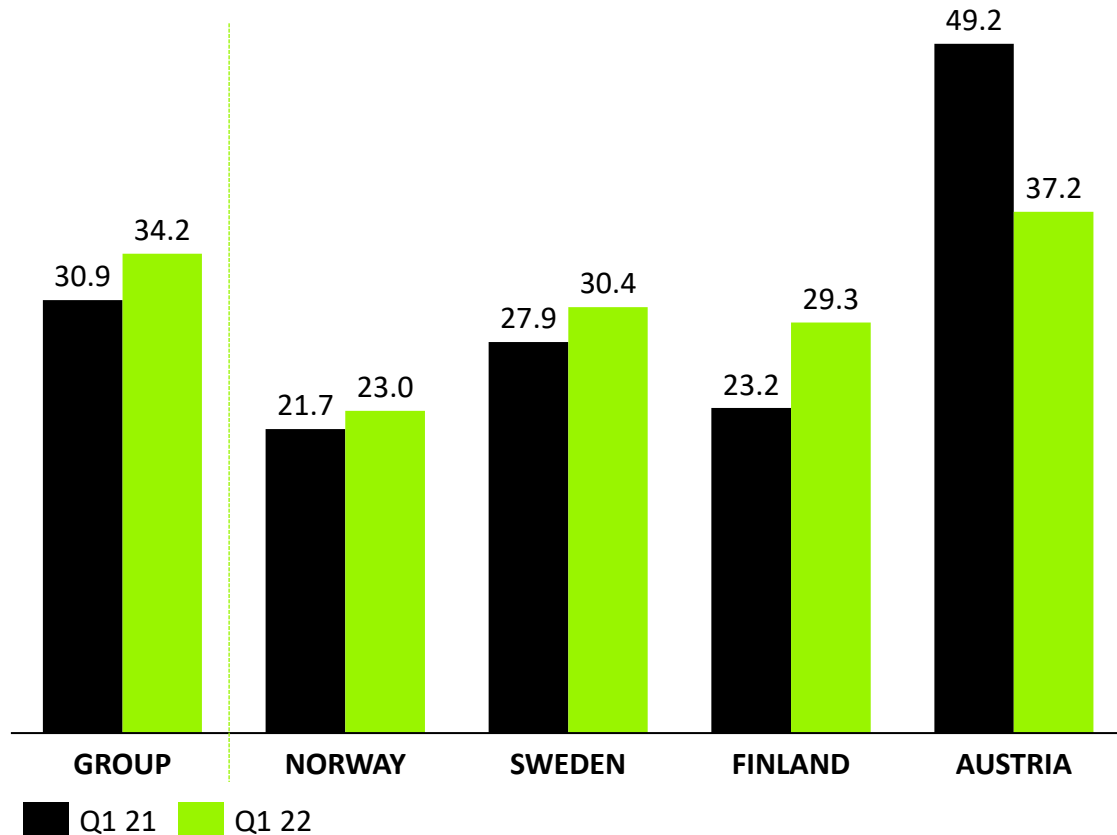
XXL ASA Q1 2022 - Gross margin per segment (in %)



- Decreased gross margin in the quarter, down from 40.4% in Q1 2021 to 38.0% in Q1 2022
- More clearance activities driven by the poor winter conditions impacting the gross margin negatively
- Increased freight cost hampering the margin with around 1 percentage point
- XXL targets a long term sustainable gross margin above 39 per cent for the Group.
 - Improved campaign approach and execution
 - Healthier assortment and inventory levels

OPEX Development

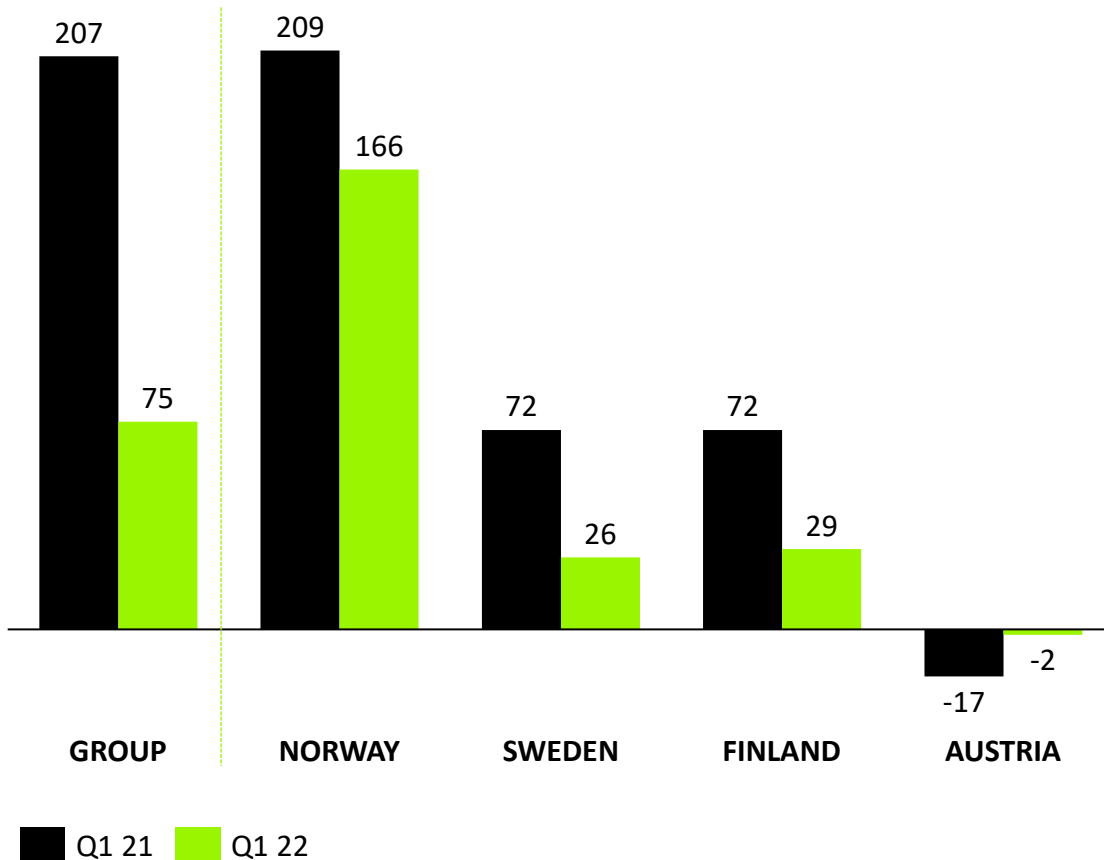
XXL ASA Q1 2022 - OPEX per segment
(in %)



- Group OPEX% up with 3.3 percentage points to 34.2% in Q1, explained by lower revenue negatively affecting scale in operations
- Increase of NOK 10 million vs. LY, partly explained by new store openings. In addition, XXL experienced a significant increase of sick leave in stores due to the spread of Omicron in societies at large.

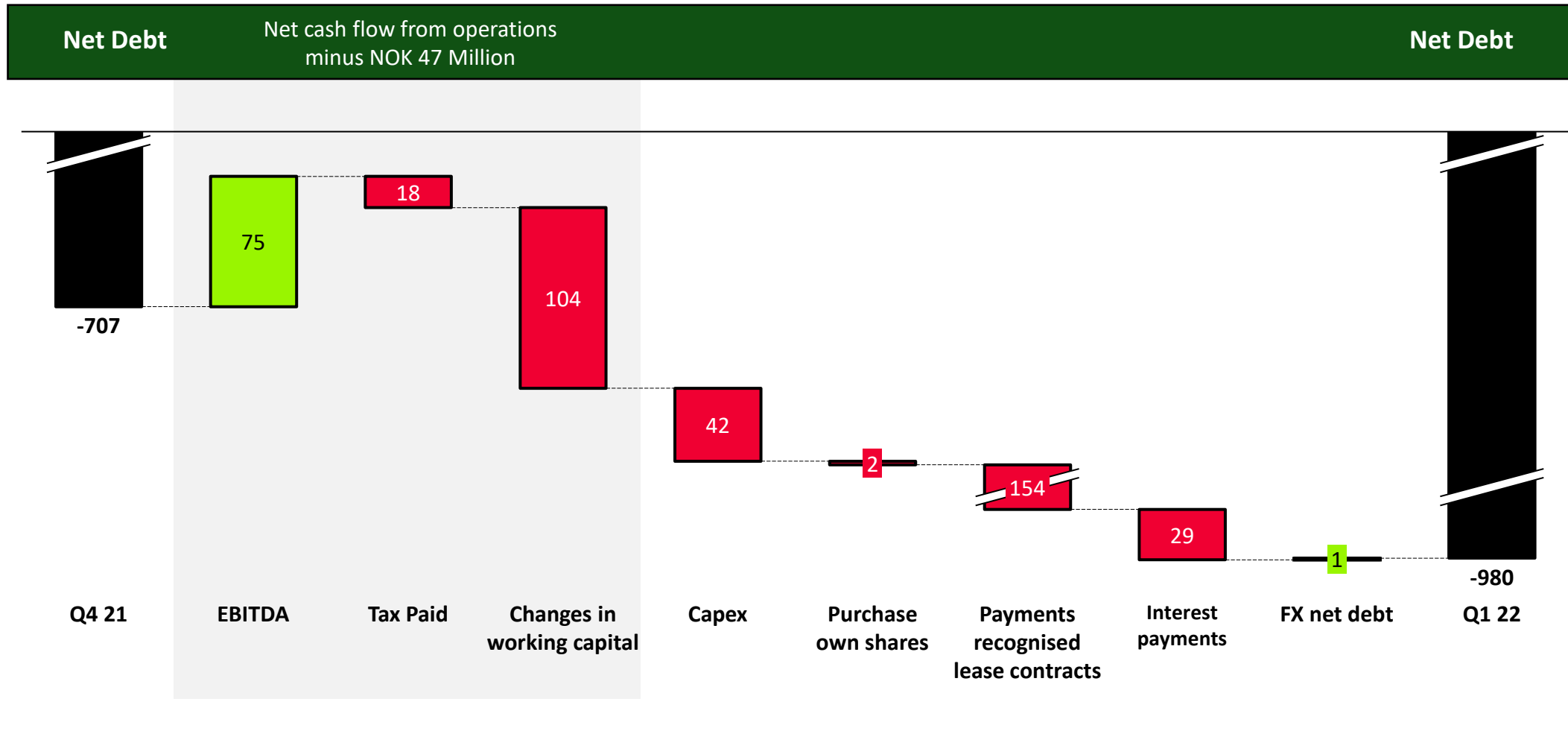
EBITDA Development

XXL ASA Q1 2022 - EBITDA per segment
(in mNOK)



- Negative EBITDA development vs LY – down NOK 131 million explained by the negative like for like growth and lower gross margins
- Austria posting improved EBITDA in the quarter vs. LY, partly explained by a recognized income of EUR 0.8 million in the quarter due to governmental contributions related to the pandemic
- EBITDA margin of 3.8% in Q1 2022 vs. 9.5% in Q1 2021

Net Debt Development

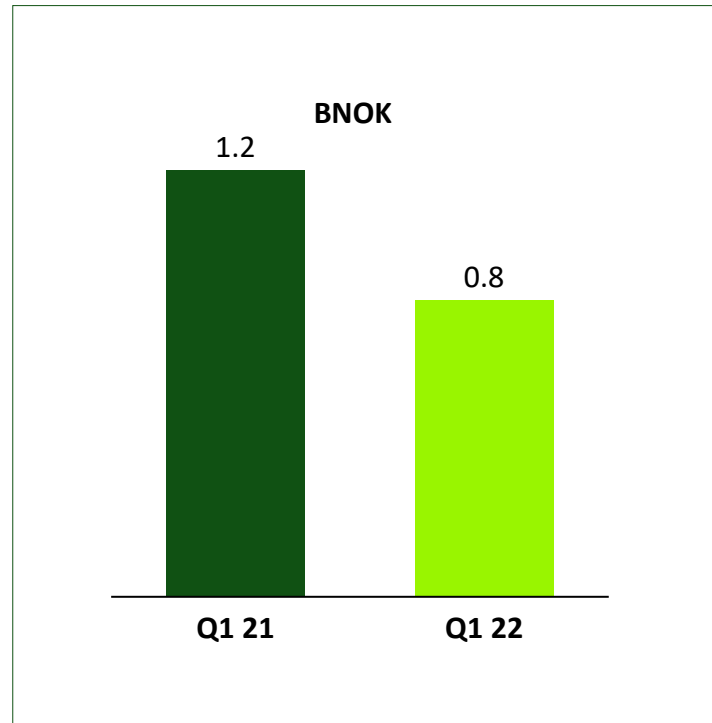


Financial position

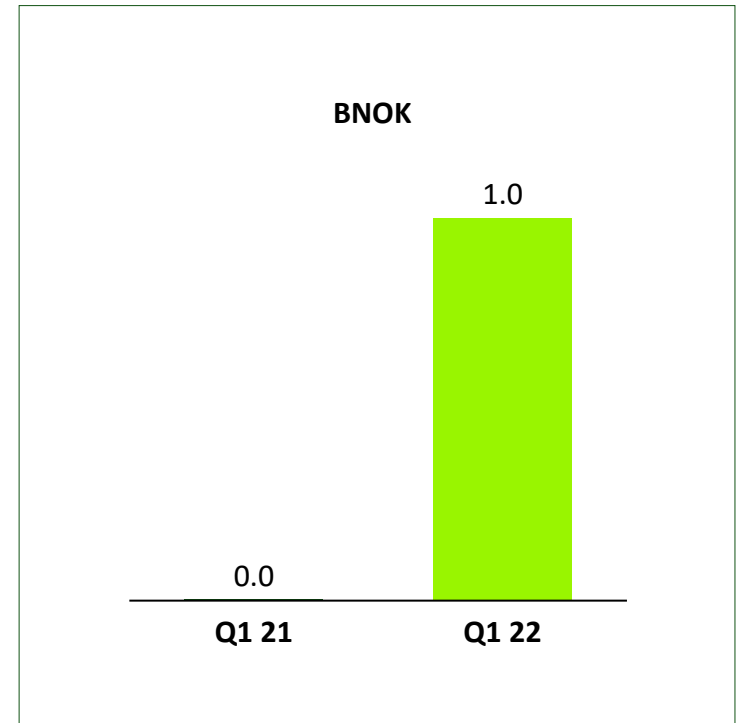
YTD Operational Cash Flow



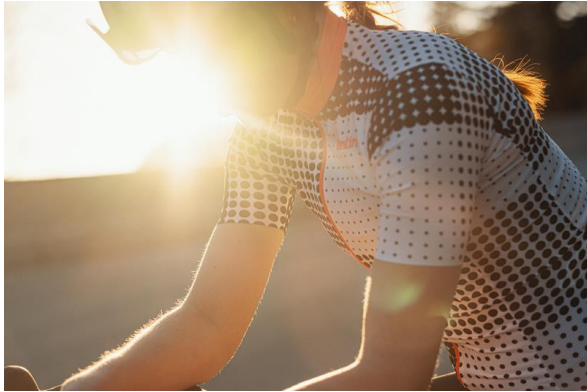
Liquidity Reserves



Net Interest-Bearing Debt



Financial summary Q1 2022



P&L Summary

- EBITDA of NOK 75 million vs. LY of NOK 207 million
- Decrease in revenue vs. LY of NOK 182 million, explained by challenging winter conditions in Q1 2022
- Gaining market shares
- Lower gross margins in the quarter 38.0% (minus 2.4% p.p., explained by more clearance activities due to poor winter conditions and higher freight cost)
- High sick leave due to Omicron, impacting personnel expenses negatively



Balance sheet summary

- Inventory – healthy levels and age (frontloading to secure deliveries under uncertain value chain conditions)
- Financial position
 - NIBD of NOK 980 million
 - Liquidity reserves of NOK 820 million

Outlook



Three stages on our journey towards our summit: “The preferred sports and outdoor destination in Europe”

3

New growth and opportunities

Realize growth and shape the industry.

- Further growth — digital and selective physical
- Explore new and sustainable service offerings
- Position XXL as the preferred partner in the industry for new opportunities
- Take a leading position within sustainability

2

Realize our full potential

Take the position as market leader.

- Establish XXL as omni-channel champion in the industry
- Improve in-store experience, concept and service offering
- Re-energize the XXL brand, marketing and consumer perception
- Strengthen our relationship with key suppliers and partners

1

Realize our full potential

Streamline business and get the basic right.

- Build a strong and efficient cross-functional culture, leadership and organization
- Streamlined processes with high degree of automation and flexible system support
- Strengthen operational efficiency
- Strengthen our product assortment, customer offering and communication
- Secure a more analytical, structured and fact based decision making and processes



XXL is historically a winning concept during uncertain times with challenging global macro conditions

What makes XXL unique?

Our Value Propositions:

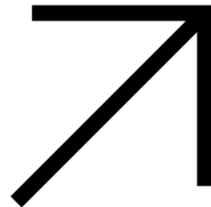
Great brands.
Great prices.
Great assortment.
Great expertise.
Great accessibility.

- The widest assortment of great brands at the best prices in the market
- The lowest prices is a prerequisite under challenging macro environment
- XXL has historically strong growth during uncertain times, ie financial crisis in 2009/2010
- XXL is the number one sports retailer in the Nordics with great accessibility with both physical stores, as well as being the leading online sports retailer in all Nordic markets

Our targets and goals going forward is to continuously gain market shares and strengthen our profitability

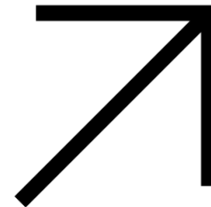
Market share growth

Our ambition is market share gains in all markets and continue the growth within the e-com channel



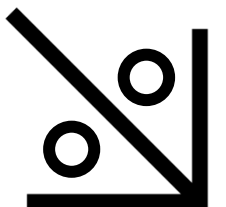
Improve gross margin

We target to strengthen and improve our gross margin further from the stabilized 2020-levels (> 39% in gross margin)



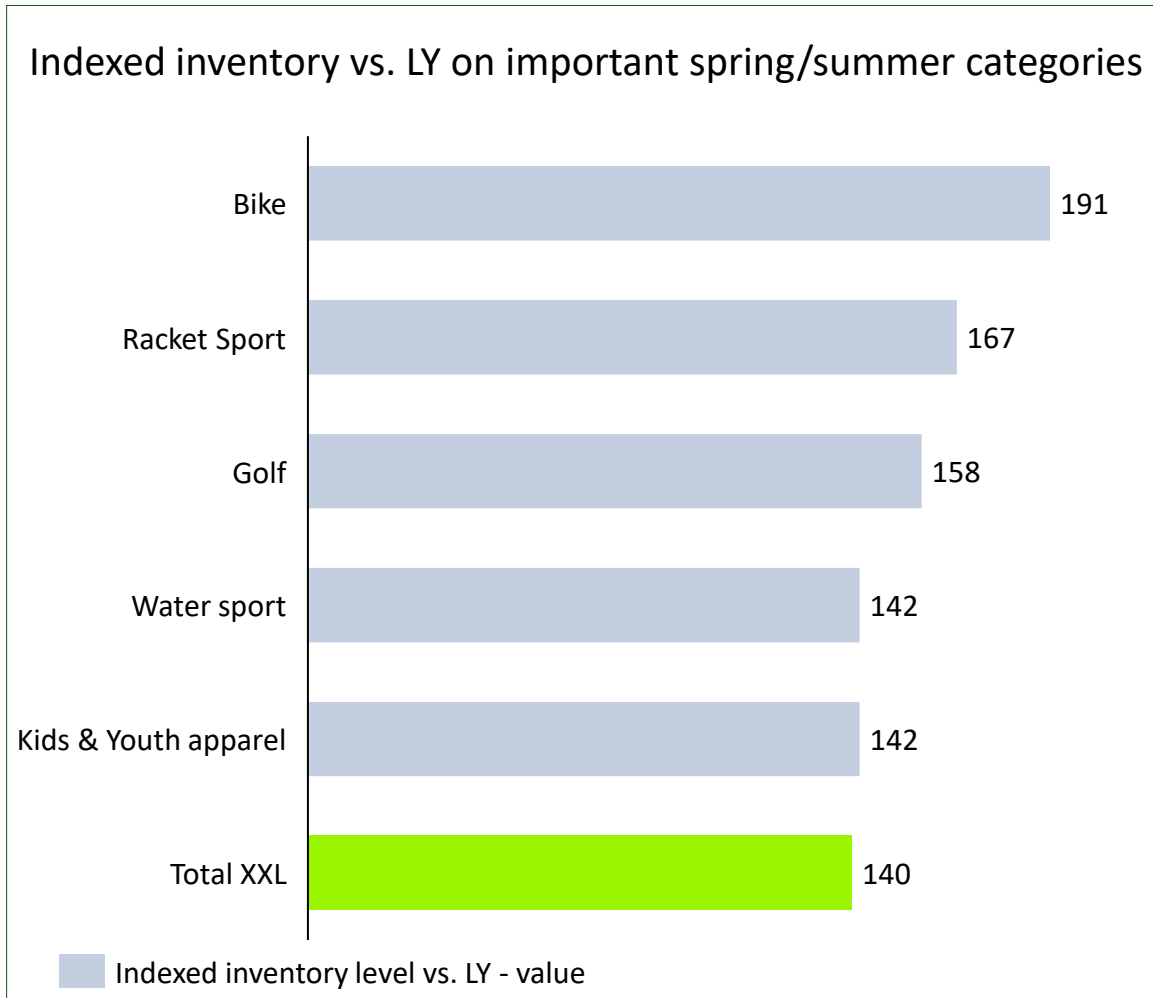
Decrease cost-ratio

We continue to invest in improved operational efficiency to decrease the cost ratio and increase quality



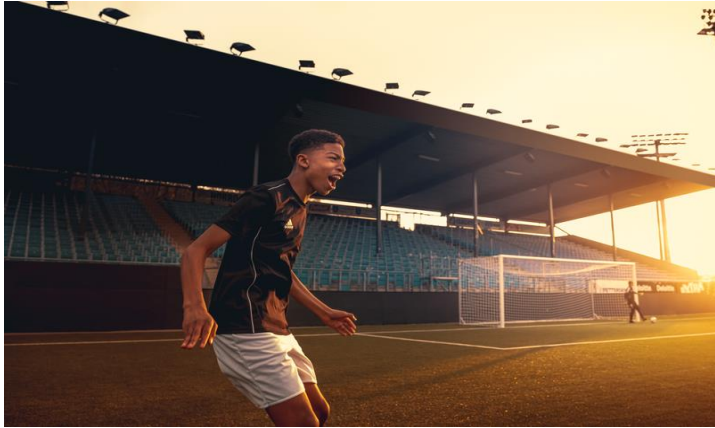
Dividend target of 40-50% of annual normalized net income

XXL is well prepared for the important spring/summer season



- Inventory of NOK 2.4 billion (NOK 1.7 billion), on targeted levels
- A challenging delivery situation of Bikes last year affecting sales negatively in Q2 and Q3 (in total NOK 350 million) – significant improved inventory situation this year
- XXL has also frontloaded volumes for the spring/summer season 2022, hence well prepared in most categories
- Store operations is ready with good capacity on mounting bikes, physical staff training possible again, as well as improved replenishment

Closing remarks



Q1 2022 Key Takeaways

- Capturing market shares during challenging winter conditions
- Sales ended at 2.0 billion (- 8% vs. 2021)
- Gross margin at 38.0% (- 240bps)
- EBITDA of NOK 75 million (NOK 207 million)
- XXL is well prepared for the upcoming spring and summer season



Priorities

- Category strategies and seasonal execution
- Marketing and campaign process optimization
- E-commerce growth
- Optimize inventory and cost base



Going forward

- XXL is a winning concept during uncertain times with challenging global macro conditions
- Gain market shares in all markets
- Stabilize gross margin above 39%
- Continue execution of improvement program
- 3 new stores signed for 2022, 1 in Norway and 2 in Sweden. Töcksfors and Nordby closed
- Initiating a strategic review of the Austrian operation

Q&A

XXL



XXL

XXL ASA – Q1 2022



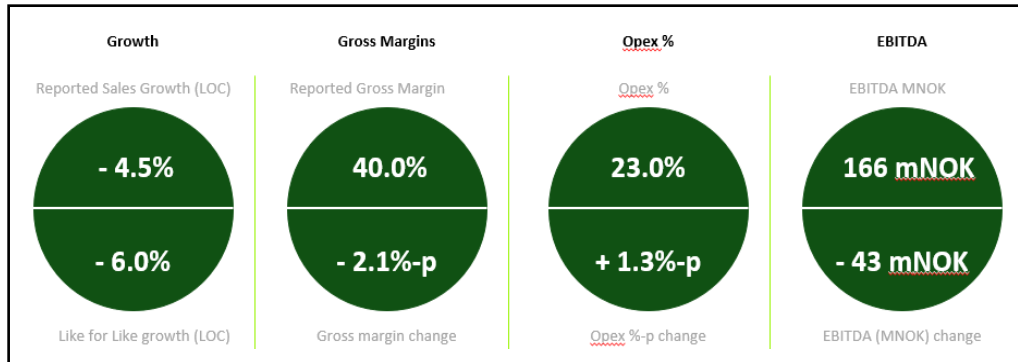
Appendix



Q1: Norway and Sweden



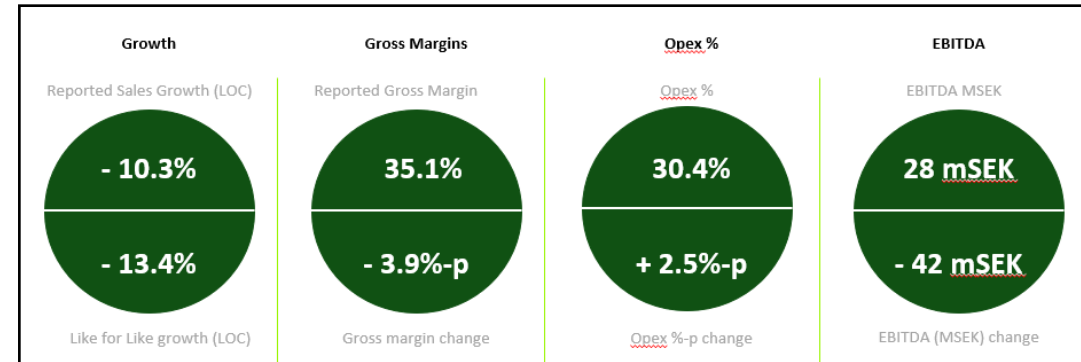
Norway



- Gaining market shares, although negative like for like growth under challenging winter conditions
- Lower gross margin is explained by more clearance activities under poor winter conditions as well as higher freight cost
- Opex increased due to higher marketing costs and increased personnel cost related to sick leave under the pandemic
- EBITDA of NOK 166 million (NOK 209 million)



Sweden

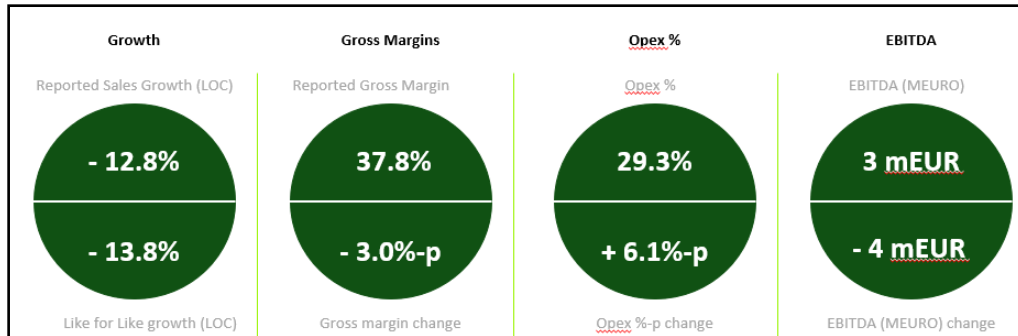


- Gaining market shares, although negative growth in topline under challenging winter conditions
- Lower gross margin is explained by more clearance activities under poor winter conditions as well as higher freight cost
- Opex% worse than LY due to negative like for like for growth, hampering scale in the operations
- EBITDA ending at SEK 28 million (SEK 70 million)

Q1: Finland and Austria



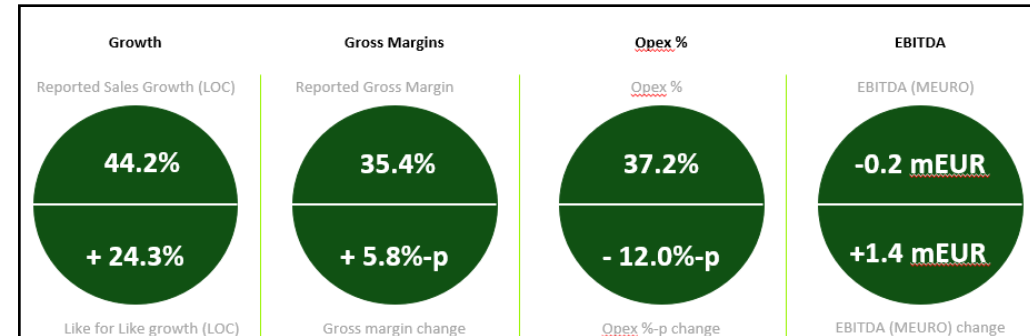
Finland



- Gaining market shares, although negative growth in topline under challenging winter conditions
- XXL initiated several price adjustments in order to regain market shares in an overall slow retail market. Consequently, gross margins decreased by 3% p.p. y-o-y
- EBITDA of EUR 3.0 million (EUR 7.0 million)



Austria



- Positive development in topline of 44.2%, driven by a positive like for like growth y-o-y. In Q1 2021 all stores were closed during almost half of the quarter due to COVID-19 restrictions.
- XXL has recognized income of EUR 0.8 million in the quarter due to governmental contributions related to the pandemic
- The gross margin increased to 35.4 per cent (29.6 per cent), whereof 4.8 percentage points were explained by the recognized income as described above
- Positive development in opex% explained by positive like for like growth yielding scale in operations
- EBITDA of negative EUR 0.2 million (negative EUR 1.6 million)

**All sports united.
Sports unite all.**