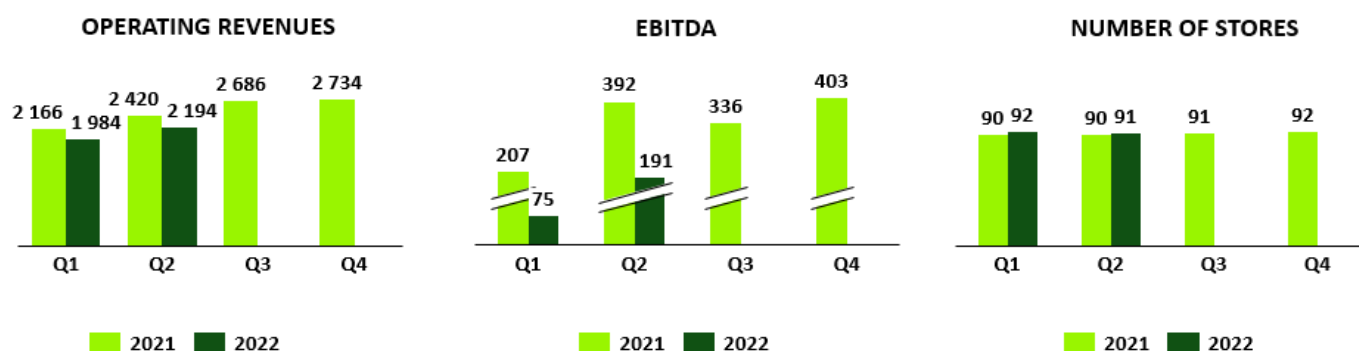


HIGHLIGHTS¹

- Lower revenue and profit driven by weakening consumer sentiment and reduced demand for sporting goods
- Operating revenue of NOK 2 194 million (NOK 2 420 million)
- Gross margin of 37.6 per cent (41.8 per cent)
- EBITDA of NOK 191 million (NOK 392 million)

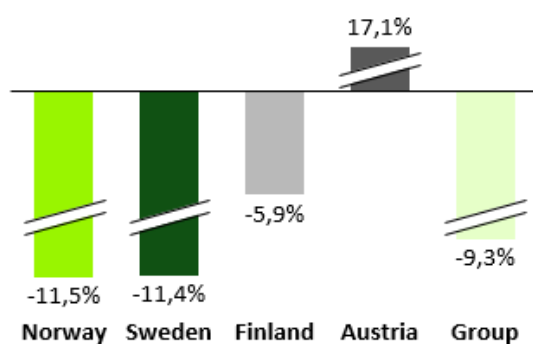


1) Please refer to definitions at the end of the report for descriptions of alternative performance measures that are used in highlights and key figures

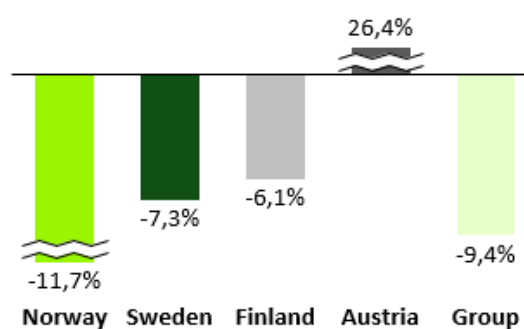
KEY FIGURES GROUP

(Amounts in NOK million)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021 Audited
GROUP					
Operating revenue	2 194	2 420	4 178	4 587	10 006
Growth (%)	-9,4 %	-15,5 %	-8,9 %	-8,8 %	-4,0 %
Gross profit	826	1 013	1 580	1 889	4 084
Gross margin (%)	37,6 %	41,8 %	37,8 %	41,2 %	40,8 %
OPEX %	28,9 %	25,7 %	31,4 %	28,1 %	27,4 %
EBITDA	191	392	267	598	1 338
EBITDA margin (%)	8,7 %	16,2 %	6,4 %	13,0 %	13,4 %
EBIT	-19	202	-146	218	391
EBIT margin	-0,9 %	8,4 %	-3,5 %	4,8 %	3,9 %
Net Income	30	159	-121	121	194
**Basic Earnings per share (NOK)	0,12	0,63	-0,48	0,48	0,77
**Earnings per share (adj)	0,12	0,63	-0,48	0,48	1,31
**Average number of shares (1 000 shares)	252 437	252 437	252 437	252 437	252 437
Cash provided by operating activities	111	289	64	519	905
Like for like revenue growth	-9,3 %	-13,4 %	-9,0 %	-7,9 %	-2,6 %
Number of stores at period end	91	90	91	90	92
New stores in the period	1	-	1	-	2
Closed stores in the period	2	-	2	-	-

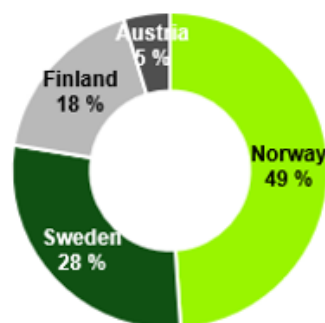
**GROWTH BY COUNTRY
LIKE FOR LIKE
(LOCAL CURRENCY)**



**GROWTH BY COUNTRY
(LOCAL CURRENCY)**



REVENUE SPLIT



**Earnings per share: See Note 5.

KEY FIGURES SEGMENTS

(Amounts in NOK million)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021 Audited
SEGMENT					
Norway*					
Operating revenue	1 074	1 217	2 054	2 243	4 893
Growth (%)	-11,8 %	-13,2 %	-8,4 %	-4,9 %	-2,4 %
Gross profit	429	535	821	967	2 105
Gross margin (%)	39,9 %	44,0 %	40,0 %	43,1 %	43,0 %
OPEX %	17,6 %	16,2 %	20,2 %	18,7 %	19,4 %
EBITDA	240	338	406	547	1 156
EBITDA margin (%)	22,3 %	27,8 %	19,8 %	24,4 %	23,6 %
Number of stores at period end	37	37	37	37	37
New stores in the period	-	-	-	-	-
Closed stores in the period	-	-	-	-	-
Sweden					
Operating revenue	629	705	1 169	1 351	2 961
Growth (%)	-10,8 %	-11,6 %	-13,5 %	-6,4 %	-0,4 %
Gross profit	221	280	411	532	1 148
Gross margin (%)	35,2 %	39,7 %	35,2 %	39,4 %	38,8 %
OPEX %	28,2 %	24,8 %	29,2 %	26,3 %	24,6 %
EBITDA	44	105	70	177	420
EBITDA margin (%)	7,0 %	14,9 %	5,9 %	13,1 %	14,2 %
Number of stores at period end	28	29	28	29	30
New stores in the period	1	-	1	-	1
Closed stores in the period	2	-	2	-	-
Finland					
Operating revenue	388	416	732	825	1 744
Growth (%)	-6,7 %	-23,9 %	-11,2 %	-17,7 %	-10,6 %
Gross profit	141	170	271	337	696
Gross margin (%)	36,2 %	40,9 %	37,0 %	40,9 %	39,9 %
OPEX %	25,6 %	24,2 %	27,4 %	23,7 %	23,0 %
EBITDA	41	70	70	142	294
EBITDA margin (%)	10,6 %	16,8 %	9,6 %	17,2 %	16,9 %
Number of stores at period end	17	17	17	17	17
New stores in the period	-	-	-	-	-
Closed stores in the period	-	-	-	-	-

*As of Q1 2022 Denmark Segment is incorporated in the Norway Segment (comparative numbers have also been changed)

KEY FIGURES SEGMENTS – cont.

<i>(Amounts in NOK million)</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021 Audited
SEGMENT					
Austria					
Operating revenue	104	83	223	168	409
Growth (%)	25,5 %	-30,6 %	32,7 %	-24,7 %	-15,5 %
Gross profit	35	27	77	53	135
Gross margin (%)	33,9 %	33,2 %	34,7 %	31,4 %	33,0 %
OPEX %	41,3 %	47,6 %	39,1 %	48,4 %	40,7 %
EBITDA	-8	-12	-10	-29	-31
EBITDA margin (%)	-7,4 %	-14,4 %	-4,4 %	-17,0 %	-7,7 %
Number of stores at period end	8	7	8	7	8
New stores in the period	-	-	-	-	1
Closed stores in the period	-	-	-	-	-
HQ & logistics					
EBITDA	-126	-109	-269	-239	-501
EBITDA margin (% of Group revenues)	-5,7 %	-4,5 %	-6,4 %	-5,2 %	-5,0 %

Lower revenue and profit driven by weakening consumer sentiment

Oslo, 14 July 2022: XXL delivered total operating revenue of NOK 2.2 billion (NOK 2.4 billion) in the second quarter 2022 driven by weakening consumer sentiment and reduced demand for sporting goods in general. XXL experienced a decelerating sales development and June proved to be a challenging month. Higher campaign activity and increased freight costs impacted the gross margin which ended at 37.6 per cent (41.8 per cent). EBITDA in the quarter amounted to NOK 191 million (NOK 392 million).

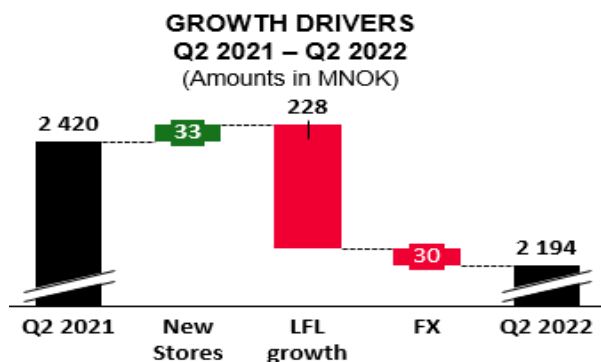
XXL is not satisfied with the results and has initiated several short-term actions to adjust costs and purchasing volumes to the sales trend. The strategic review of the Austrian operations continues and XXL has decided to close one store in Q1 2023 as well as the intention to move out of the central warehouse facility outside Vienna during 2023.

XXL is in the phase of implementing several strategic initiatives and projects to improve profitability and operational efficiency going forward. The longer-term target is “40-30-10” on gross margin, OPEX and EBITDA respectively and when excluding IFRS 16 effects.

Second quarter 2022 review

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

Total operating revenue for the Group in the second quarter 2022 ended at NOK 2 194 million (NOK 2 420 million) which represented a decline of 9.4 per cent. The quarter started with growth in April, partly explained by store closures last year. From mid-May XXL experienced a decelerating sales development driven by weakening consumer sentiment and reduced demand for sporting goods in general. June proved to be a difficult month normally being one of the most important periods of the year. All Nordic markets had decline versus last year. During the pandemic last year XXL fuelled the E-commerce offering with free freight in areas affected by store closures. Also, a normalization after reopening of stores impacted the E-commerce sales, which decreased by 26.5 per cent from Q2 2021 to Q2 2022, representing 20.1 per cent (24.8 per cent) of total operating revenue for the Group. Overall XXL delivered a negative like for like growth of 9.3 per cent in the quarter, gaining market shares in Sweden and Finland but losing in Norway.



Gross margin for the Group ended at 37.6 per cent in the quarter compared to 41.8 per cent in the same quarter last

year. Both the market and XXL had more clearance activities this year driven by poor market conditions impacting the gross margin negatively. During the quarter XXL has seen a transition to more sales on lower price points as well as higher share of sales on campaign products, both impacting the gross margin negatively. In addition, increased freight costs hampered the gross margin with around 1 percentage point. The current market demands strict focus on inventory levels and liquidity control, which will lead to fluctuations in the gross margin between quarters and seasons. XXL targets a long term sustainable gross margin around 40 per cent for the Group.

OPEX as percentage of sales increased to 28.9 per cent in the first quarter this year (25.7 per cent) impacted by the negative like for like growth hampering scale in the operations. OPEX increased to NOK 635 million (NOK 621 million) related to new store openings, closed stores last year as well as higher HQ costs partly counteracted by lower bonus accruals of around NOK 20 million.

The Group EBITDA in the second quarter 2022 was NOK 191 million (NOK 392 million), mainly impacted by the negative like for like growth and lower gross margin as described above.

XXL had total liquidity reserves of NOK 691 million (NOK 905 million) and a net interest-bearing debt of NOK 1 109 million (NOK 83 million) by the end of Q2 2022. The inventory increased to NOK 2 802 million (NOK 2 055 million) due to lower sales volumes as well as front loading of volumes and carry over products, securing deliveries under uncertain value chain conditions. The inventory level is too high, but the composition is healthy with low levels of old stock.

XXL is accelerating programs to adjust costs and purchasing volumes to sales. XXL has flexibility in its agreements and is currently reducing the volumes significantly for the upcoming seasons. Also, XXL will reduce its costs with less store

staffing, increase marketing effectiveness as well as addressing the HQ cost base. In addition, XXL targets to reduce CAPEX with around NOK 50 million in 2022. The strategic review of the Austrian operations continues into the second half of 2022, and XXL has decided to close one store in Q1 2023 as well as the intention to move out of the central warehouse facility outside Vienna during 2023.

XXL is in the phase of implementing several strategic initiatives and projects to improve profitability and operational efficiency going forward. The key strategic focus is currently on an ambitious E-commerce growth plan, continue improving category strategy and plans and marketing efficiency.

Operating segments

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

The Group's reporting structure comprises four operational segments based on XXL's operations in Norway, Sweden, Finland and Austria, in addition to the HQ and Logistics segment.

Norway

The Norwegian operations delivered total operating revenue of NOK 1 074 million in the second quarter 2022 compared to NOK 1 217 million in the same quarter last year, representing a negative growth of 11.8 per cent. According to market figures from SSB, on twelve months rolling basis per May, the sales of sporting goods in Norway increased by 0.2 per cent. The corresponding growth for XXL was negative of 1.6 per cent. In April and May the sales of sporting goods in Norway had a growth of 1.7 per cent according to SSB, while XXL declined with 2.6 per cent in the same period. XXL had some closed stores in April last year. June proved to be a difficult month driven by weakened consumer sentiment.

Gross margin decreased from 44.0 per cent in Q2 2021 to 39.9 per cent in Q2 2022, explained by more clearance activities under challenging market conditions as well as higher freight costs.

Operating expenses as percentage of sales ended at 17.6 per cent (16.2 per cent) driven by lower sales. XXL has focused on short term cost reductions both on store staffing and marketing spend.

EBITDA amounted to NOK 240 million (NOK 338 million). The main reasons for the decreased EBITDA were negative like for like growth impacting scale in the operations as well as the lower gross margin as described above.

Sweden

According to market figures from SCB, on a twelve-month rolling basis per May, the sale of sporting goods in Sweden decreased by 0.5 per cent, while the corresponding increase for XXL was 1.5 per cent in local currency. In April and May

the sales of sporting goods in Sweden had a decline of 7.2 per cent according to SCB, while XXL decreased by 3.2 per cent in the same period. June was a challenging month with lower demand in the market.

Total operating revenue for XXL in Sweden in Q2 2022 amounted to NOK 629 million (NOK 705 million). The driver was a negative like for like growth of 11.4 percent in local currency. In addition, XXL has closed two stores in Sweden, the outlets in Töckfors and Nordby. XXL opened a new store, in Borlänge, in June 2022.

Gross margin decreased to 35.2 per cent (39.7 per cent) explained by high clearance activities, both in the market and by XXL, under challenging conditions as well as increased freight costs.

Operating expenses as percentage of sales ended at 28.2 per cent (24.8 per cent) explained by the negative like for like growth impacting scale in the operations.

EBITDA decreased to NOK 44 million (NOK 105 million), driven by both the lower revenue and the reduced gross margin.

Finland

According to market figures from TMA in April and May, the sale of sporting goods in Finland decreased by 5.0 per cent. This is to be compared to XXL with a decline of 2.5 per cent in local currency, hence gaining market shares. Total operating revenue in the quarter amounted to NOK 388 million (NOK 416 million). This corresponded to a negative like for like growth of 5.9 per cent driven by a challenging June.

Higher campaign activities related to the weak market conditions impacted the gross margin, which decreased from 40.9 per cent in Q2 2021 to 36.2 per cent in Q2 2022.

Operating expenses as percentage of sales ended at 25.6 per cent in Q2 2022 (24.2 per cent), explained by overall lower scale due to negative like for like growth.

EBITDA amounted to NOK 41 million in Q2 2022 (NOK 70 million) driven by the negative growth and lower gross margins.

Austria

The strategic review of the Austrian operations continues into the second half of 2022 and XXL has decided to close one store in Q1 2023 as well as the intention to move out of the central warehouse facility outside Vienna during 2023. In addition, XXL has initiated several measures to reduce the current cost base going forward.

Total operating revenue from the Austrian operations amounted to NOK 104 million in the second quarter (NOK 83 million) representing a growth of 26.4 per cent in local currency, partly driven by closed stores last year. The market dynamics in Austria continues to be challenging with overall lower consumer sentiment and spending.

The gross margin increased to 33.9 per cent (33.2 per cent) explained by higher share of E-commerce and re-opening campaigns last year with lower gross margins.

Operating expenses as percentage of sales decreased from 47.6 per cent in Q2 2021 to 41.3 per cent in Q2 2022 due to positive like for like growth in all stores yielding scale in operations as well as high focus on cost reducing initiatives.

EBITDA ended at negative NOK 8 million (negative of NOK 12 million).

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 126 million (NOK 109 million) in Q2 2022. The main explanation is a severance accrual of NOK 13 million as well as higher costs related to ongoing improvements in Category, E-commerce and Services.

Financials

Consolidated income statement – Second quarter

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

Total operating revenue decreased by 9.4 per cent to NOK 2 194 million (NOK 2 420 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 635 million (NOK 621 million) in the second quarter. As percentage of total operating revenue of the Group, operating expenses increased from 25.7 per cent in the second quarter last year to 28.9 per cent in the second quarter this year.

Operating income amounted to negative NOK 19 million (NOK 202 million). The change is mainly explained by the negative like for like growth and lower gross margins.

Net financial income amounted to NOK 41 million for the second quarter (net financial expense of NOK 28 million) whereof NOK 21 million is related to IFRS 16 effects compared to NOK 20 million in Q2 2021. Net interest expenses ended at NOK 10 million (NOK 8 million). Net financial expenses included a positive currency effect of NOK 77 million compared to a positive currency effect of NOK 8 million last year. Other financial expenses of NOK 4 million were related to amortization of loan costs and other financial costs.

Income tax expense for the second quarter was negative of NOK 8 million (positive NOK 15 million).

Profit for the period ended at NOK 30 million (NOK 159 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 2022 was NOK 4 178 million (NOK 4 587 million), a negative growth of 8.9 per cent. This is mainly explained by poor winter conditions in Q1 2022 as well as weakening consumer sentiment and reduced demand for sporting goods in general during Q2 2022.

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 1 314 million (NOK 1 290 million) in the first half year. As percentage of total operating revenues of the Group, operating expenses increased from 28.1 per cent in H1 last year to 31.4 per cent in H1 this year.

Net financial expense amounted to NOK 7 million for H1 2022 (NOK 82 million). Interest expense on the lease liability amounted to NOK 42 million (NOK 41 million). Net interest expenses equaled NOK 19 million (NOK 16 million). Net financial expenses include a positive currency effect of NOK 61 million compared to a negative currency effect of NOK 10 million in the same period last year. Other financial expenses of NOK 8 million were related to amortization of loan costs and other financial costs.

Income tax expense for the first half year was negative NOK 31 million (positive NOK 16 million) the change was mainly due to negative development in profit before income tax in the first half year 2022.

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

Consolidated cash flow – First half year

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

Cash provided by operating activities was at NOK 64 million (NOK 519 million) in H1. The reason for the decrease is mainly lower sales which resulted in higher inventory levels.

Cash used by investing activities was NOK 92 million (NOK 125 million) in H1 2022. This is mainly related to investments in existing stores and E-commerce platform in 2022 as well as one new store, in Borlänge, Sweden.

Cash provided by financing activities amounted to NOK 376 million (cash used of NOK 667 million) in H1 2022. The change is mainly related to a drawdown on the credit facility in H1 2022 of NOK 741 million versus a net payment of NOK 270 million in H1 2021.

Financial position and liquidity

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

As of 30 June 2022, total assets amounted to NOK 9 660 million (NOK 8 974 million). The increase is mainly due to higher inventory. Total equity was NOK 3 632 million (NOK 4 222 million), resulting in an equity ratio of 37.6 per cent (47.0 per cent). Net interest bearing debt (NIBD) ended at NOK 1 109 million (NOK 83 million). Leverage ratio increased to 2.8x. Due to the ongoing turmoil in the market and the current results development, impacted by lower consumer confidence and weakened demand, XXL has proactively initiated constructive dialogue with its bank consortium.

The Group had cash and cash equivalents of NOK 521 million (NOK 556 million) as of 30 June 2022 of which NOK 5 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 800 million whereof NOK 1 109 million was used as of 30 June 2022. Available liquidity reserves as of 30 June 2022 were NOK 691 million (NOK 905 million).

CEO Pål Wibe to step down as CEO

The Board of Directors in XXL ASA agreed on 13 May 2022 that Pål Wibe will leave XXL. The background is a disagreement about priorities and the road ahead for XXL. Wibe will step down as CEO, for practical reasons, with effect on 15 July 2022. He will be available for XXL until the end of 2022 to secure a good handover to the next CEO. The Board has started the process to recruit Wibes successor and will conclude during autumn 2022. CFO Stein Eriksen will act as interim CEO until a new permanent successor is in place.

Summary from the Annual General Meeting

The Annual General Meeting of XXL ASA was held on 2 June 2022. All items were resolved in accordance with the proposals from the Board and the Nomination Committee's recommendations. The Annual General Meeting approved an ordinary dividend of NOK 0.60 per share for the year 2021. The XXL share traded ex dividend from 3 June 2022 and the payment date was 5 July 2022.

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 is in the phase of implementing several strategic initiatives and projects to improve profitability and operational efficiency going forward. The longer-term target is "40-30-10" on gross margin, OPEX and EBITDA respectively and when excluding IFRS 16 effects.

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 200-250 million.

Going forward XXL expects the pace of the store roll-out to be 2-3 new stores per year. XXL has signed 2 new lease agreements for store openings in 2022, whereof 1 in Norway and 1 in Sweden. XXL has closed two outlet stores, Töcksfors and Nordby in Sweden, during 2022. In Austria a store will be closed during Q1 2023 at the latest and XXL intends to move out of the central warehouse facility during 2023. 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 30 June 2022 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 2022
Board of Directors, XXL ASA

Hugo Maurstad
Chairman

Øivind Tidemandsen
Board member

Kjersti Hobøl
Board member

Tom Jovik
Board member

Ulrike Koehler
Board member

Pål Wibe
CEO

Tor Andrin Jacobsen
Board member
Employee representative

Cristina Moreno
Board member
Employee representative

Kai Arne Nordhaug
Board member
Employee representative

Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended June 30, 2022

<i>(Amounts in NOK million)</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021 (Audited)
Total Operating Revenue	2 194	2 420	4 178	4 587	10 006
Cost of goods sold	1 368	1 408	2 598	2 698	5 923
Personnel expenses	406	402	871	870	1 886
Other operating expenses	229	219	443	420	860
Depreciation	210	190	413	380	810
Impairment losses	-	-	-	-	136
Total Operating Expenses	2 213	2 218	4 324	4 368	9 615
Operating Income	-19	202	-146	218	391
Net Financial Income (+) / Expense (-)	41	-28	-7	-82	-146
Profit before income tax	22	174	-152	137	246
Income tax expense	-8	15	-31	16	52
Profit for the period	30	159	-121	121	194
Basic Earnings per share (NOK)	0,12	0,63	-0,48	0,48	0,77
Diluted Earnings per share (NOK)	0,12	0,63	-0,48	0,48	0,77
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign currency rate changes	-	6	-	-10	-61
Total Other Income and Expense	-	6	-	-10	-61
Total comprehensive income for the period	30	165	-121	111	133
Total comprehensive income attributable to:					
Equity holders of the company	29	160	-117	107	127
Non-controlling interest	1	5	-4	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	30.06.2022	30.06.2021	31.12 2021 (Audited)
NON CURRENT ASSETS				
Intangible Assets				
Goodwill		2 744	2 744	2 744
Other Intangible Assets		264	257	260
Deferred tax asset		98	10	64
Total Intangible Assets		3 105	3 011	3 069
Fixed Assets		799	825	826
Right of Use Assets	9	2 114	2 306	2 126
Total Non Current Assets		6 018	6 143	6 020
CURRENT ASSETS				
Inventory		2 802	2 055	2 220
Trade and Other Receivables		319	220	601
Cash and Cash Equivalents		521	556	173
Total Current Assets		3 642	2 831	2 994
TOTAL ASSETS		9 660	8 974	9 015

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	30.06.2022	30.06.2021	31.12.2021 (Audited)
SHAREHOLDERS' EQUITY				
Paid-in Capital		3 187	3 666	3 187
Other equity	9	445	556	566
Total Shareholders' Equity		3 632	4 222	3 753
LIABILITIES				
Deferred Tax Liability		-0	8	0
Total Provisions		-0	8	0
Other non-current liabilities				
Interest Bearing Non-Current Liabilities		489	489	485
Lease Liabilities	9	1 943	1 926	1 925
Total other non-current liabilities		2 432	2 414	2 410
Total non-current liabilities		2 432	2 422	2 410
Current liabilities				
Accounts Payable		1 030	798	644
Lease Liabilities	9	582	584	567
Current Interest Bearing Liabilities		1 141	151	395
Tax payable		63	8	102
Public duties payable		314	345	544
Other current liabilities		466	445	600
Total current liabilities		3 596	2 330	2 852
TOTAL LIABILITIES		6 028	4 752	5 262
TOTAL EQUITY AND LIABILITIES		9 660	8 974	9 015

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 2022	Q2 2021	H1 2022	H1 2021	FY 2021 (Audited)
Operating Activities					
Income before tax	23	175	(152)	137	246
Income tax paid	(19)	-	(37)	-	(16)
Depreciation and amortization	211	190	413	380	810
Impairment losses	-	-	-	-	136
Net financial expense	(41)	82	7	82	146
Changes in inventory	(369)	(259)	(581)	(217)	(385)
Changes in accounts receivable	(49)	(72)	282	8	(318)
Changes in accounts payable and supplier financing	246	264	386	265	111
Other changes	109	(91)	(254)	(136)	175
Cash provided (used) by operating activities	111	289	64	519	905
Investing Activities					
Investment in fixed assets	(50)	(77)	(92)	(125)	(261)
Cash provided (used) by investing activities	(50)	(77)	(92)	(125)	(261)
Financing Activities					
Sales/purchase of own shares/other equity transactions	-	(77)	(2)	(77)	(77)
Dividends	-	-	-	-	(483)
Payments on long/short term debt	-	85	-	85	(1 006)
Proceeds from long/short term debt	353	-	741	(355)	993
Interest payments	(10)	(8)	(19)	(20)	(29)
Interest on lease liabilities	(21)	(20)	(42)	(41)	(82)
Total leasing payments for the lease liability	(149)	(116)	(303)	(259)	(600)
Cash provided (used) by financing activities	172	(136)	376	(667)	(1 284)
Net Change in Cash and Cash Equivalents	233	76	347	(273)	(640)
Cash and cash equivalents - beginning of period	277	481	173	830	830
Effect of foreign currency rate changes on cash and equivalents	11	(1)	1	(1)	(16)
Cash and Cash Equivalents - End of period	521	556	521	556	173

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 31.12.20	101	3 609	31	404	14	26	4 185
Net income H1 2021	-	-	-	117	-	4	121
Foreign currency rate changes	-	-	-	-	-9	-	-9
Transactions with owners:							
Employee share incentive program	-	-	2	-	-	-	2
Purchase own shares	-	-77	-	-	-	-	-77
Shareholders' Equity 30.06.2021	101	3 532	33	521	5	30	4 222
Net income H2 2021	-	-	-	71	-	2	73
Foreign currency rate changes	-	-	-	-	-52	-	-52
Transactions with owners:							
Employee share incentive program	-	-	3	-	-	-	3
Extraordinary Dividends	-	-484	-	-	-	-	-484
Purchase of own shares	-	-	-	-	-	-	-
Transactions with non-controlling interest	-	-	-	-9	-	-2	-11
Shareholders' Equity 31.12.21	101	3 049	36	583	-47	30	3 753
Net income H1 2022	-	-	-	-117	-	-4	-121
Foreign currency rate changes	-	-	-	-	0	-	0
Transactions with owners:							
Employee share incentive program	-	-	-3	-	-	-	-3
Purchase of own shares	-	3	-	-	-	-	3
Shareholders' Equity 30.06.22	101	3 052	34	466	-47	26	3 632

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 three months ended 30 June 2022 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 2021, 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 2021.

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 2021.

Note 5 Earnings per share

	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021 (Audited)
Profit for the period (in NOK million)	30	159	-121	121	194
Profit for the period (adj for impairment losses) (in NOK million)	30	159	-121	121	330
Weighted average number of ordinary shares in issue	252 436 658	252 436 658	252 436 658	252 436 658	252 436 658
Number of shares outstanding	252 436 658	252 436 658	252 436 658	252 436 658	252 436 658
Adjustment for:					
Effect share options	1 156 437	686 270	1 034 633	347 911	639 760
Weighted number of ordinary shares in issue for diluted earnings per share	253 593 095	253 122 928	253 471 291	252 784 569	253 076 418
Basic Earnings per share (in NOK)	0,12	0,63	-0,48	0,48	0,77
Diluted Earnings per share (in NOK)	0,12	0,63	-0,48	0,48	0,77
Earnings per share (adj) (in NOK)	0,12	0,63	-0,48	0,48	1,31

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

Note 6 Operating Segments

The Group's business is the sale of sports and leisure equipment. Segment performance is reviewed by Management and the Board of Directors as five reportable geographical segments and HQ & Logistics segment. The following presents the Group's revenue by operating segment:

Q2 2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	1 074	629	388	104	-	2 194
Gross profit	429	221	141	35	-	826
EBITDA	240	44	41	-8	-126	191
Operating Income	156	-18	11	-14	-154	-19

Q2 2021

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	1 217	705	416	83	-	2 420
Gross profit	535	280	170	27	-	1 013
EBITDA	338	105	70	-12	-109	392
Operating Income	272	54	41	-26	-139	202

01.01.2022 - 30.06.2022

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	2 054	1 169	732	223	-	4 178
Gross profit	821	411	271	77	-	1 580
EBITDA	406	70	70	-10	-269	267
Operating Income	237	-45	10	-22	-326	-146

01.01.2021 - 30.06.2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	2 243	1 351	825	168	-	4 587
Gross profit	967	532	337	53	-	1 889
EBITDA	547	177	142	-29	-239	598
Operating Income	417	73	83	-56	-298	218

01.01.2021 - 31.12.2021

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	4 893	2 961	1 744	409	-	10 006
Gross profit	2 105	1 148	696	135	-	4 084
EBITDA	1 156	420	294	-31	-501	1 338
Operating Income	867	173	176	-191	-634	391

*As of Q1 2022 Denmark Segment is incorporated in the Norway Segment (all historical numbers for the Norway segment are also restated)

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 2022. 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 2021.

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 01.01.2022	3 872
Additions and adjustments	273
Change incentives	8
Net exchange differences	19
Aquisition costs 30.06.2022	4 173
Accumulated depreciation and impairment losses 01.01.2022	-1 747
Depreciation	-300
Impairment losses in the period	-
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	-12
Accumulated depreciation and impairment 30.06.2022	-2 059
Total Right of Use Assets at 30.06.2022	2 114

Lease liabilities

(Amounts in NOK million)

Summary of the lease liabilities in the financial statements	
At initial application 01.01.2022	2 492
New lease liabilities recognised in the period and adjustments	282
Leasing payments for the principal portion of the lease liability	-303
Interest expense on lease liabilities	42
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	13
Total lease liabilities at 30.06.2022	2 525
whereof:	
Current lease liabilities < 1 year	582
Non-current lease liabilities > 1 year	1 943

Note 10 Subsequent events

XXL has in the board meeting on July 14 decided to exercise the option of terminating the lease agreement on the central warehouse outside Vienna, Austria, with effect as of January 31st 2024. It is also decided not to extend the leasing period on the store Donau Zentrum in Vienna, Austria. The current lease agreement ends on February 28th 2023.

The long-term impact on XXL will be evaluated in the coming weeks. Key figures as of June 30th 2022 is presented in the table below.

(Amounts in NOK million)	Central warehouse, Austria	XXL Donau Zentrum, Austria
Fixed assets	22	10
Annual sales (2021)	N/A	53
Number of employees	20	32

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

	Q2'22	Q2'21	H1'22	H1'21	FY21
EBIT	-19	202	-146	218	391
+ Impairment Losses	-	-	-	-	136
= EBIT adj	-19	202	-146	218	527

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 year over year to eliminate the FX effect.

Net Income Adj

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

Reconciliation

	Q2'22	Q2'21	H1'22	H1'21	FY21
Net Income	30	159	-121	121	194
+ Impairment Losses	-	-	-	-	136
= Net Income adj	30	159	-121	121	330

EBITDA

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

Reconciliation

	Q2'22	Q2'21	H1'22	H1'21	FY21
Operating Income	-19	202	-146	218	391
+ Depreciation	210	190	413	360	810
+ Impairment Losses	-	-	-	-	136
= EBITDA	191	392	267	598	1 338

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

	Q2'22	Q2'21	H1'22	H1'21	FY21
Operating revenue	2 194	2 420	4 178	4 587	10 006
÷ Cost of goods sold	1 368	1 408	2 598	2 698	5 923
= Gross profit	826	1 015	1 580	1 889	4 084
Gross margin	37.6%	41.8%	37.8%	41.2%	40.8%

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

	Q2'22	Q2'21	H1'22	H1'21	FY21
Other operating expenses	229	219	443	420	860
+ Personnel expenses	406	402	871	870	1 886
= OPEX	635	621	1 314	1 290	2 746

Leverage ratio/covenant

Leverage ratio is defined as NIBD/EBITDA (ex IFRS 16), 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

	H1'22	H1'21	FY 21
Non-Current Interest Bearing liabilities	489	489	485
+ Current Interest Bearing liabilities	1 141	151	395
÷ Cash and Cash Equivalents	521	556	173
= Net Interest Bearing Debt	1 109	83	707

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

	H1'22	H1'21	FY 21
Cash and Cash Equivalents	521	556	173
+ Undrawn Credit Facilities	170	349	920
= Liquidity reserve	691	905	1 093

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.

Q2'22	XXL Group	NOR	SWE	FIN	AUT	HQ & logistics
EBITDA reported	191	240	44	41	-8	-126
IFRS 16 effects OPEX	-148	-55	-43	-27	-10	-14
EBITDA ex IFRS 16 effects	43	185	1	14	-18	-140
EBIT Reported	-19	156	-18	11	-14	-154
IFRS 16 effects affecting EBIT	2	13	6	-4	-9	-3
EBIT ex IFRS 16 effects	-17	169	-12	7	-23	-157

H1'22	XXL Group	NOR	SWE	FIN	AUT	HQ & logistics
EBITDA reported	266	406	70	70	-10	-269
IFRS 16 effects OPEX	-303	-118	-85	-52	-20	-28
EBITDA ex IFRS 16 effects	-37	288	-15	18	-30	-297
EBIT Reported	-146	237	-45	10	-22	-326
IFRS 16 effects affecting EBIT	-9	17	7	-8	-19	-6
EBIT ex IFRS 16 effects	-155	254	-38	2	-41	-332

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FINANCIAL CALENDAR

Q3 Results:	27.10.2022
Q4 Results	08.02.2023

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