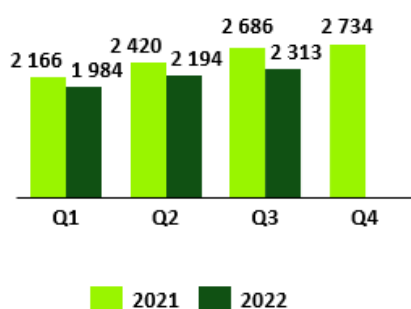


HIGHLIGHTS¹

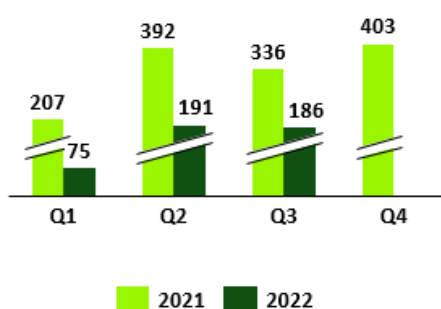
- Historically low consumer confidence, reduced demand for sporting goods
- Operating revenue of NOK 2 313 million (NOK 2 686 million)
- Gross margin of 35.0 per cent (38.9 per cent)
- EBITDA of NOK 186 million (NOK 336 million)



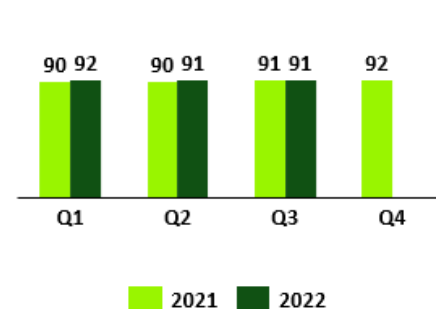
OPERATING REVENUES



EBITDA



NUMBER OF STORES

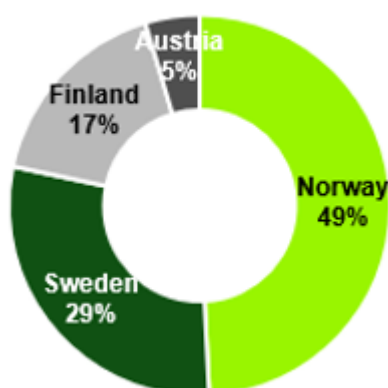


1) Please refer to definitions at the end of the report for descriptions of alternative performance measures that are used in highlights and key figures

KEY FIGURES GROUP

<i>(Amounts in NOK million)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021 Audited
GROUP					
Operating revenue	2 313	2 686	6 492	7 273	10 006
Growth (%)	-13,9 %	-4,8 %	-10,7 %	-7,4 %	-4,0 %
Gross profit	810	1 045	2 390	2 933	4 084
Gross margin (%)	35,0 %	38,9 %	36,8 %	40,3 %	40,8 %
OPEX %	27,0 %	26,4 %	29,8 %	27,5 %	27,4 %
EBITDA	186	336	453	934	1 338
EBITDA margin (%)	8,0 %	12,5 %	7,0 %	12,8 %	13,4 %
EBIT	38	132	-108	350	391
EBIT margin (%)	1,6 %	4,9 %	-1,7 %	4,8 %	3,9 %
Net Income	42	70	-80	191	194
**Basic Earnings per share (NOK)	0,16	0,28	-0,32	0,76	0,77
**Earnings per share (adj)	0,16	0,28	-0,32	0,76	1,31
**Average number of shares (1 000 shares)	252 437	252 437	252 437	252 437	252 437
Cash provided by operating activities	492	203	556	519	905
Like for like revenue growth	-13,2 %	-4,0 %	-10,6 %	-7,9 %	-2,6 %
Number of stores at period end	91	91	91	91	92
New stores in the period	-	1	1	1	2
Closed stores in the period	-	-	2	-	-

REVENUE SPLIT



**Earnings per share: See Note 5.

KEY FIGURES SEGMENTS

<i>(Amounts in NOK million)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021 Audited
SEGMENT					
Norway*					
Operating revenue	1 139	1 286	3 193	3 529	4 893
Growth (%)	-11,4 %	-4,8 %	-9,5 %	-4,9 %	-2,4 %
Gross profit	410	530	1 231	1 497	2 105
Gross margin (%)	36,0 %	41,2 %	38,5 %	42,4 %	43,0 %
OPEX %	19,2 %	19,5 %	19,9 %	19,0 %	19,4 %
EBITDA	191	279	597	826	1 156
EBITDA margin (%)	16,8 %	21,7 %	18,7 %	23,4 %	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	673	809	1 842	2 160	2 961
Growth (%)	-16,9 %	-2,1 %	-14,7 %	-4,9 %	-0,4 %
Gross profit	222	301	634	833	1 148
Gross margin (%)	33,1 %	37,2 %	34,4 %	38,5 %	38,8 %
OPEX %	22,2 %	22,0 %	26,7 %	24,7 %	24,6 %
EBITDA	73	123	142	299	420
EBITDA margin (%)	10,8 %	15,1 %	7,7 %	13,9 %	14,2 %
Number of stores at period end	29	29	29	29	30
New stores in the period	-	-	1	1	1
Closed stores in the period	-	-	2	-	-
Finland					
Operating revenue	395	475	1 127	1 299	1 744
Growth (%)	-16,8 %	-6,1 %	-13,2 %	-13,8 %	-10,6 %
Gross profit	138	178	409	515	696
Gross margin (%)	34,9 %	37,4 %	36,3 %	39,6 %	39,9 %
OPEX %	22,8 %	21,3 %	25,8 %	22,8 %	23,0 %
EBITDA	48	77	118	218	294
EBITDA margin (%)	12,1 %	16,1 %	10,5 %	16,8 %	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>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021 Audited
SEGMENT					
Austria					
Operating revenue	107	117	329	284	409
Growth (%)	-8,5 %	-15,4 %	15,8 %	-21,1 %	-15,5 %
Gross profit	39	37	117	89	135
Gross margin (%)	37,0 %	31,4 %	35,4 %	31,4 %	33,0 %
OPEX %	33,5 %	37,5 %	37,3 %	43,9 %	40,7 %
EBITDA	4	-7	-6	-36	-31
EBITDA margin (%)	3,5 %	-6,1 %	-1,8 %	-12,6 %	-7,7 %
Number of stores at period end	8	8	8	8	8
New stores in the period	-	1	-	1	1
Closed stores in the period	-	-	-	-	-
HQ & logistics					
EBITDA	-129	-135	-399	-374	-501
EBITDA margin (% of Group revenues)	-5,6 %	-5,0 %	-6,1 %	-5,1 %	-5,0 %

Challenging markets and low consumer confidence paying its toll on the results

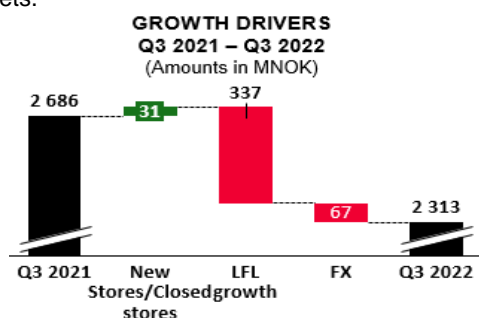
Oslo, 26 October 2022: XXL delivered total operating revenue of NOK 2.3 billion (NOK 2.7 billion) in the third quarter 2022 driven by sudden historically low consumer confidence and reduced demand for sporting goods in general. Under such retail conditions XXL has prioritized strict liquidity management with sales and inventory actions over gross margins. Normally July is one of the largest sales periods of the year, but this time the sales were also hampered by increased consumption of travel and services after the pandemic. Higher campaign activity and sourcing costs impacted the gross margin which ended at 35.0 per cent (38.9 per cent). EBITDA in the quarter amounted to NOK 186 million (NOK 336 million). XXL is not satisfied with the results but has executed several short-term actions to adjust costs and purchasing volumes to the sales trend.

Under challenging retail conditions with rising inflation and lower household spending XXL believes it will benefit from its concept of offering great assortment of great brands at the lowest prices in the market. XXL is working on 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.

Third quarter 2022 review

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

Total operating revenue for the Group in the third quarter 2022 ended at NOK 2 313 million (NOK 2 686 million) which represented a decline of 13.9 per cent. All markets are impacted by the weak consumer sentiment, as most of the retail sector, and reduced demand for sporting goods. The quarter started off with low sales also explained by a higher share of consumer spending tilted towards travel and services after years with pandemic. Consequently, July proved to be a difficult month and normally being one of the most important periods of the year. Sales gradually improved during the quarter, but all markets had decline versus last year. E-commerce experienced a more normalization and decreased by 6.7 per cent from Q3 2021 to Q3 2022, representing 19.1 per cent (18.0 per cent) of total operating revenue for the Group. Overall XXL delivered a negative like for like growth of 13.2 per cent in the quarter with decline in all markets.



Both the market and XXL had more clearance activities this year driven by poor market conditions impacting the gross margin negatively. Gross margin for the Group ended at 35.0 per cent in the quarter compared to 38.9 per cent in the same quarter last year. XXL continues to see 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, gross margin was hampered by increased sourcing costs, due to higher prices on goods and freight costs. 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 27.0 per cent in the third quarter this year (26.4 per cent) impacted by the negative like for like growth hampering scale in the operations. However, OPEX decreased by NOK 85 million due to strict cost focus throughout the organisation, including lower personnel cost in stores, decreased marketing spend as well as lower bonus accruals of around NOK 38 million.

The Group EBITDA in the third quarter 2022 was NOK 186 million (NOK 336 million), mainly impacted by the negative like for like growth and lower gross margin as described above. In addition, XXL had cost related to the ongoing strategic review of the Austrian operations of NOK 14 million.

XXL had total liquidity reserves of NOK 817 million (NOK 1 407 million) and a net interest-bearing debt of NOK 983 million (NOK 393 million) by the end of Q3 2022. XXL is compliant with the defined covenants in the loan agreements

with the bank consortium. The inventory increased to NOK 2 878 million (NOK 2 122 million) due to lower sales volumes. Under challenging market conditions XXL has worked on reducing the incoming volumes of goods. The inventory level is too high, but the composition is still healthy with low share of old stock.

XXL is accelerating programs to adjust costs and purchasing volumes to sales, as well as strict liquidity management. 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 Q4 2022 with good progress and multiple options for XXL.

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, marketing efficiency and cost reductions. The longer-term target is "40-30-10" on gross margin, OPEX and EBITDA respectively and when excluding IFRS 16 effects.

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 1 139 million in the third quarter 2022 compared to NOK 1 286 million in the same quarter last year, representing a negative growth of 11.4 per cent. According to market figures from SSB, on twelve months rolling basis per August, the sales of sporting goods in Norway decreased by 4.0 per cent. The corresponding growth for XXL was negative of 5.6 per cent. In July and August, the sales of sporting goods in Norway had a decline of 10.5 per cent according to SSB driven by the weak consumer sentiment. XXL decreased by 15.6 per cent in the same period. July is normally one of the largest sales months of the year but proved challenging this year with a drop in the market of 17.7 per cent according to SSB. This is also driven by the opening of societies after the pandemic with more travel and service consumption.

Gross margin decreased from 41.2 per cent in Q3 2021 to 36.0 per cent in Q3 2022, explained by more clearance and campaign activities under challenging market conditions as well as higher sourcing costs.

Operating expenses as percentage of sales ended at 19.2 per cent (19.5 per cent). The negative like for like growth is

still impacting the scale in the operations, while XXL has focused on short term cost reductions both on store staffing and marketing spend.

EBITDA amounted to NOK 191 million (NOK 279 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 August, the sale of sporting goods in Sweden decreased by 2.5 per cent, while the corresponding decline for XXL was 2.4 per cent in local currency. Total operating revenue for XXL in Sweden in Q3 2022 amounted to NOK 673 million (NOK 809 million). The driver was a negative like for like growth of 14.9 percent in local currency under weaker market conditions with lower overall demand.

Gross margin decreased to 33.1 per cent (37.2 per cent) explained by high clearance activities and campaigns, both in the market and by XXL, under challenging conditions as well as increased sourcing costs.

Operating expenses as percentage of sales ended at 22.2 per cent (22.0 per cent) explained by the negative like for like growth impacting scale in the operations. However, XXL has executed several cost reductions related to store personnel and marketing spend.

EBITDA decreased to NOK 73 million (NOK 123 million), driven by both the lower revenue and the reduced gross margin.

Finland

Total operating revenue in the quarter amounted to NOK 395 million (NOK 475 million). This corresponded to a negative like for like growth of 15.2 per cent in a challenging market with weak consumer sentiment and low demand. According to market figures from TMA, the sale of sporting goods in Finland decreased by 7.4 per cent in Q3 2022. This is to be compared to XXL with a decline of 14.5 per cent in local currency.

Higher campaign activities related to the weak market conditions impacted the gross margin, which decreased from 37.4 per cent in Q3 2021 to 34.9 per cent in Q3 2022.

Operating expenses as percentage of sales ended at 22.8 per cent in Q3 2022 (21.3 per cent), explained by overall lower scale due to negative like for like growth. During the quarter XXL has focused on cost efficiencies mostly related to store staffing and marketing spend.

EBITDA amounted to NOK 48 million in Q3 2022 (NOK 77 million) driven by the negative growth and lower gross margins.

Austria

The strategic review of the Austrian operations continues into Q4 2022 with good progress and multiple options for XXL. 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 107 million in the third quarter (NOK 117 million) corresponding to a negative like for like growth of 10.0 per cent in local currency. The market dynamics in Austria continues to be challenging with overall lower consumer sentiment and spending.

The gross margin increased to 37.0 per cent (31.4 per cent) explained by lower share of E-commerce, re-opening campaigns last year with lower gross margins.

Operating expenses as percentage of sales decreased from 37.5 per cent in Q3 2021 to 33.5 per cent in Q3 2022 due to high focus on cost reducing initiatives. As stated in the Q2 2022 reporting regarding the strategic review process, XXL has initiated several measures to reduce the current cost base going forward.

EBITDA ended at NOK 4 million (negative of NOK 7 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 129 million (NOK 135 million) in Q3 2022. The main explanation is high focus on costs in the organization and lower bonus accruals, partly counteracted by increased inflation on large cost elements like IT-licenses and heating/energy. XXL will address the HQ cost base going forward in order to adopt to the current sales development.

Financials

Consolidated income statement – third quarter

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

Total operating revenue decreased by 13.9 per cent to NOK 2 313 million (NOK 2 686 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 623 million (NOK 708 million) in the third quarter. As percentage of total operating revenue of the Group, operating expenses increased from 26.4 per cent in the third quarter last year to 27.0 per cent in the third quarter this year.

Operating income amounted to NOK 38 million (NOK 132 million). The change is mainly explained by the negative like for like growth and lower gross margins.

Net financial income amounted to NOK 24 million for the

third quarter (net financial expense of NOK 27 million) whereof NOK 20 million is related to IFRS 16 effects compared to NOK 20 million in Q3 2021. Net interest expenses ended at NOK 13 million (NOK 5 million). Net financial expenses included a positive currency effect of NOK 59 million compared to a positive currency effect of NOK 4 million last year. Other financial expenses of NOK 3 million were related to amortization of loan costs and other financial costs.

Income tax expense for the third quarter was NOK 20 million (NOK 34 million).

Profit for the period ended at NOK 42 million (NOK 70 million).

Consolidated cash flow – third quarter

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

Cash provided by operating activities was at NOK 492 million (NOK 203 million) in Q3. The reason for the increase is mainly due to higher accounts payable, where XXL has not used cash discounts towards its suppliers in the quarter.

Cash used by investing activities was NOK 20 million (NOK 59 million) in Q3 2022. This is mainly related to investments in existing stores and E-commerce platform in 2022.

Cash provided by financing activities amounted to negative NOK 480 million (cash used of NOK 480 million) in Q3 2022. The change is mainly related to payment of debt and dividend.

Financial position and liquidity

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

As of 30 September 2022, total assets amounted to NOK 9 527 million (NOK 8 916 million). The increase is mainly due to higher inventory. Total equity was NOK 3 526 million (NOK 4 043 million), resulting in an equity ratio of 37.0 per cent (45.3 per cent). Net interest bearing debt (NIBD) ended at NOK 983 million (NOK 393 million). XXL is compliant with the defined covenants in the loan agreements with the bank consortium. Due to the ongoing turmoil in the market and the current results development, impacted by lower consumer confidence and weakened demand, XXL has constructive dialogue with its bank consortium.

The Group had cash and cash equivalents of NOK 514 million (NOK 291 million) as of 30 September 2022 of which NOK 50 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 1 800 million where of NOK 983 million was used as of 30 September 2022. Available liquidity reserves as of 30 September 2022 were NOK 817 million (NOK 1 407 million).

Changes in the Executive Management team

As stated in the Q2 2022 report XXL has decided to accelerate programs to adjust costs and purchasing volumes

to sales. At this stage it is time to focus on basic operations, cost efficiency and not implementing many new strategic projects. XXL has consequently decided to not increase the Strategy department with new employees that were intended to start this autumn, including the EVP role of Markus Solvik. Magnus Kreuger, MD of Austria, has taken over the responsibility for Business Development and Commercial Services and will continue improving “the way for working” across countries, further strengthening and improving already implemented processes and solutions as well as new initiatives directed at the sustainability agenda.

EVP Marketing & Category André Sjøseth has decided to leave XXL, in April 2023 at the latest, to pursue new opportunities outside XXL. He will be focusing on leading the Category department and further developing our category activities, including the important initiative to increase our efforts on private label. XXL will immediately start the process of recruiting a new EVP Category. In a way to strengthen the focus on campaigns Jarle Bråten, former EVP Marketing in XXL, has been temporary engaged to head up the Marketing department and play an active role in our marketing area during the next coming period. Jarle has extensive experience from several retailers as well as media planning. He will report directly to the interim CEO but will not be a part of the Executive Management team.

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.

Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended September 30, 2022

<i>(Amounts in NOK million)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021 (Audited)
Total Operating Revenue	2 313	2 686	6 492	7 273	10 006
Cost of goods sold	1 504	1 642	4 102	4 340	5 923
Personnel expenses	419	508	1 290	1 378	1 886
Other operating expenses	204	201	647	621	860
Depreciation	148	205	561	585	810
Impairment losses	-	-	-	-	136
Total Operating Expenses	2 275	2 555	6 600	6 923	9 615
Operating Income	38	132	-108	350	391
Net Financial Income (+) / Expense (-)	24	-27	17	-109	-146
Profit before income tax	62	104	-91	241	246
Income tax expense	20	34	-11	50	52
Profit for the period	42	70	-80	191	194
Basic Earnings per share (NOK)	0,16	0,28	-0,32	0,76	0,77
Diluted Earnings per share (NOK)	0,16	0,28	-0,31	0,76	0,77
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign currency rate changes	-3	16	-3	6	-60
Total Other Income and Expense	-3	16	-3	6	-60
Total comprehensive income for the period	39	86	-83	197	134
Total comprehensive income attributable to:					
Equity holders of the company	37	84	-80	191	128
Non-controlling interest	1	2	-3	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	30.09.2022	30.09.2021	31.12 2021 (Audited)
NON CURRENT ASSETS				
Intangible Assets				
Goodwill		2 744	2 744	2 744
Other Intangible Assets		266	256	260
Deferred tax asset		21	15	64
Total Intangible Assets		3 030	3 015	3 069
Fixed Assets		765	823	826
Right of Use Assets	9	1 967	2 380	2 126
Total Non Current Assets		5 761	6 217	6 020
CURRENT ASSETS				
Inventory		2 878	2 122	2 220
Trade and Other Receivables		373	285	601
Cash and Cash Equivalents		514	291	173
Total Current Assets		3 765	2 698	2 994
TOTAL ASSETS		9 527	8 916	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	30.09.2022	30.09.2021	31.12.2021 (Audited)
SHAREHOLDERS' EQUITY				
Paid-in Capital		3 042	3 414	3 187
Other equity	9	483	629	566
Total Shareholders' Equity		3 526	4 043	3 753
LIABILITIES				
Deferred Tax Liability		-0	45	0
Total Provisions		-0	45	0
Other non-current liabilities				
Interest Bearing Non-Current Liabilities		491	484	485
Lease Liabilities	9	1 761	2 011	1 925
Total other non-current liabilities		2 252	2 495	2 410
Total non-current liabilities		2 252	2 540	2 410
Current liabilities				
Accounts Payable		1 505	727	644
Lease Liabilities	9	573	582	567
Current Interest Bearing Liabilities		1 006	200	395
Tax payable		0	16	102
Public duties payable		264	308	544
Other current liabilities		401	501	600
Total current liabilities		3 749	2 333	2 852
TOTAL LIABILITIES		6 001	4 873	5 262
TOTAL EQUITY AND LIABILITIES		9 527	8 916	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>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021 (Audited)
Operating Activities					
Income before tax	61	104	(91)	241	246
Income tax paid	(1)	-	(38)	-	(16)
Depreciation and amortization	148	205	561	585	810
Impairment losses	-	-	-	-	136
Net financial expense	(24)	27	(17)	109	146
Changes in inventory	(76)	(68)	(657)	(285)	(385)
Changes in accounts receivable	(54)	(11)	228	(3)	(318)
Changes in accounts payable and supplier financing	475	(23)	861	242	111
Other changes	(37)	(31)	(291)	(167)	175
Cash provided (used) by operating activities	492	203	556	722	905
Investing Activities					
Investment in fixed assets	(20)	(59)	(112)	(184)	(261)
Cash provided (used) by investing activities	(20)	(59)	(112)	(184)	(261)
Financing Activities					
Sales/purchase of own shares/other equity transactions	-	-	(2)	(77)	(77)
Dividends	(145)	(244)	(145)	(244)	(483)
Payments on long/short term debt	(150)	(152)	(150)	(570)	(1 006)
Proceeds from long/short term debt	-	200	741	348	993
Interest payments	(13)	(19)	(31)	(81)	(29)
Interest on lease liabilities	(20)	(20)	(61)	(62)	(82)
Total leasing payments for the lease liability	(152)	(172)	(455)	(389)	(600)
Cash provided (used) by financing activities	(480)	(407)	(104)	(1 075)	(1 284)
Net Change in Cash and Cash Equivalents	(7)	(262)	340	(536)	(640)
Cash and cash equivalents - beginning of period	521	556	173	830	830
Effect of foreign currency rate changes on cash and equivalents	-	(3)	1	(3)	(16)
Cash and Cash Equivalents - End of period	514	291	514	291	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	102	3 609	31	404	13	26	4 185
Net income YTD Q3 2021	-	-	-	185	-	6	191
Foreign currency rate changes	-	-	-	-	6	-	6
Transactions with owners:							
Employee share incentive program	-	-	3	-	-	-	3
Dividends	-	-244	-	-	-	-	-244
Purchase own shares	-	-87	-	-	-	-	-87
Transactions with non-controlling interest	-	-	-	-9	-	-2	-11
Shareholders' Equity 30.09.2021	102	3 278	34	580	19	30	4 043
Net income Q4 2021	-	-	-	3	-	0	3
Foreign currency rate changes	-	-	-	-	-66	-	-66
Transactions with owners:							
Employee share incentive program	-	-	2	-	-	-	2
Extraordinary Dividends	-	-240	-	-	-	-	-240
Purchase of own shares	-	10	-	-	-	-	10
Transactions with non-controlling interest	-	-	-	-	-	0	0
Shareholders' Equity 31.12.21	102	3 049	36	583	-47	30	3 753
Net income YTD Q3 2022	-	-	-	-77	-	-3	-80
Foreign currency rate changes	-	-	-	-	-3	-	-3
Transactions with owners:							
Employee share incentive program	-	-	-3	-	-	-	-3
Dividends	-	-145	-	-	-	-	-145
Purchase of own shares	-	3	-	-	-	-	3
Shareholders' Equity 30.09.22	102	2 907	34	506	-50	27	3 526

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 September 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

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021 (Audited)
Profit for the period (in NOK million)	42	70	-80	191	194
Profit for the period (adj for impairment losses) (in NOK million)	42	70	-80	191	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	627 154	639 760
Weighted number of ordinary shares in issue for diluted earnings per share	253 593 095	253 122 928	253 471 291	253 063 812	253 076 418
Basic Earnings per share (in NOK)	0,16	0,28	-0,32	0,76	0,77
Diluted Earnings per share (in NOK)	0,16	0,28	-0,31	0,76	0,77
Earnings per share (adj) (in NOK)	0,16	0,28	-0,32	0,76	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:

Q3 2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	1 139	673	395	107	-	2 313
Gross profit	410	222	138	39	-	810
EBITDA	191	73	48	4	-129	186
Operating Income	155	38	12	-10	-158	38

Q3 2021

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	1 286	809	475	117	-	2 686
Gross profit	530	301	178	37	-	1 045
EBITDA	279	123	77	-7	-135	336
Operating Income	204	66	47	-21	-164	132

01.01.2022 - 30.09.2022

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	3 193	1 842	1 127	329	-	6 492
Gross profit	1 231	634	409	117	-	2 390
EBITDA	597	142	118	-6	-399	453
Operating Income	392	-7	22	-32	-483	-108

01.01.2021 - 30.09.2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	Austria	HQ & Logistics	Total
Operating revenue	3 529	2 160	1 299	284	-	7 273
Gross profit	1 497	833	515	89	-	2 933
EBITDA	826	299	218	-36	-374	934
Operating Income	621	138	130	-77	-463	350

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 Q3 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 arm-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	199
Change incentives	11
Net exchange differences	45
Aquisition costs 30.09.2022	4 127
Accumulated depreciation and impairment losses 01.01.2022	-1 747
Depreciation	-386
Impairment losses in the period	-
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	-27
Accumulated depreciation and impairment 30.09.2022	-2 161
Total Right of Use Assets at 30.09.2022	1 967

The depreciation related to the Right-of-use assets has been too high in Q4 2021, Q1 2022 and Q2 2022. This is corrected in Q3, and results in a lower depreciation this period.

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	210
Leasing payments for the principal portion of the lease liability	-455
Interest expense on lease liabilities	61
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	27
Total lease liabilities at 30.09.2022	2 335

whereof:

Current lease liabilities < 1 year	573
Non-current lease liabilities > 1 year	1 761

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

	Q3'22	Q3'21	YTD'22	YTD'21	FY21
EBIT	38	132	-108	350	391
+ Impairment Losses	-	-	-	-	136
= EBIT adj	38	132	-108	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

	Q3'22	Q3'21	YTD'22	YTD'21	FY21
Net Income	42	70	-80	191	194
+ Impairment Losses	-	-	-	-	136
= Net Income adj	42	70	-80	191	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

	Q3'22	Q3'21	YTD'22	YTD'21	FY21
Operating Income	38	132	-108	350	391
+ Depreciation	148	205	561	585	810
+ Impairment Losses	-	-	-	-	136
= EBITDA	186	337	453	935	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

	Q3'22	Q3'21	YTD'22	YTD'21	FY21
Operating revenue	2 313	2 686	6 492	7 273	10 006
÷ Cost of goods sold	1 504	1 642	4 102	4 340	5 923
= Gross profit	810	1 045	2 390	2 933	4 084
Gross margin	35.0 %	38.9 %	36.8 %	40.3%	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

	Q3'22	Q3'21	YTD'22	YTD'21	FY21
Other operating expenses	205	201	647	621	860
+ Personnel expenses	419	508	1 290	1378	1 886
= OPEX	624	709	1 397	1 999	2 746

Leverage ratio

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

	Q3'22	Q3'21	FY 21
Non-Current Interest-Bearing liabilities	491	484	485
+ Current Interest-Bearing liabilities	1 006	200	395
÷ Cash and Cash Equivalents	514	291	173
= Net Interest-Bearing Debt	983	393	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

	Q3'22	Q3'21	FY 21
Cash and Cash Equivalents	514	291	173
+ Undrawn Credit Facilities	303	1 116	920
= Liquidity reserve	817	1 407	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.

Q3'22	XXL Group	NOR	SWE	FIN	AUT	HQ & logistics
EBITDA reported	186	191	73	48	4	-129
IFRS 16 effects OPEX	-151	-60	-41	-27	-10	-14
EBITDA ex IFRS 16 effects	35	131	32	21	-7	-143
EBIT Reported	38	156	38	12	-10	-158
IFRS 16 effects affecting EBIT	-65	-41	-18	2	-3	-3
EBIT ex IFRS 16 effects	-27	114	19	14	-13	-161

YTD'22	XXL Group	NOR	SWE	FIN	AUT	HQ & logistics
EBITDA reported	453	597	142	118	-6	-399
IFRS 16 effects OPEX	-454	-178	-125	-79	-31	-41
EBITDA ex IFRS 16 effects	-2	419	17	39	-37	-440
EBIT Reported	-108	392	-7	22	-32	-483
IFRS 16 effects affecting EBIT	-74	-25	-12	-5	-22	-10
EBIT ex IFRS 16 effects	-182	368	-19	16	-54	-493

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FINANCIAL CALENDAR

Q4 Results	2/8/2023:
Q1 Results	4/26/2023:
Q2 Results	7/14/2023:

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