



XXL

XXL ASA – Q2 2023

Presentation of
Financial Results
14 July 2023

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New CEO

*Started 1st of May,
and have hit the ground running*



New CEO - Freddy Sobin

- 19 years of experience in B2C e-commerce and retail
 - Operational roles including Marketing and Business development Manager as well as E-commerce and Financial Services Director
 - CEO assignments during the last 13 years
 - Board of Directors experience, both as member and chairman, in multiple companies and industry organizations for the last 18 years
- Primary experience from the full Nordic region
 - But also from Baltics, CEE, Ukraine and Russia
- Primary category experience within consumer discretionary
 - I.e. whitegoods & home appliances, contact lenses, fashion & lifestyle, outdoor products and apparel, beauty and self care
 - But also within food and grocery
- Experience from both start ups and scale ups as well as turn arounds/restructuring and transformations and corporate growth



Key initial reflections

1

Strong and unique concept, but insufficient execution has adversely affected the performance

2

New market landscape and customer dynamics with omni/e-com/retail best practices that are not fully adopted

3

Macro economic environment, together with previous artificially boosted pandemic shopping, is temporarily dragging down consumer demand

4

With a committed organization, a leading and strong fundamental market position as well as considerable tech and omnichannel investments already made, the potential to once again win in the market is considerable!

New Nordic management team being secured

1. New top management with considerable experience, relevant competence, senior leadership and strong track records now being secured and effectively put in place
2. The majority of the senior management team will thus effectively be renewed
3. A new operating model as well as a clear steering framework will further support and secure strong execution



New CEO, started 1st of May



New EVP Brand & Marketing, signed and joins late August

Over 25 years experience in marketing with focus on FMCG, Retail and consumer brands

New EVP Category & Buying signed and to be communicated within short

New EVP Category & Buying, signed and joins late Q4 2023

Strong & diverse international experience, over 20 years, with proper & relevant category management competence

COO recruitment in final phases

New COO to be recruited ASAP

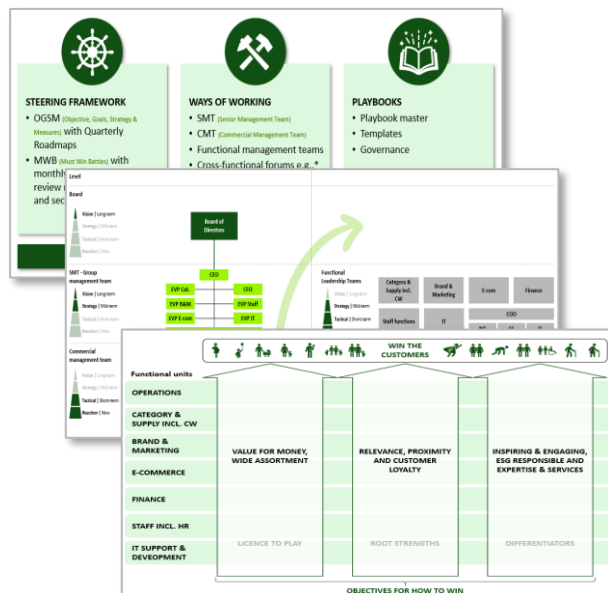
EVP IT replacement recruitment ongoing

New EVP IT to be recruited ASAP

Other key actions thus far

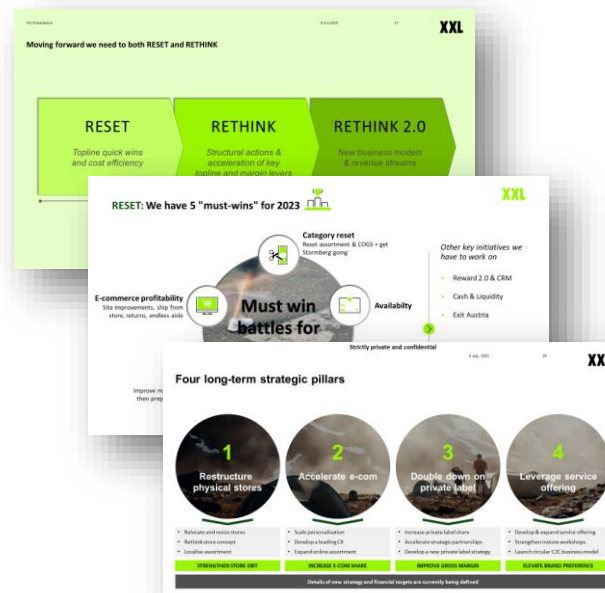
STRENGTHEN EXECUTION

- ✓ We have kickstarted a new operating model...
- ✓ which is governed through different teams and forums...
- ✓ and we are resetting the functional strategies



DEVELOPED SHORT- & LONG-TERM PLAN







- ✓ We have launched our new “Reset & Rethink” plan
- ✓ Consisting of a quick win plan with 5 MWB
- ✓ And in parallel we are drafting a new long-term strategy



IMPROVE RESULTS



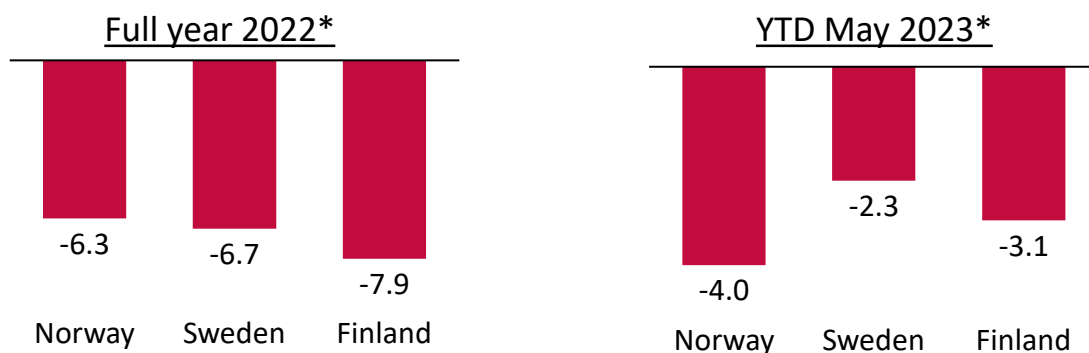
Focus areas second half of 2022 and first half of 2023 – progress according to plan

	Priority	Revenue	Gross margin	Opex	Balance sheet
1	 Category strategies	✓	✓		✓
2	 Private label	✓	✓		
3	 Full fledge omni-channel	✓			
4	 Improve campaigns and marketing	✓		✓	
5	 Austria strategic review	✓	✓	✓	✓
6	 Sustainable cost base			✓	

A challenging market in the short-term, but resilient in the long-term

1

- Overall consumer sentiment and discretionary spending is down
- The sports and outdoor market is also affected by specific factors
 - Campaign back lash in Q2 with continued high campaign pressure in the market
 - Capital goods sub-category more adversely affected
 - Lingering bunkering effect from the pandemic



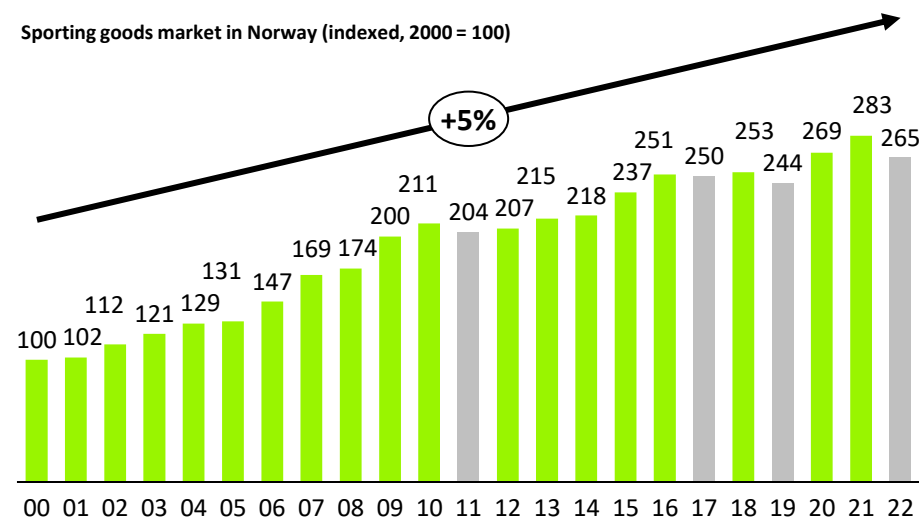
- We have continued to be active and competitive in the market, and will continue to be

*Sources: Norway – SSB, Sweden – SCB, Finland – TMA

2

We believe in the long-term resilience and growth of the sports and outdoor market

Sporting goods market in Norway (indexed, 2000 = 100)



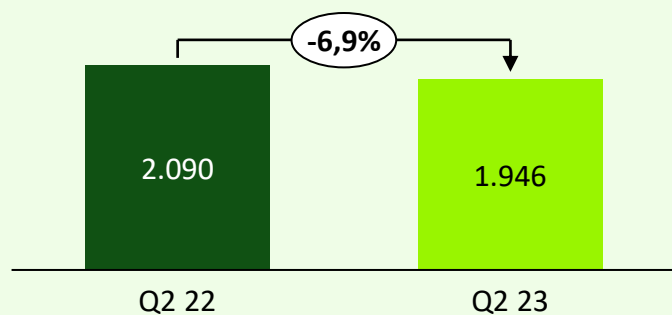
3

Driven by health and wellness as strong and lasting mega trends

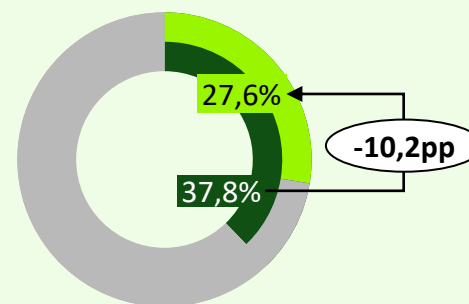


Q2 financial summary

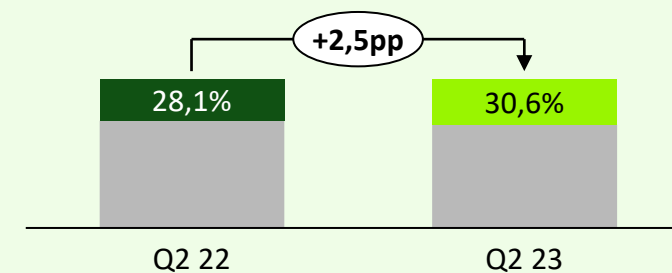
Operating revenue (mNOK)



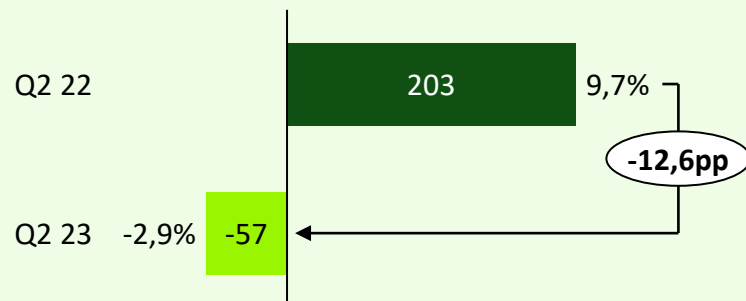
Gross profit (%)



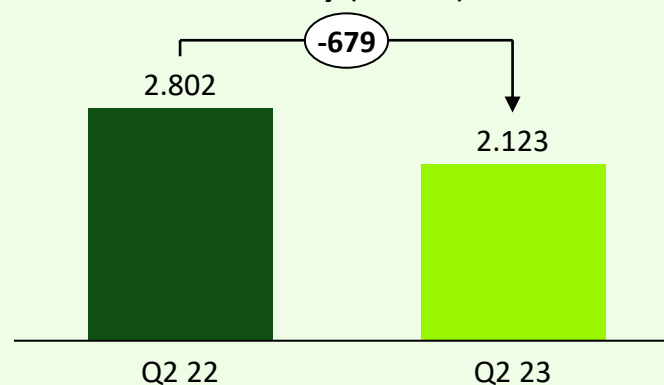
OPEX (mNOK/%)



EBITDA (mNOK/%)



Inventory (mNOK)



Liquidity (mNOK)

722 mNOK
+31 mNOK

Renegotiated bank agreement and new equity from fully underwritten rights issue securing runway to realise effects from ongoing improvement initiatives



Weak consumer market expected to improve going into 2024



Inventory is normalised, providing basis for higher gross margins



Ongoing initiatives to deliver improvements of NOK 500 – 750m

Required with bank covenant waiver and additional financing while realising improvement initiatives

XXL is well positioned for when the market improves

Financial Review Q2 2023

XXL



Bank agreement

Key points in the agreement with the banks

1 Revised covenants

- Liquidity covenant of minimum NOK 200m from September 2023 to May 2024
- Starting 30 June 2024 and lasting until November 2024, minimum liquidity reserve shall be no less than NOK 300m
- Maximum outstanding gross loan facilities of 50% of inventory book value, excluding value of supplier bonuses, (limited upwards to NOK 1,300m) starting 1 September 2023
- Certain new restrictions on the size of the inventory of XXL Sport & Vildmark AB without providing additional floating charges over its assets
- NIBD/EBITDA LTM (ex IFRS 16) from December 2024 shall be no greater than 4.0x
- Restrictions on distributions, store openings and acquisitions extended to 31 December 2024
- Fixed loan margin of 4.25% per annum extended from 30 September 2023 to 31 December 2024

2 Extension of facilities

- Bank facilities are extended to 25 June 2026

3 New equity

- Gross proceeds of NOK 500m in equity to be raised
- No repayment to the banks

Fully underwritten rights issue

Amount	Gross proceeds of NOK 500m
Use of proceeds	Working capital
Offer price	To be determined and announced on or about 16 Aug
Number of new shares	To be determined and announced on or about 16 Aug
Subscription rights	All existing shareholders as registered in VPS on 21 Aug 2023 will receive tradable subscription rights Oversubscription and subscription without subscription rights will be allowed
Key dates (subject to change)	<p>Call for extraordinary general meeting (“EGM”): On or about 27 Jul</p> <p>Pricing: On or about 16 Aug</p> <p>EGM: On or about 17 Aug</p> <p>Trading exclusive of subscription rights: On or about 18 Aug</p> <p>Subscription period: On or about 22 Aug – 5 Sep</p> <p>Trading in subscription rights: On or about 22 Aug – 30 Aug</p>
Underwriting	<p>Fully underwritten</p> <p>Underwriting commission of 6%, payable in new shares or cash</p>

Financing secures runway to realise effects from ongoing improvement initiatives

- **Attractive market over the long-term, but temporary market challenges on the back of COVID and weaker consumer sentiment have continued triggering a need for further financial flexibility while undertaking improvement initiatives**
- **Size of proposed fully underwritten rights issue is based on current business plan which assumes gradual improvement in market conditions and positive effects of ongoing improvement initiatives**
- **Applying for postponement of payment of Swedish tax liability of SEK 345m which will provide liquidity upside if granted**
 - XXL will apply for an extension of further 12 months (until 12 September 2024) and will apply 6 weeks before 12 September 2023
 - Response for the application is expected mid-August, but liquidity plan assumes that XXL will pay the liability in September 2023
 - Certain fees and interest related to the extension will apply
 - For further details, please see the stock exchange notices on 18 June 2023
- **Awaiting conclusion on timing for payment of tax Norway of NOK 139m (excluding interest)**
 - XXL does not agree with the reassessment and will also seek to mitigate the net tax effects for the XXL group by adjustments to taxable income in another jurisdiction through mechanisms in relevant double taxation treaties between Norway and such jurisdiction and which could lead to a refund from that jurisdiction
 - The Company accordingly expects that the net tax amount payable by the group will be reduced to a significantly lower amount
 - The Company will in addition consider appealing the reassessment to the tax appeal board
 - The Company is in dialogue with the Norwegian tax authorities regarding postponed payment of the Norwegian tax amount until the tax amount has been finally determined
 - The final tax amount will be decided by a MAP/APA process involving Norway and Switzerland which will start during autumn 2023
 - This matter has previously been disclosed on 15 June 2023 and described as a potential tax exposure in the notes to the Company's consolidated financial statements and in its prospectus published earlier this year

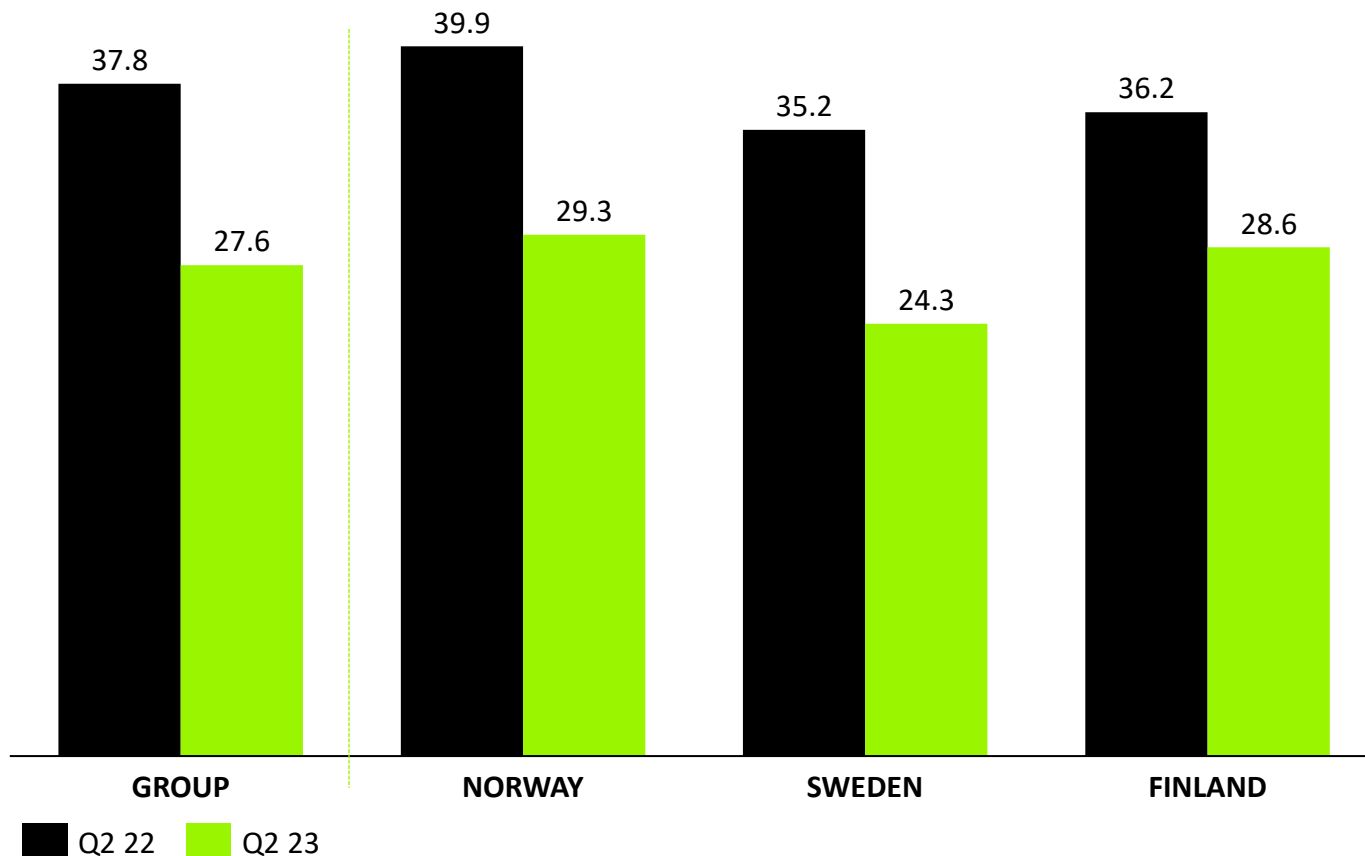
Key Figures

<i>(Amounts in NOK million)</i>	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Group - Continuing Operations					
Operating revenue	1 946	2 090	3 930	3 956	8 426
Growth (%)	-6,9 %	-10,6 %	-0,7 %	-10,5 %	-12,2 %
Gross profit	538	791	1 159	1 503	2 721
Gross margin (%)	27,6 %	37,8 %	29,5 %	38,0 %	32,3 %
OPEX %	30,6 %	28,1 %	32,1 %	30,8 %	29,5 %
EBITDA	-57	203	-102	286	237
EBITDA margin (%)	-2,9 %	9,7 %	-2,6 %	7,2 %	2,8 %
EBIT	-249	-0	-488	-114	-467
EBIT margin (%)	-12,8 %	0,0 %	-12,4 %	-2,9 %	-5,5 %
Net Income	-246	45	-472	-85	-411
**Basic Earnings per share (NOK)	-0,63	0,18	-1,37	-0,34	-1,63

- Revenue down with NOK 144 million vs. last year
 - Challenging market driven by low consumer confidence and reduced demand for sporting goods results in a negative like for like growth of 12.9%
 - Negative E-com growth of -2.0% - representing 21.1% of total operating revenue versus 20.0% last year
- Gross margins ended at 27.6%, down from 37.8% last year
 - The market is characterized by high inventory levels in the whole value chain, resulting in aggressive pricing, excessive campaigns, and consequently reduced margins
 - As a result of a significantly decline in sales of capital goods, XXL has impaired its inventory resulting in an additional write down with a net effect of around NOK 67 million in the quarter. Resulting in a negative gross margin impact of 3.4 percentage points
- OPEX in % is 2.5 p.p higher than last year
 - Operating expenses as percentage of sales increased to 30.6% in Q2 (28.1% in Q2 22) impacted by the negative like for like growth hampering scale in the operations
 - Increased costs is explained by new store openings and negative currency translation effects
- EBITDA ending at negative NOK 57 million
- Net income of minus NOK 246 million in Q2 2023

Gross Margin Development

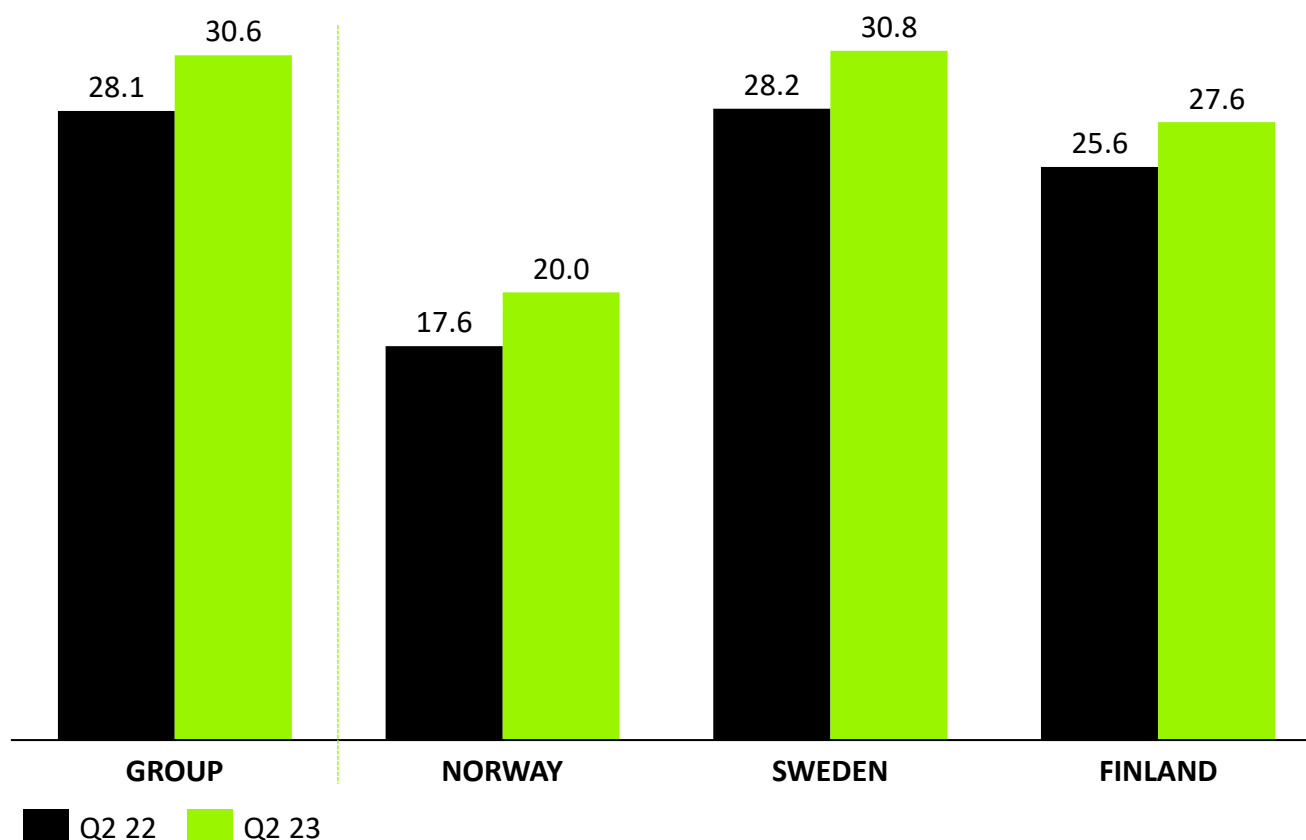
XXL ASA Q2 2023 - Gross margin per segment
(in %)



- Weakened gross margin development in the quarter, down from 37.8% in Q2 2022 to 27.6% in Q2 2023
- The current market is being characterized by high inventory levels in the whole value chain, resulting in aggressive pricing, excessive campaigns, and consequently reduced margins
- Due to significantly decline in sales of capital goods, XXL has impaired its inventory resulting in an additional write down with a net effect of around NOK 67 million in the quarter. Resulting in a negative gross margin impact of 3.4 percentage points
- 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

OPEX Development

XXL ASA Q2 2023 - OPEX per segment
(in %)

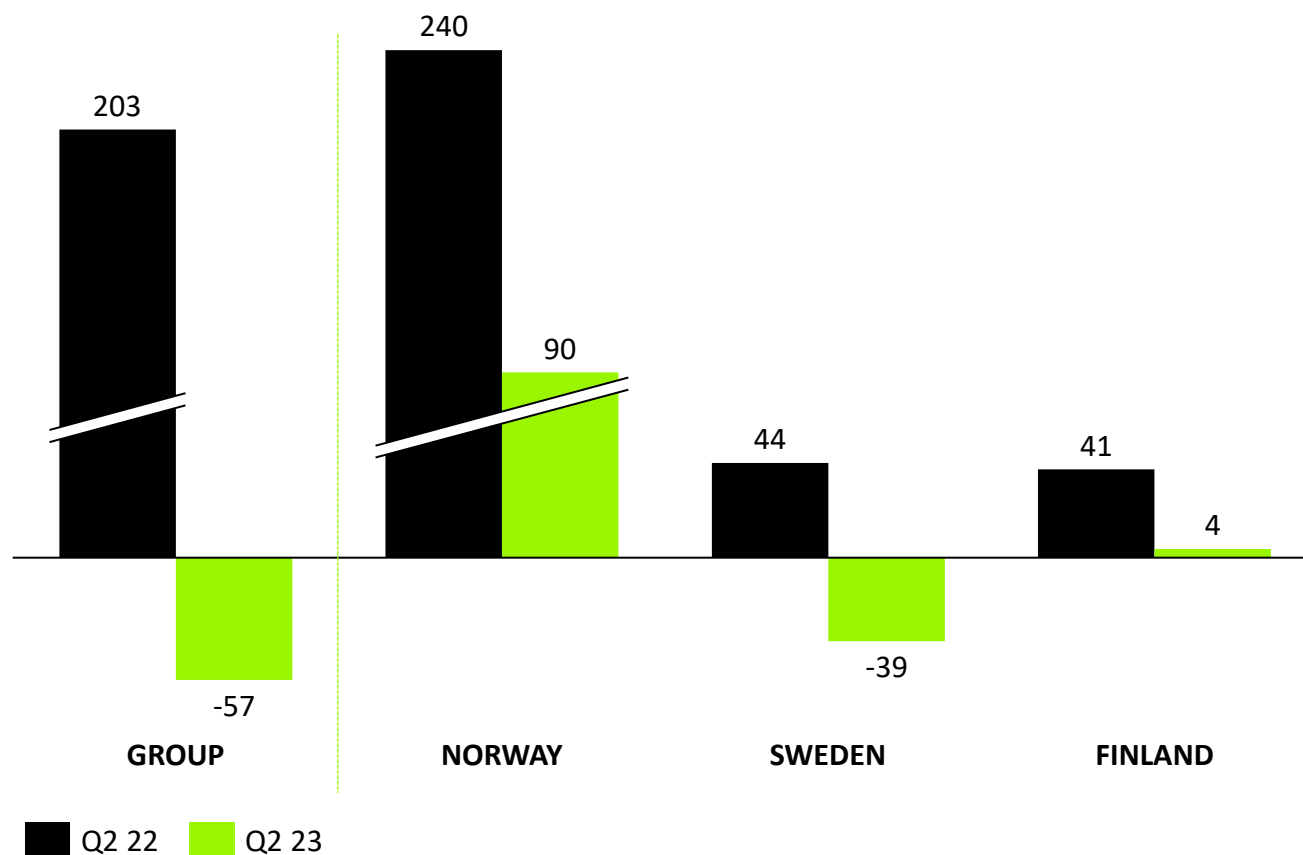


- Group OPEX% in Q2 increased to 30.6% (up 2.5 points vs Q2 22), impacted by the negative like for like growth hampering scale in the operations
- Operating expenses increased by NOK 26 million vs Q2 22, explained by negative currency translation effects of around NOK 33 million. Also, partly related to new store openings, and increased marketing spend due to high campaign activity. Counteracted by lower personnel costs

EBITDA Development

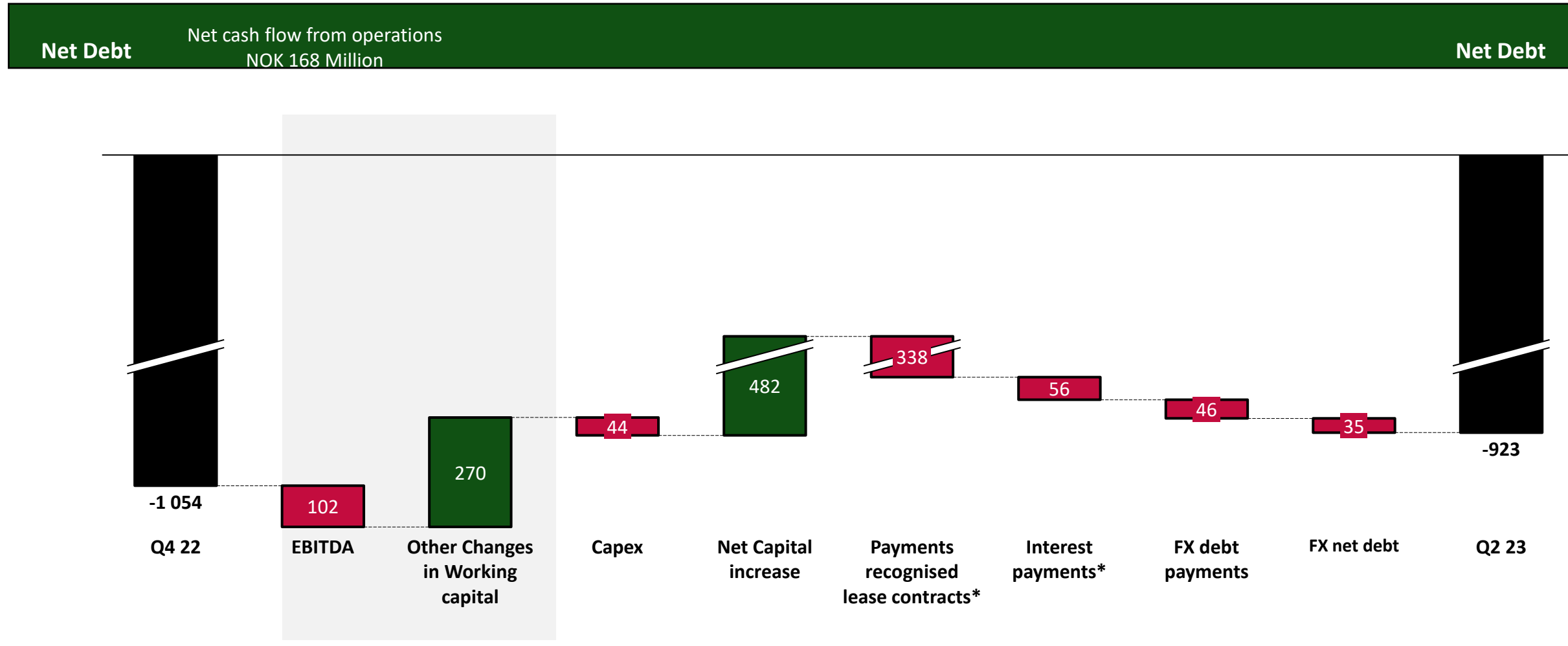
XXL ASA Q2
(in MNOK)

2023 - EBITDA per segment



- Negative EBITDA development vs LY in all segments – mainly explained by reduced revenue and significantly lower gross margin
- EBITDA margin of -2.9% in Q2 2023 vs. 9.7% in Q2 2022

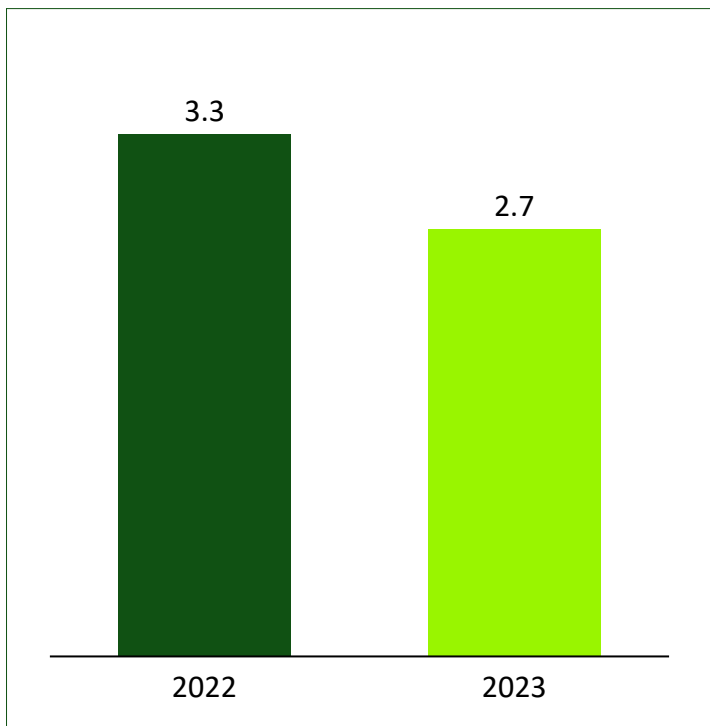
Net Debt Development



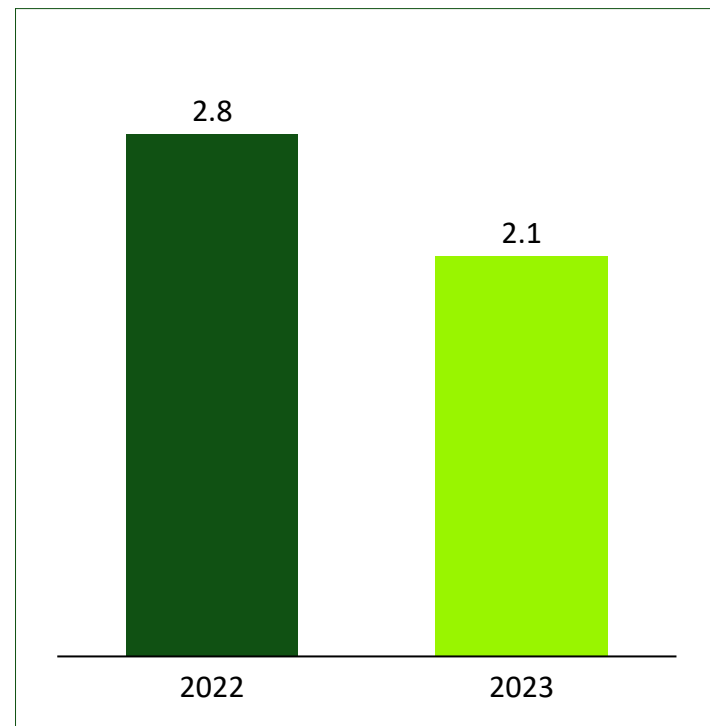
*Including cashflow from Disc-Ops

Inventory levels are now normalized

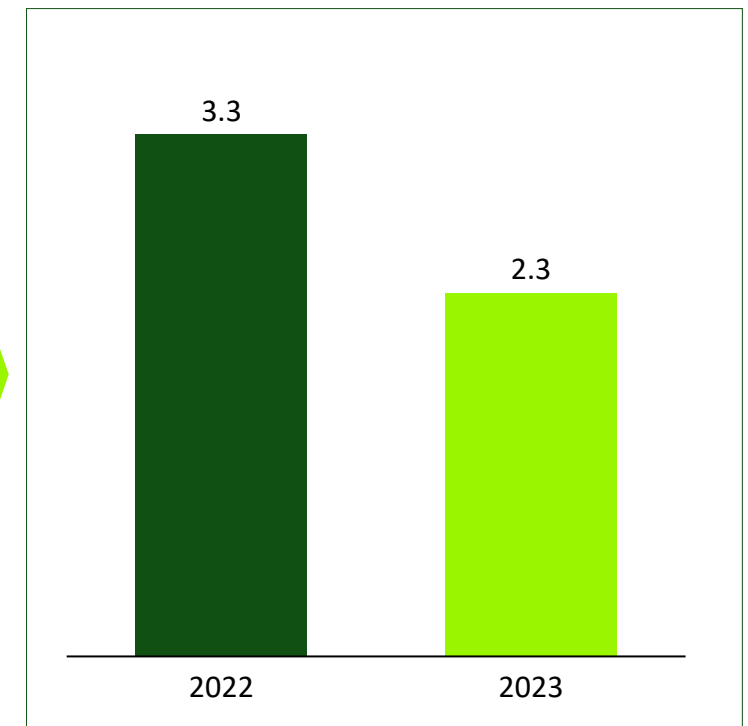
Purchased goods 1H 2023 vs. LY



Inventory 2H* vs. LY



Volume commitments 2H 2023 vs LY

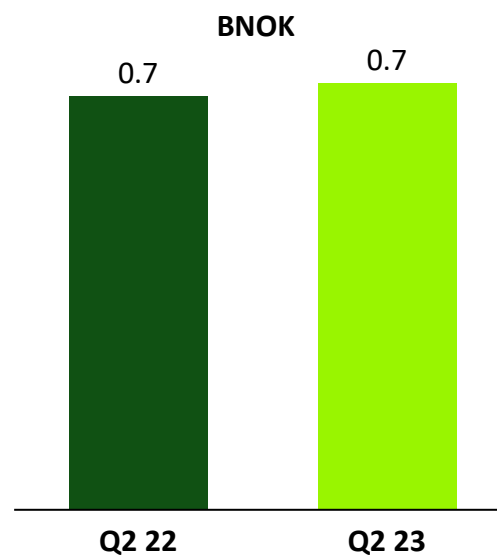


Financial position

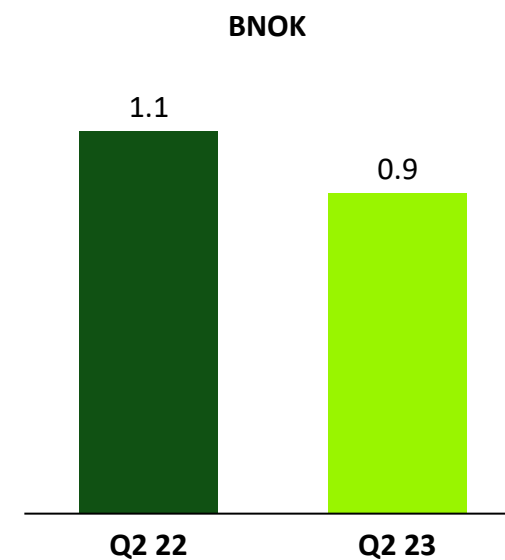
FY Operational Cash Flow



Liquidity Reserves

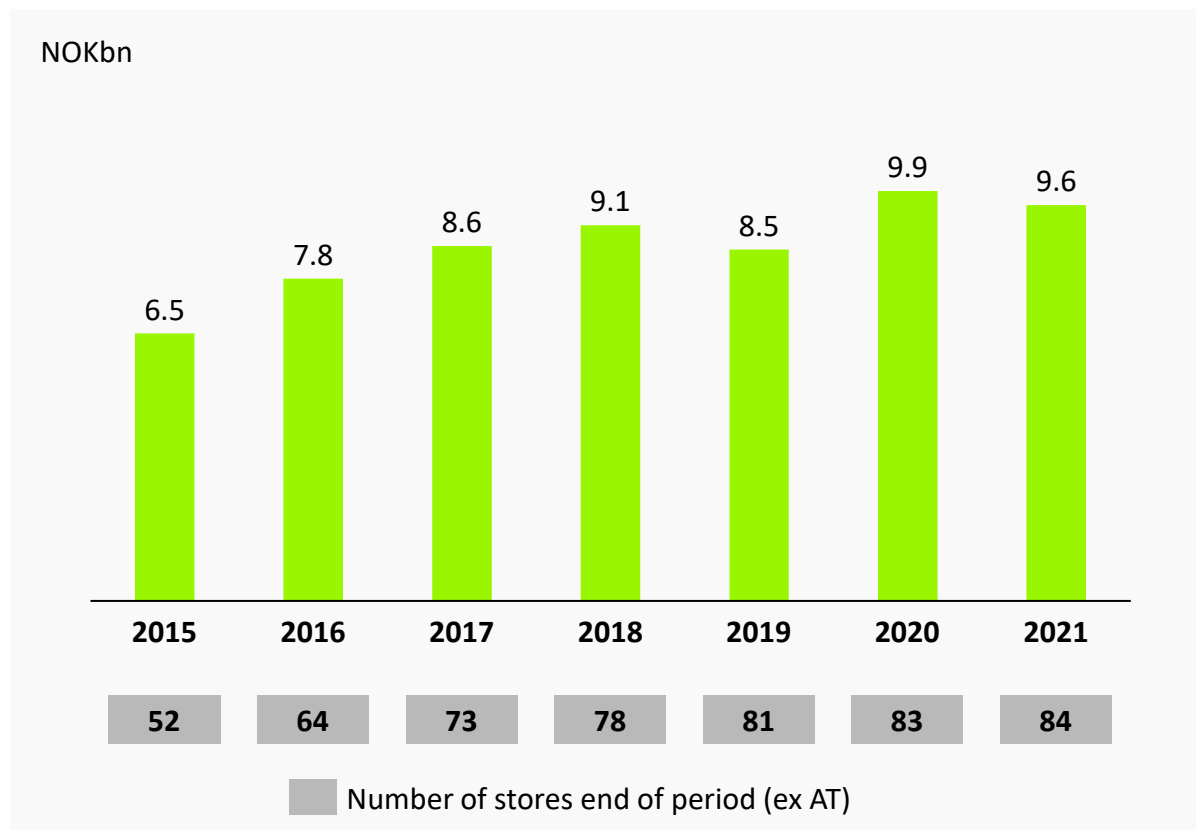


Net Interest-Bearing Debt



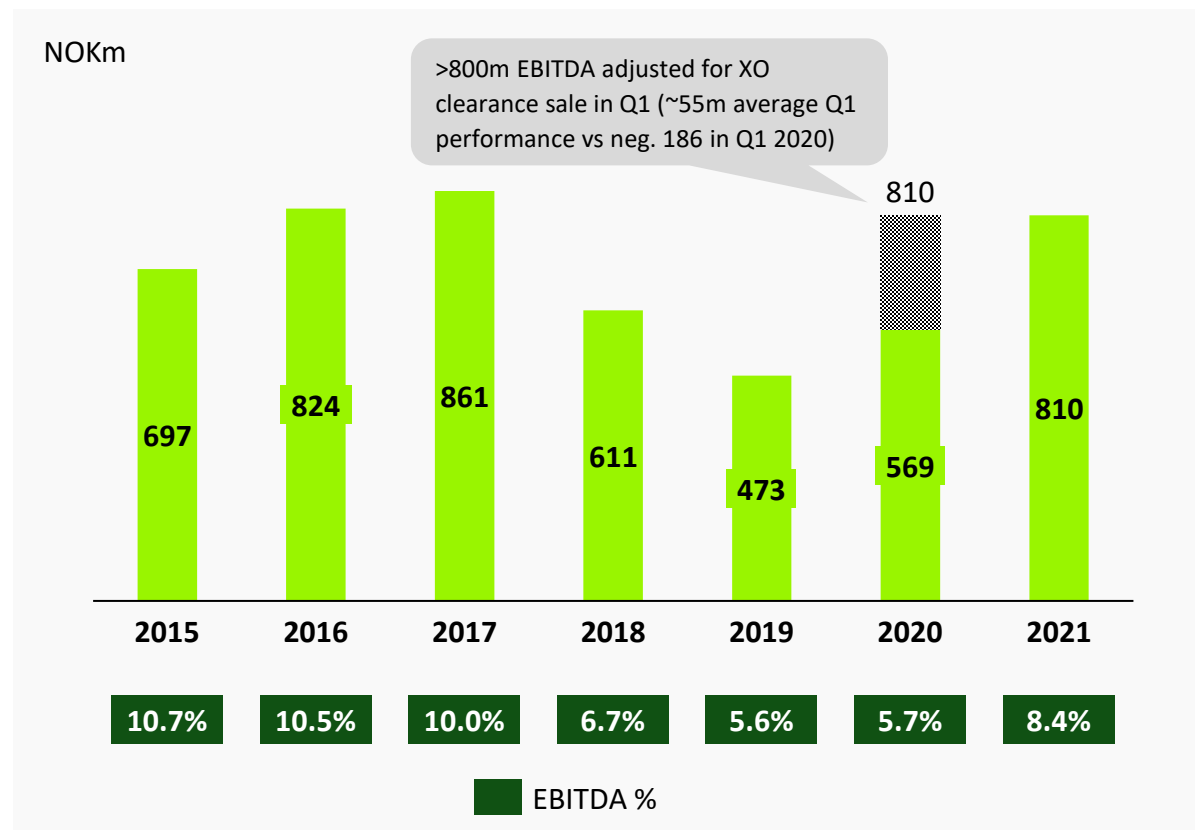
XXL has historically delivered EBITDA (excl. IFRS 16) >500-750 NOKm

Operating income

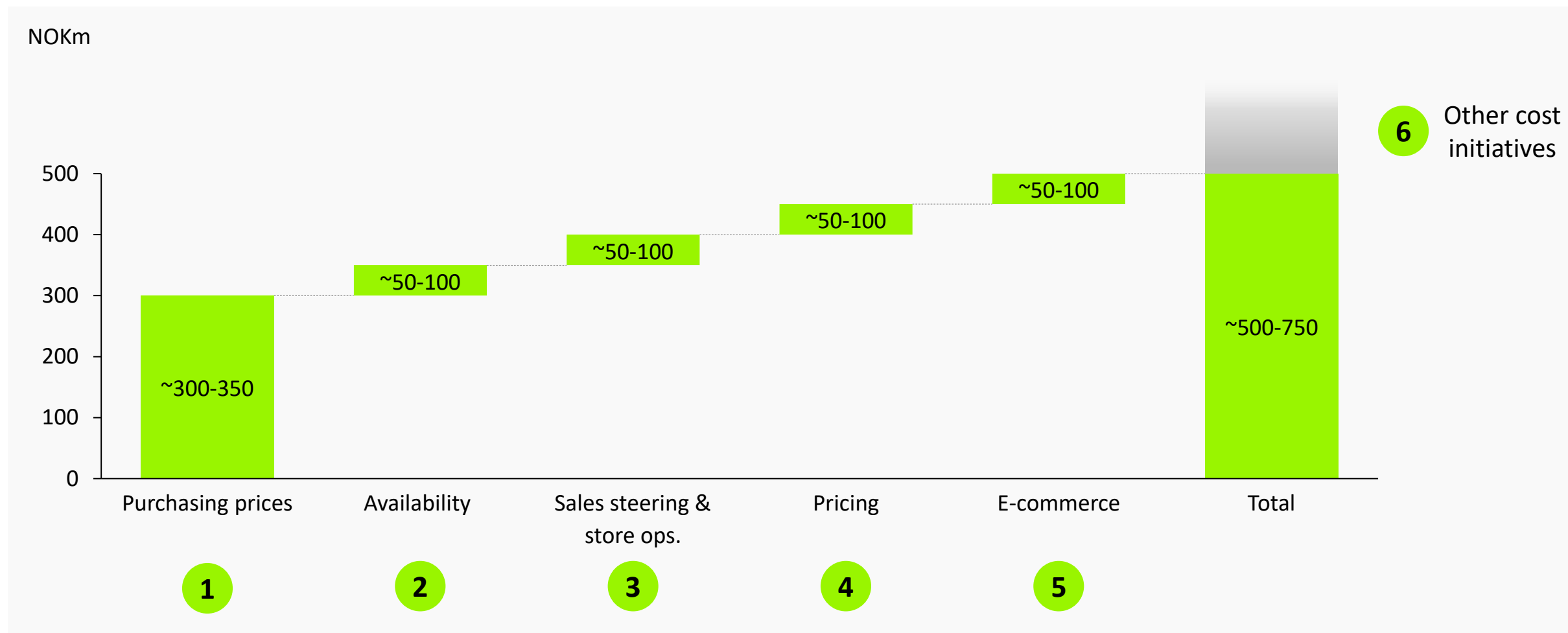


2015-2018 are not restated figures, 2019 adjusted for extraordinary write down of inventory of 349 MNOK
 Note: Excludes Austria

EBITDA



Our ambition in 12 – 24 months: NOK 500 – 750m run-rate EBITDA uplift delivered from 5 main initiatives





RESET & RETHINK

XXL's journey ahead – different overall focus for each year going forward

RESET

Top line quick wins
and cost control

2023

RETHINK

Accelerate key
top line levers

2024

TRANSFORM

New business models
and strategic change

2025

↑
FOCUS
MESSA A FUOCO

RESET: We have 5 "must-wins" for 2023



Other key initiatives that are on the top of our agenda:

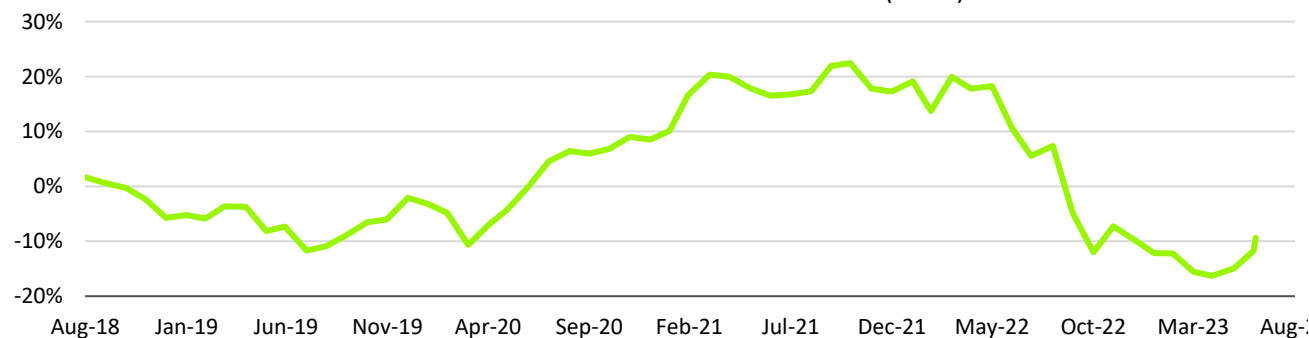
- Reward 2.0 & CRM
- Cash & Liquidity
- Exit Austria

1 Significant ambition to decrease purchasing prices in 2H of 2023 and 2024

Reduction in input costs

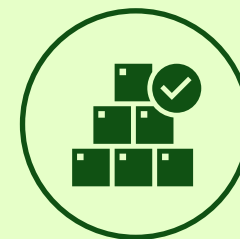
Commodities & input factors	Historical development of prices per season			Forecast		Comments
	FW22	SS23	FW23	Futures/options		
Labour	↘	↘	→	→	↘	<ul style="list-style-type: none"> EU labour cost expected to increase slightly Stable development in Asia
Energy	↘	↘	→	→	↗	<ul style="list-style-type: none"> "Dramatic" increase in 22. Expected to remain on higher level in 23 Most likely normalised in 24
Cotton	↘	→	↗	↗		<ul style="list-style-type: none"> Increased in 2022. Significant drop last months, -40% YoY Expected to decrease slightly further
Rubber	↘	→	↗	↗		<ul style="list-style-type: none"> ~25% price reduction last year Expected to decrease further going forward
Metals	↗	→	↗	↗		<ul style="list-style-type: none"> Steel and iron ore historically high but has dropped Expectations of lower demand reduces forecast prices
Wool	↘	→	↗	↗		<ul style="list-style-type: none"> Down from historical high in 18/19 -10% YoY

CRB textile commodities index (%YoY)



Source: Bloomberg

Good deals



Normalised inventory levels create opportunities for good deals

Key improvements



2 Availability – significant opportunity from normalising inventory availability

1

Availability for top 1,000 selling products currently below <80% for majority of product categories

2

Lower availability for top-selling and top GP-generating products

3

Self-fund inventory by prioritising items with high GP, long payment terms and low availability

4

Improving availability by 5-8%pts and assuming 50% sales uplift LFL¹ would yield **~150-250 MNOK top line with ~50-100 MNOK in EBITDA impact**

Potential



~50-100 NOKm EBITDA
opportunity from
normalising inventory
availability

3 Sales steering and store operations

Sales steering



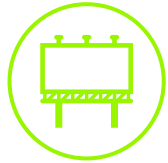
Up-sales and add-sales lists and strategies reintroduced from Category and Buying department



Local sales training in all stores



Optimize product selection lists for up-sales and add-sales



Defining routines for displaying up-sales and add-sales products in stores including bundles



Sales competitions in place in all stores and departments, across countries

Store operations



Electronic price tags are marked where XXL is cheapest on Prisjakt (price checking service)



Launched new entry and exit area product lists as well as for hot spots in each department in stores



Signage and in-store material improvements to facilitate mechanical sales and fulfilment

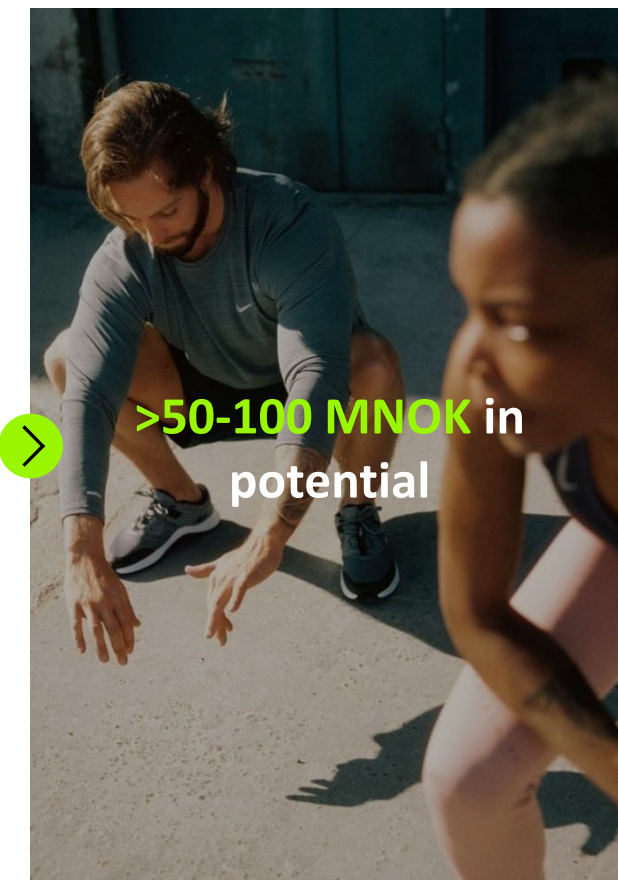


Identify and document best practices for non-sales activities in stores to improve efficiency



Roll-out of new RFID tagging routines to all stores, more tagging done centrally and by suppliers going forward

Potential



>50-100 MNOK in potential

4 Pricing – significant untapped potential

Change of pricing process

Suggested pricing improvements

Process



Increase frequency



Strengthen execution and clarify roles



Active pricing on full assortment

Data & rules



Improve product mapping quality

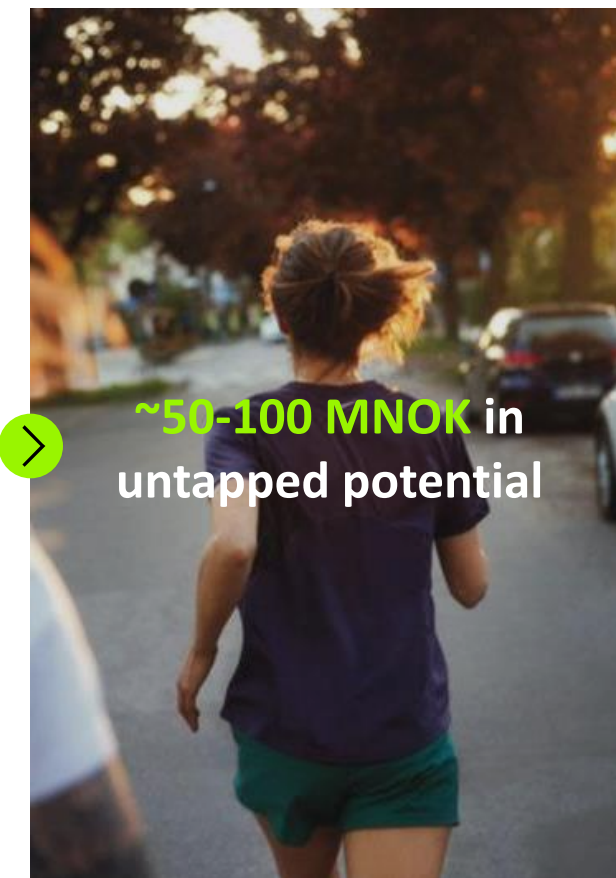


Automate pricing rules



Continuous smart and commercial optimizing

Potential



> ~50-100 MNOK in untapped potential

5 E-com – increased profitability >50 MNOK

Lower return rates

- 1 Return rate driven by e-com, ~25% rate for apparel & shoes and ~15% for hardware
- 2 Return rate on par with competitors
- 3 Room for improvement as ~37% of returns are due to wrong fit
- 4 Reduces transport costs, improves NWC and keeps 50% of sales

Potential impact: NOK >20m from reducing return rates by ~2%pts

Reduce ship-from-store orders

- 1 40% of ship-from-store orders are unprofitable
- 2 Stopping low basket orders
- 3 Replacing with orders from central warehouses will reduce freight costs
- 4 Gross profit threshold introduced

Potential impact: NOK >20m

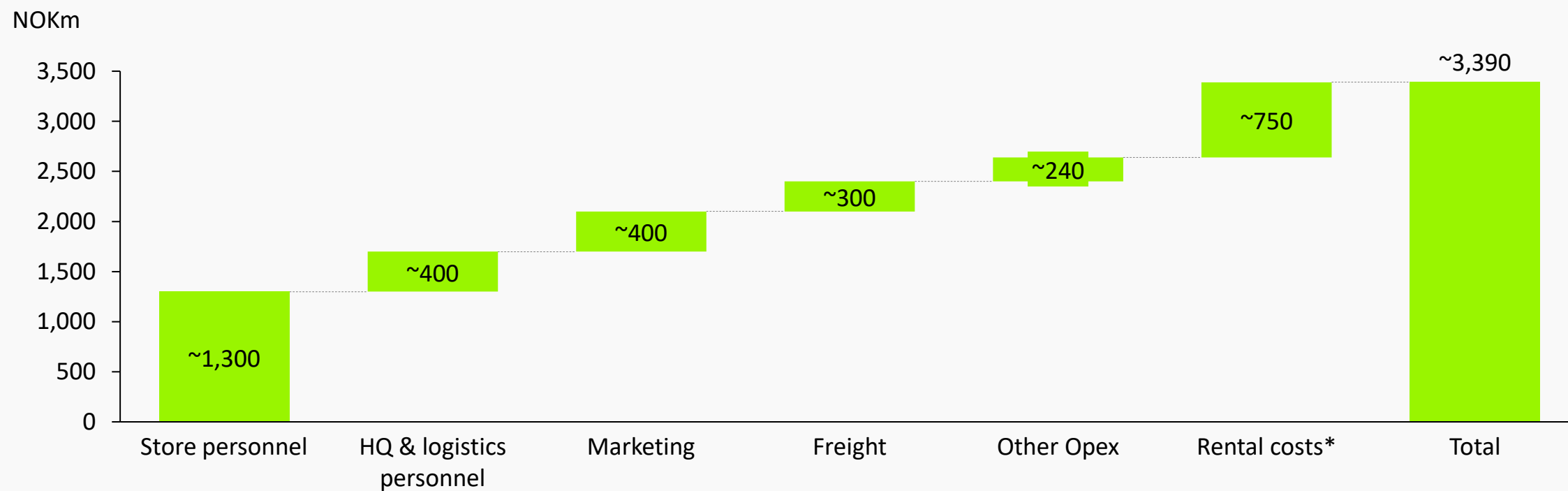
Improve conversion rates

- 1 Slightly lower conversion rate than peers of 1.9% vs. above 2%
- 2 Ongoing improvements on product listing page and merchandising, including recommendations
- 3 Strengthen product detail page with size guides, photos, text and more
- 4 Give the customer the best possible view of the assortment

Potential impact: NOK >30m

6 Other cost take out initiatives

Cost base in scope (2022 numbers)



Ambition to reduce costs by at least NOK ~100-200m

* Rental costs not part of reported EBITDA

XXL's journey ahead – different overall focus for each year going forward

RESET

Top line quick wins
and cost control

2023

RETHINK

Accelerate key
top line levers

2024

TRANSFORM

New business models
and strategic change

2025

↑
FOCUS
MESSA A FUOCO

Four long-term strategic pillars

1

Restructure physical stores

- Relocate and resize stores
- Rethink store concept
- Localise assortment

STRENGTHEN STORE EBIT**2**

Accelerate e-com

- Scale personalisation
- Develop a leading CX
- Expand online assortment

INCREASE E-COM SHARE**3**

Double down on private label

- Increase private label share
- Accelerate strategic partnerships
- Develop a new private label strategy

IMPROVE GROSS MARGIN**4**

Leverage service offering

- Develop & expand service offering
- Strengthen instore workshops
- Launch circular C2C business model

ELEVATE BRAND PREFERENCE

Details of new strategy and financial targets are currently being defined

THANK YOU

XXL



Q&A

XXL



Appendix

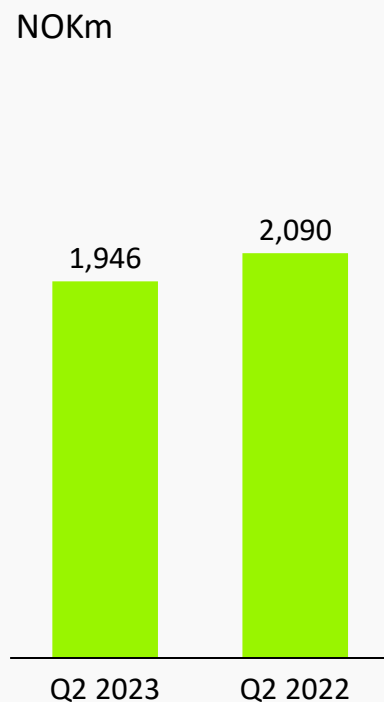


XXL

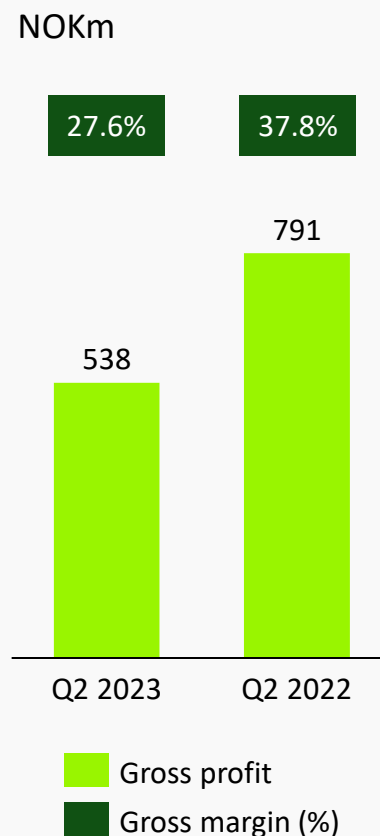
Q2 2023 key figures

- The sport retail market continued to be challenging in the second quarter 2023 impacted by reduced demand, heavy discount activities and high inventory levels in the value chain
- Negative growth of 6.9 per cent
- Impaired inventory of capital goods resulting in a write down of around NOK 67 million
- The inventory is back to normalised levels providing benefits for higher gross margin over time
- Total liquidity reserve ended at NOK 722 million (NOK 691 million)

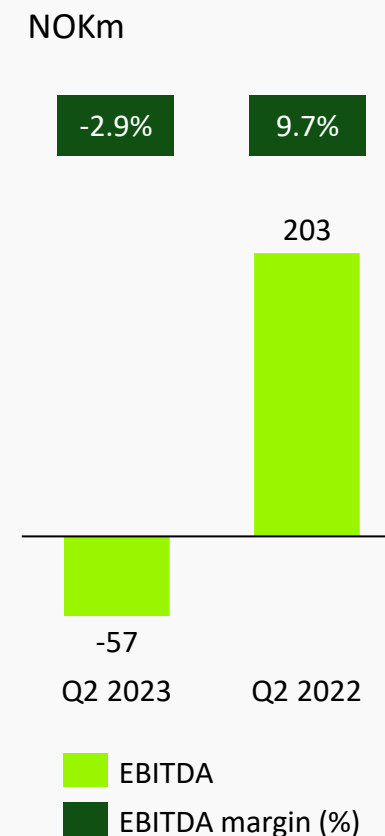
Operating revenues



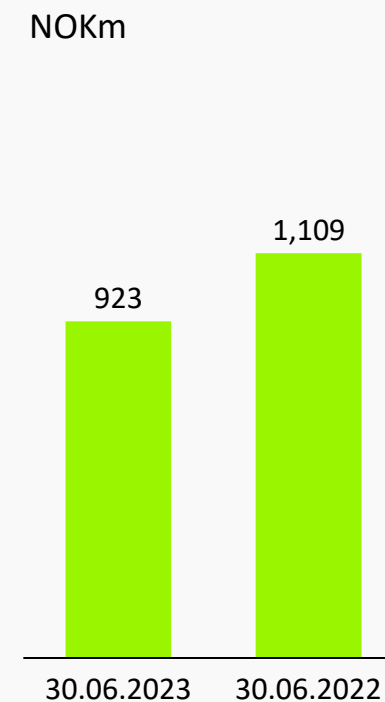
Gross profit



EBITDA



Net debt



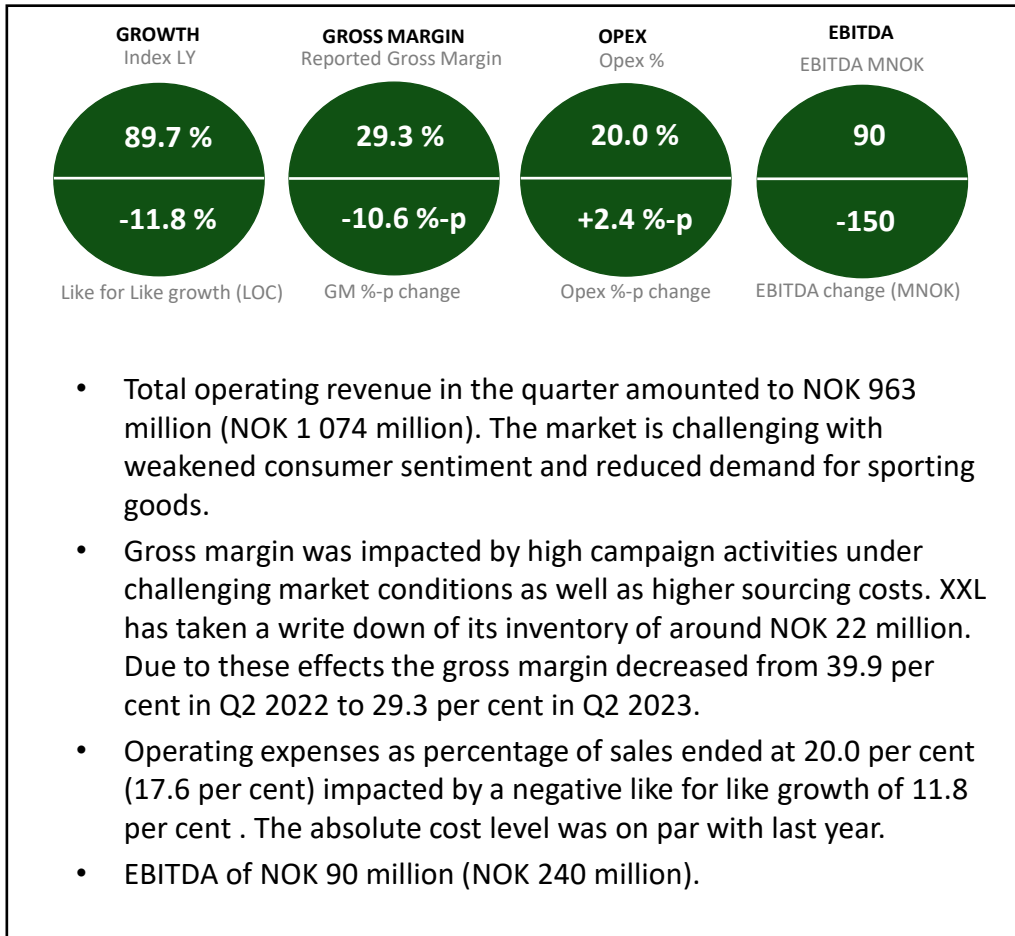
Status QTD – LFL and EBITDA

	Group	Norway	Sweden	Finland	HQ
LFL GROWTH	-12.9 % ▼	-11.8 % ▼	-14.4 % ▼	-13.9 % ▼	N/A
EBITDA GROWTH (mnok)	-280 ▼	-158 ▼	-88 ▼	-43 ▼	9 ▲

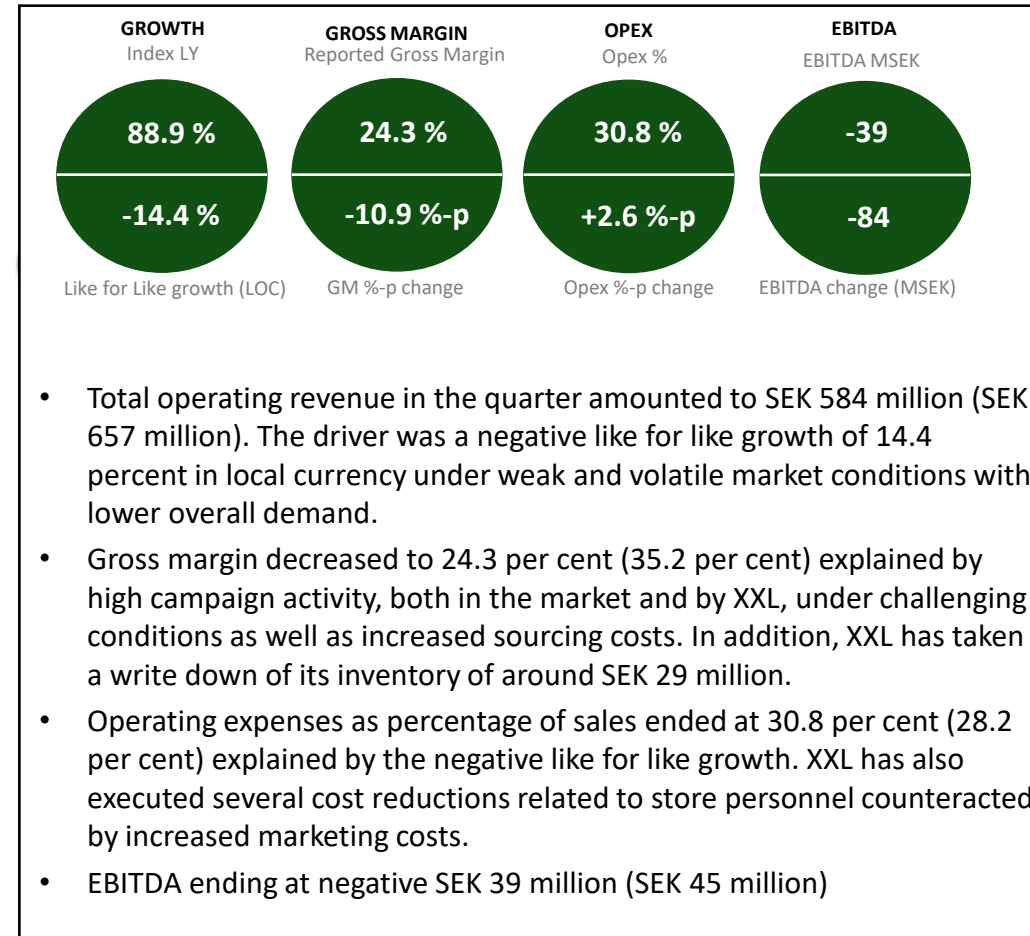
Q1: Norway and Sweden



Norway



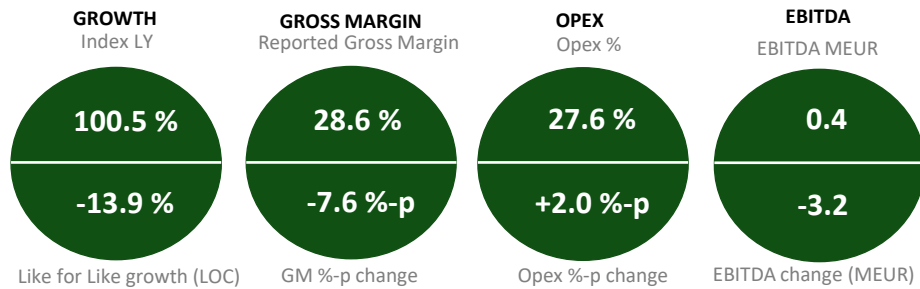
Sweden



Q1: Finland



Finland



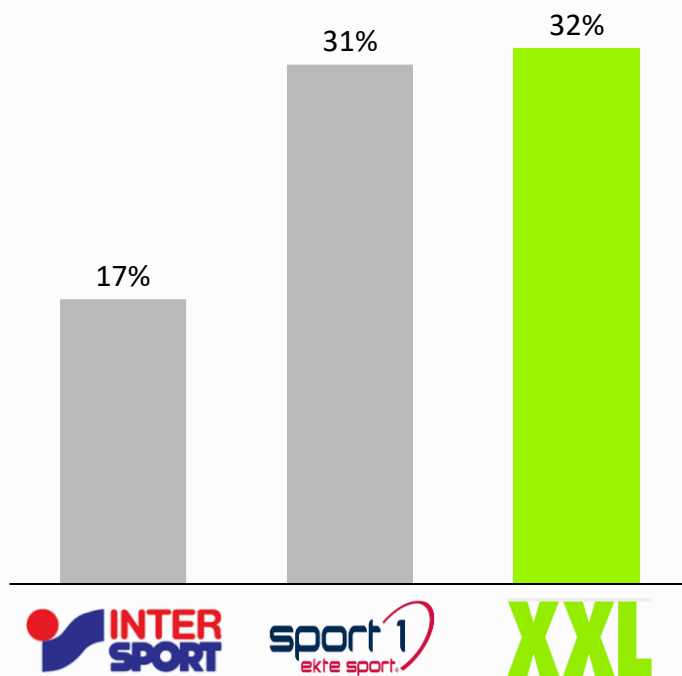
- Total operating revenue in the quarter amounted to EUR 33.4 million (EUR 38.7 million). This corresponded to a negative like for like growth of 13.9 per cent in local currency in a challenging market with weak consumer sentiment and low demand
- Gross margin ended at 28.6 per cent (36.2 per cent). XXL has taken a write down of its inventory of around EUR 1.4 million.
- Operating expenses as percentage of sales ended at 27.6 per cent (25.6 per cent) due to negative like for like growth hurting scale in the operations. During the quarter XXL has focused on cost efficiencies mostly related to store staffing
- EBITDA ended at EUR 0.4 million (EUR 4.1million) driven by negative sales growth and the lower gross margins.

The starting point, market conditions and challenges

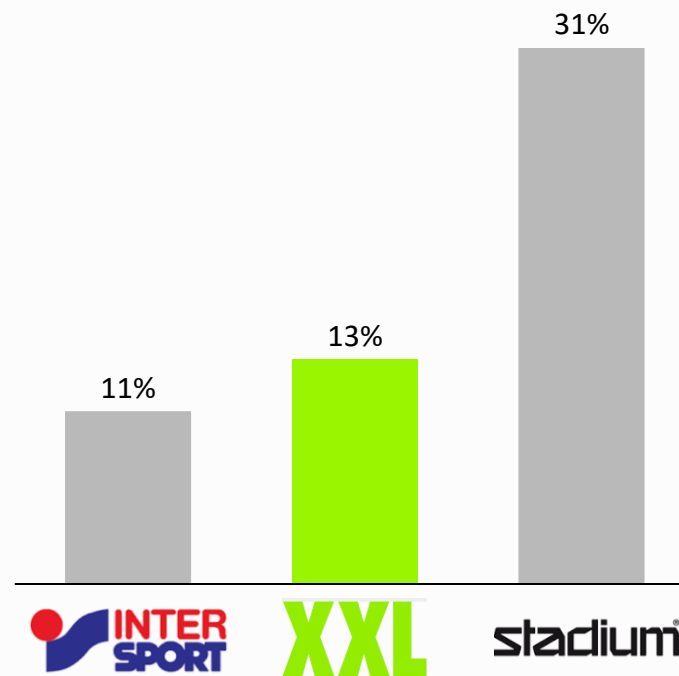


Strong position and market share in all three core countries

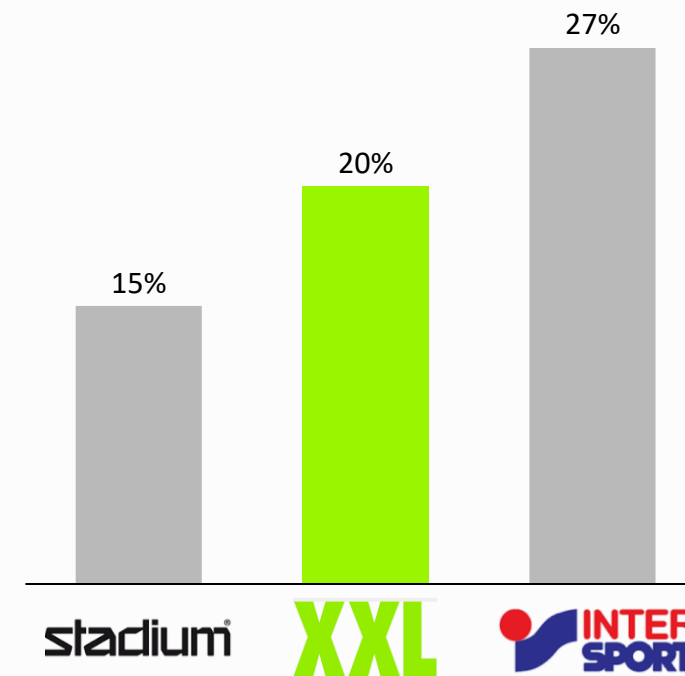
Norway



Sweden

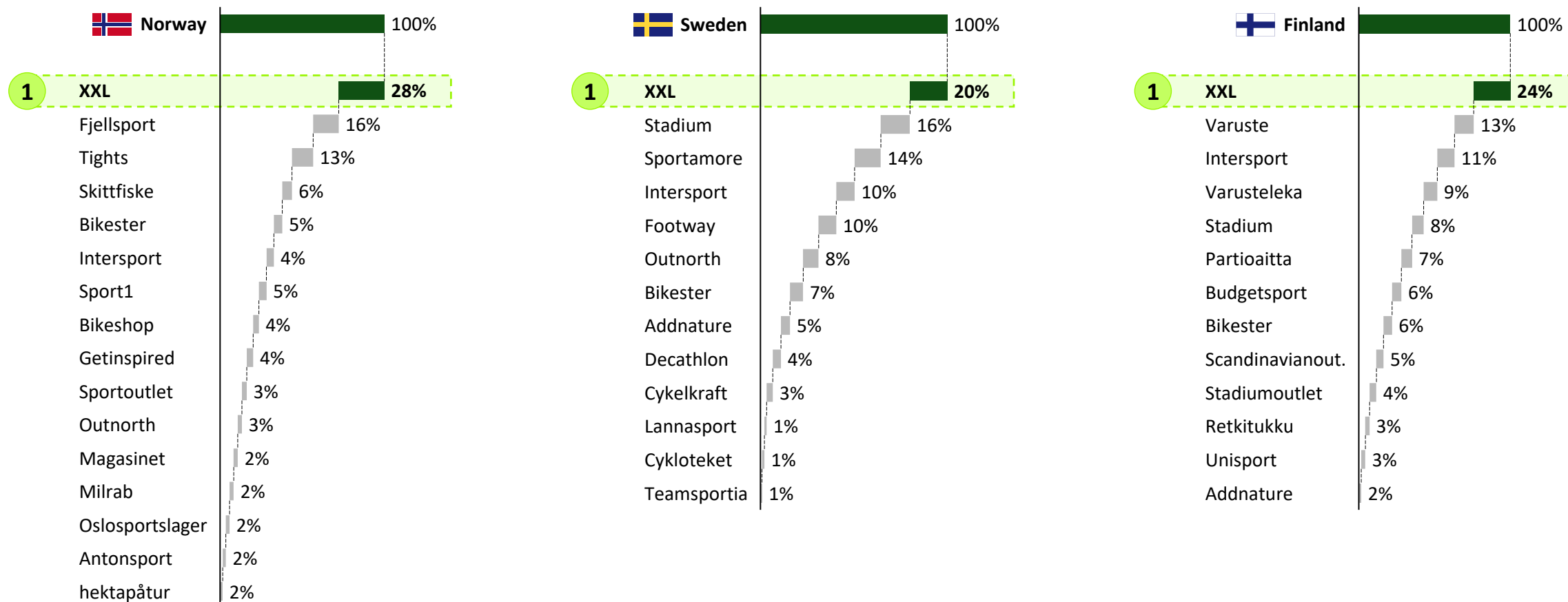


Finland

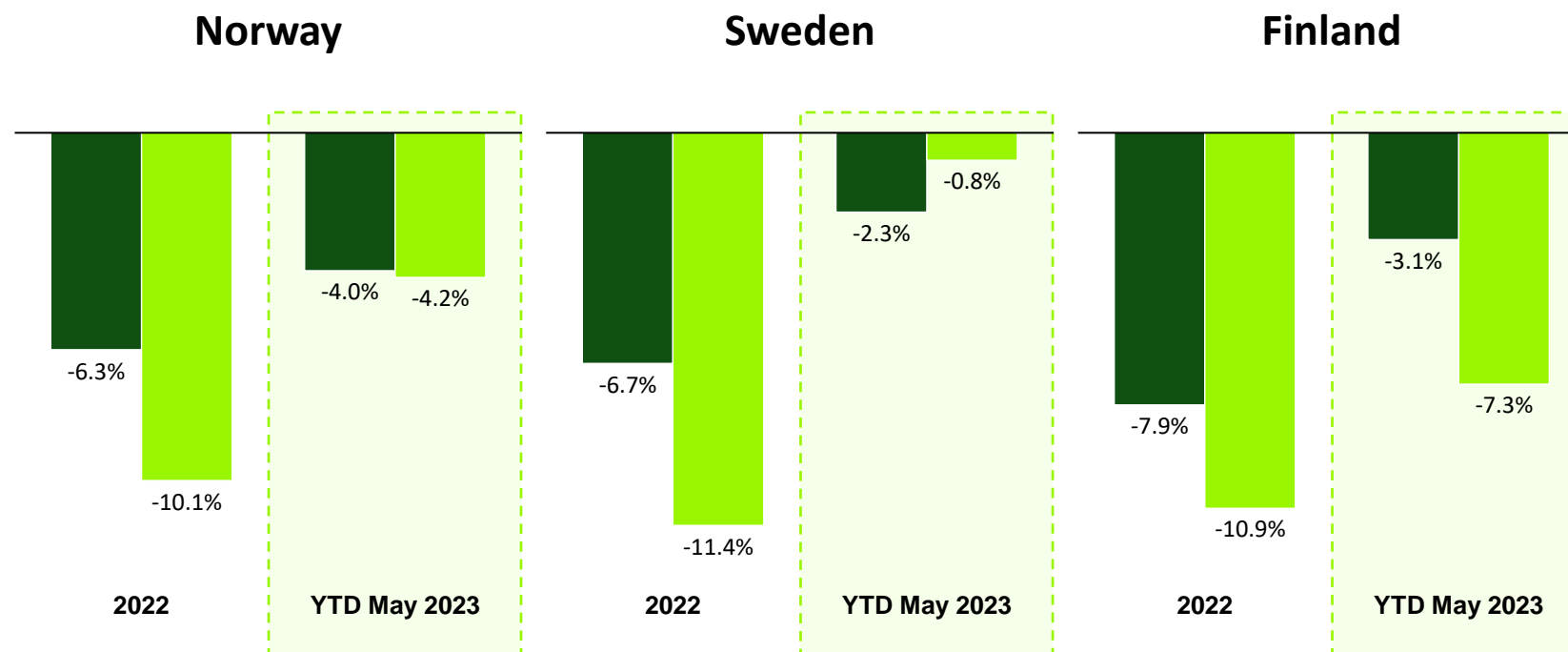


Also, the biggest online sports retailer in the Nordics

Online market share overview per country



The market continues to be challenging



Market XXL

Sources: Norway – SSB, Sweden – SCB, Finland – TMA

- Challenging market conditions for the sporting goods industry in 2022 and so far in 2023, with weakening consumer sentiment and reduced demand for sporting goods all over the Nordics
- XXL is in line with the market decline in Norway, gaining some shares in Sweden, but negative development in Finland YTD 2023
- XXL's target and goal is to gain market shares over time

High inventory in the industry combined with high campaign activity

Low demand and market activity...

Salgsfall for sportsbransjen på nesten en milliard

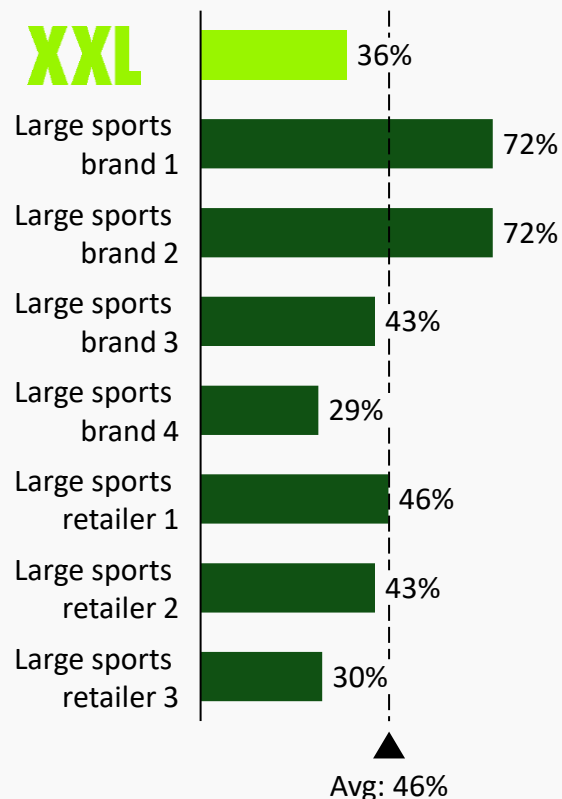
Korreksjonen fortsetter etter elleville pandemiår. Sjefen for landets største sportskonsern forbereder seg på årets viktigste salgssperiode med flere varer på lager enn ønsket.



E24.no, 10th of November 2022

... together with high inventories ...

Inventory vs LY (%), Q3 2022



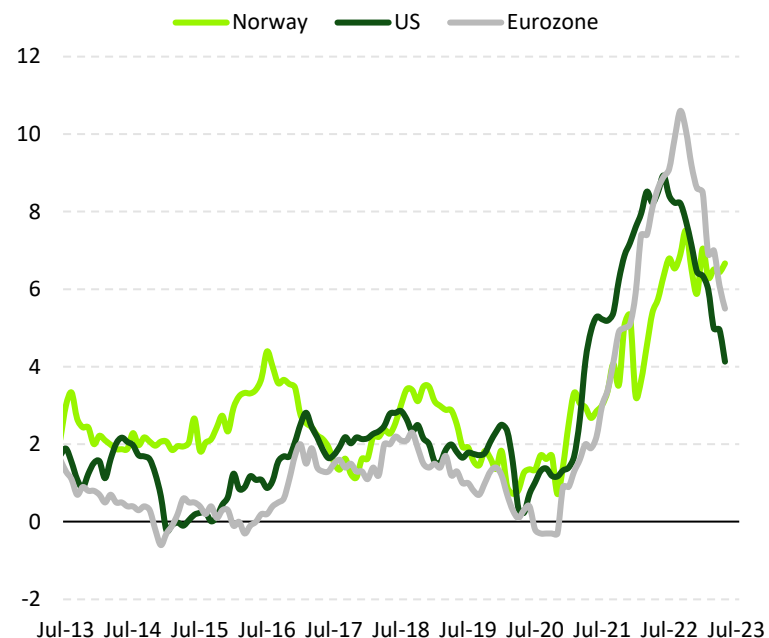
... resulting in high campaign activity



Challenging markets in 2022 and 2023 driven by lower demand from consumers

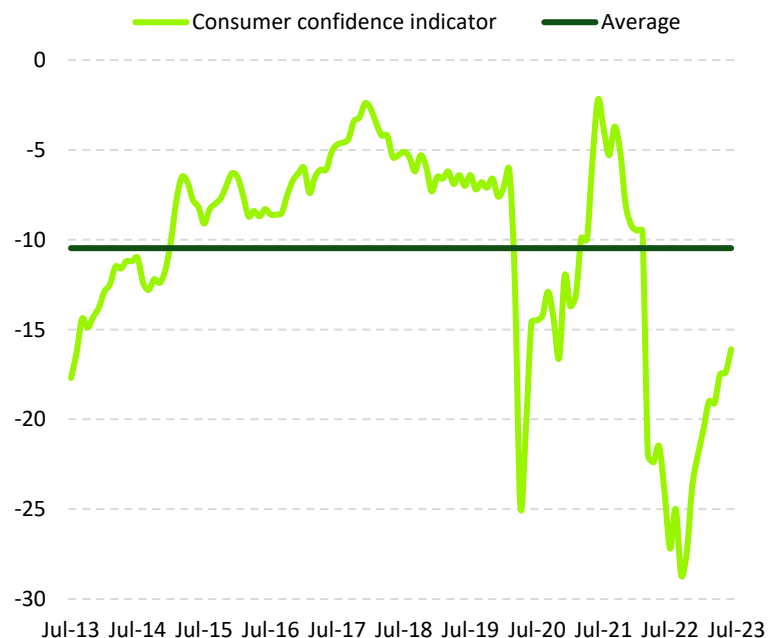
Increased prices

CPI (% change Y/Y)



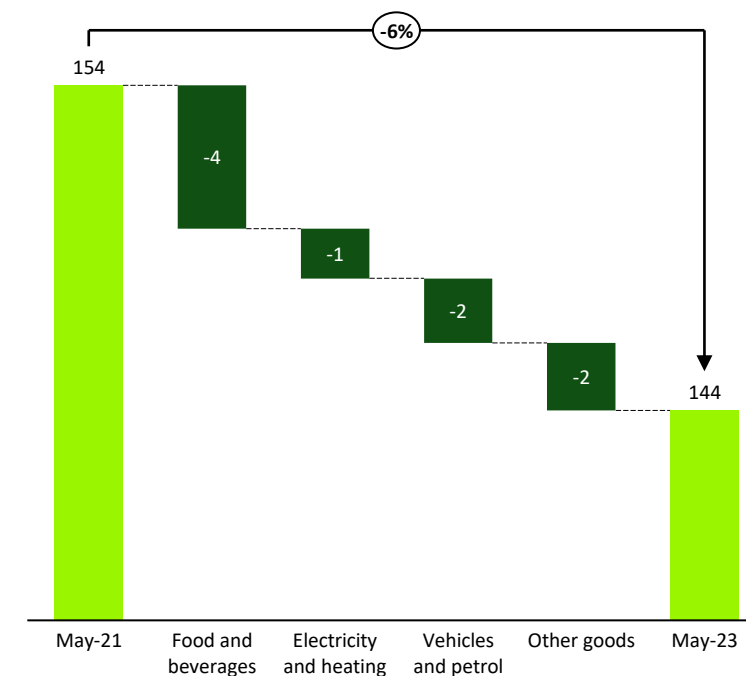
Record low consumer confidence

Consumer confidence indicator (Balances %)



Reduced consumer spend

Index of household consumption of goods

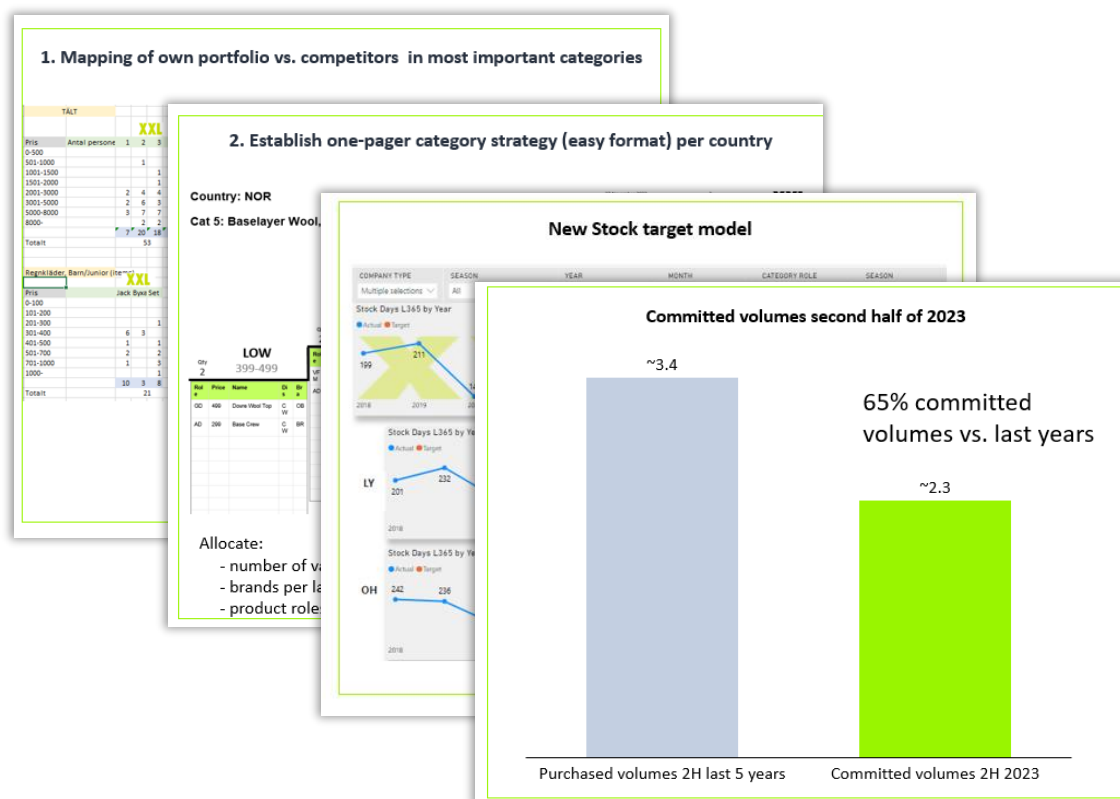


Actions taken



1 Category strategies: XXL will probably be the first Nordic sports retailer with normalised inventory levels

Actions implemented



Implications



Improved category planning, forecasting and control



Reduced purchasing prices over time



XXL should have the flexibility to handle continued weak market development in second half of 2023



XXL will need to buy more goods in second half of 2023

- Refill stores
- Focus on higher rollers
- Selective good deals from suppliers

2 Private label: Stormberg is the first move and will secure entry level price points

Margin uplift



Private label products have **materially higher gross margins**

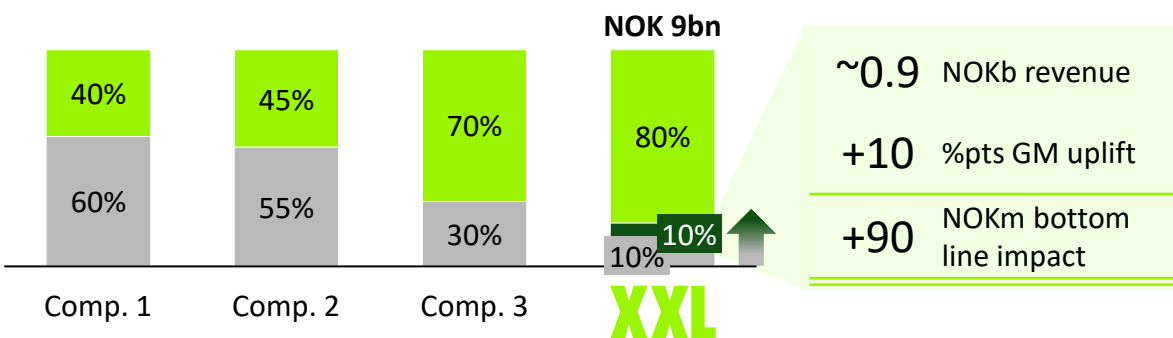


Strategy to **increase share of private label products to elevate Group gross margins**



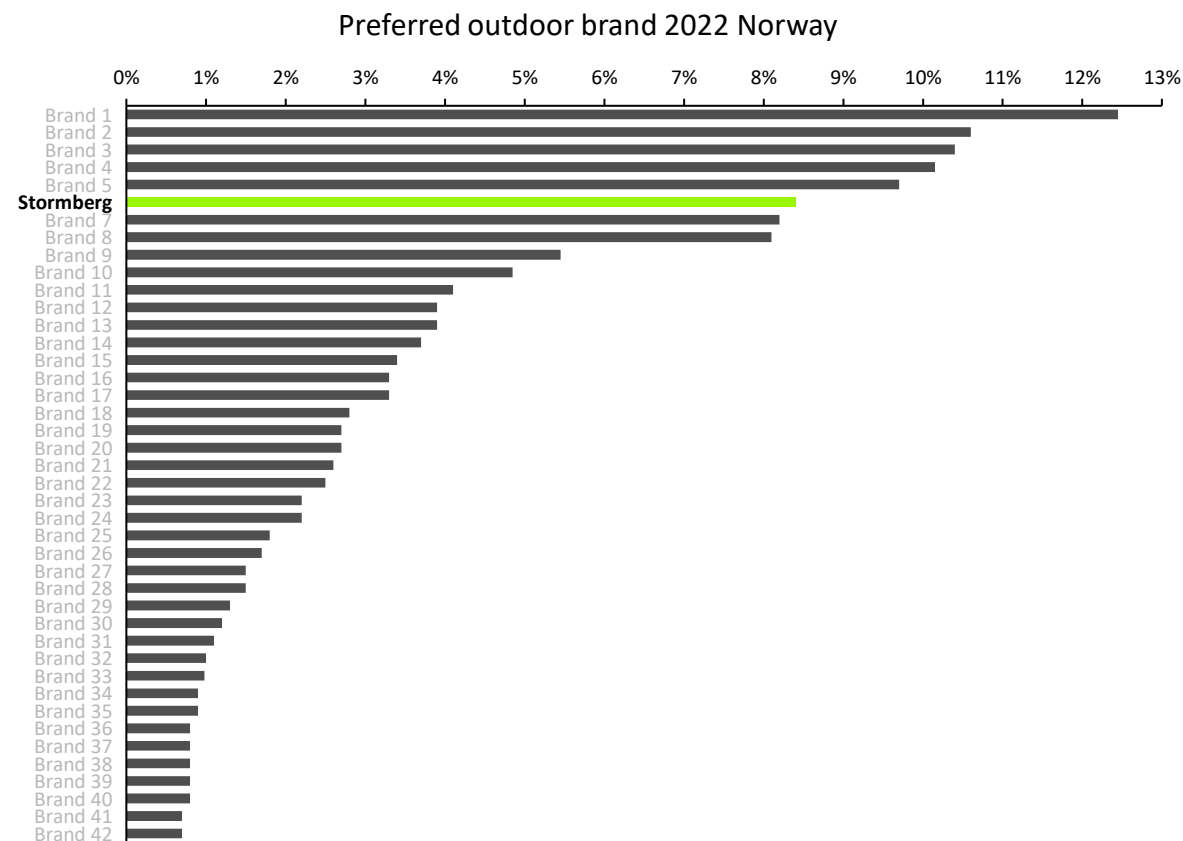
Stormberg was an important first step in accomplishing the strategy with its **strong brand preference and attractive margins**

Branded share PL ambition Current PL share



Source: Schjærven

One of the strongest Outdoor brands in Norway

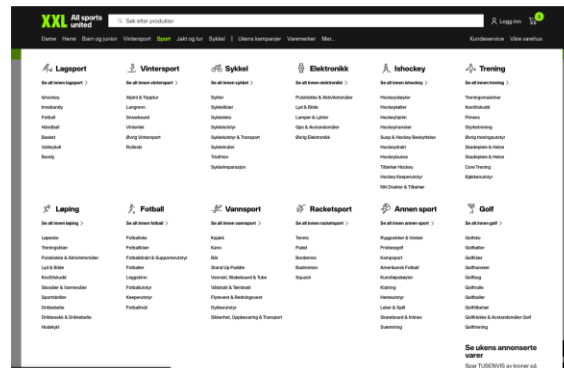


3 Omnichannel: Focus on improved E-com site and upgraded loyalty program

E-com



Improved commercial expression of the E-com site



Launched new taxonomy in February 2023

But still room for significant improvements in:

- UX (filter/search)
- Content
- Upsell strategies
- Configurator

Loyalty

Overview of loyalty programs

	XXL	Comp. #1	Comp. #2	Comp. #3	Comp. #4	Comp. #5	Comp. #6	Comp. #7
Mechanism	Financial points/cashback	●	●	●	●	●	●	●
	Qualifying points	●	●	●	●	●	●	●
	Tiered levels	●	●	●	●	●	●	●
	Community	●	●	●	●	●	●	●
	Partner program	●	●	●	●	●	●	●
	Subscription	●	●	●	●	●	●	●
	Gamification	●	●	●	●	●	●	●
	Member prices	●	●	●	●	●	●	●
	Free shipping	●	●	●	●	●	●	●
	Discount on high frequency items	●	●	●	●	●	●	●
Benefits***	Personal offers and discounts	●	●	●	●	●	●	●
	VIP access to sales	●	●	●	●	●	●	●
	Price guarantee	●	●	●	●	●	●	●
	Access to exclusive warranties	●	●	●	●	●	●	●
	Webinars/seminars	●	●	●	●	●	●	●
	Birthday gift	●	●	●	●	●	●	●
	Welcome gift	●	●	●	●	●	●	●

- Yes
- To some extent
- No

Upgrade of loyalty program during autumn of 2023

4 Campaigns and marketing: Improved brand recognition significantly

Now among the top 5 most remembered brands

Advertisement awareness poll			
Rank	Brand name	Score (2/6 – 15/6)	Previous score (19/5 – 1/6)
1	Kiwi	43.0	33.4
2	Rema 1000	39.1	37.3
3	Extra	33.1	31.0
4	XXL	29.5	26.1
5	Europris	28.9	23.2
6	Jula	28.3	29.2
7	Obs	28.2	20.2
8	Telenor	26.4	22.2
9	Obs Bygg	25.4	25.7
10	Finn.no	24.5	33.0
11	Grandiosa	23.8	15.4
12	Coca-Cola	23.8	27.3
13	Power	22.9	32.3
14	Spar	22.7	15.3
15	DNB	22.0	15.9
16	Vipps	22.0	23.1
17	Telia	20.9	19.2
18	Meny	20.8	27.0
19	Ice	20.7	19.4
20	Elkjøp	20.7	25.3

Source: Yougov BrandIndex

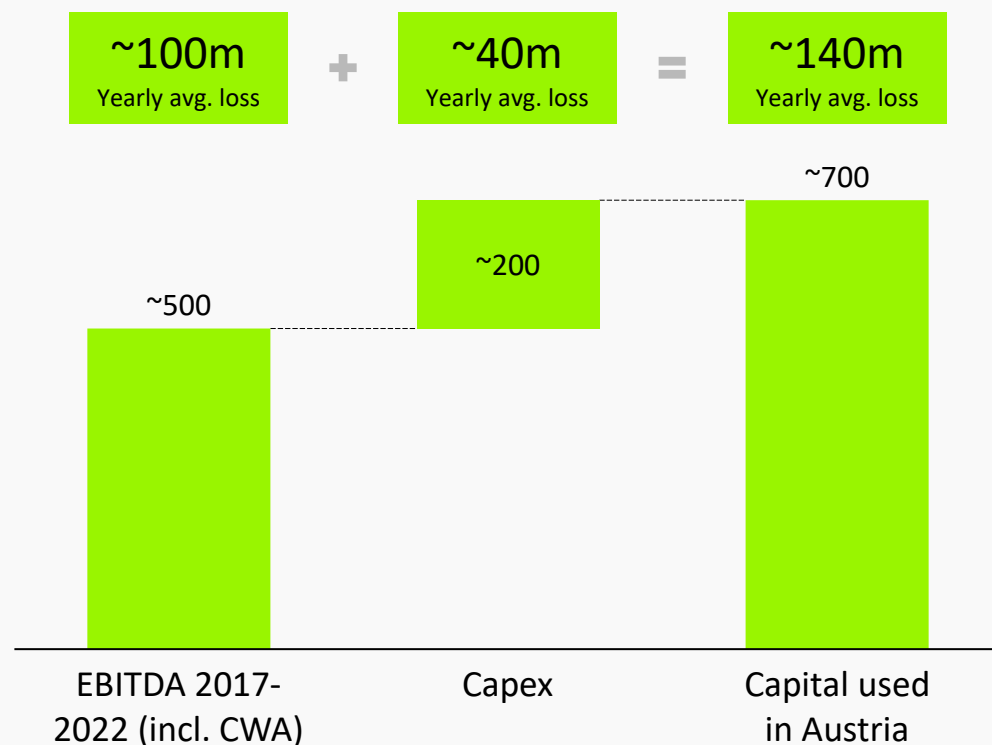
Actions implemented during the last months

- ✓ Media Mix for 2023 significantly changed – more DR and TV
- ✓ Yearly wheel for 2023 is established
- ✓ Campaign themes and sales message per week in 2023 is established
- ✓ Establish more traditional XXL marketing messages
- ✓ New DR layout – partly launched from week 50 2022 and completely new DR layout from week 5 2023
- ✓ One message in all channels – implemented
- ✓ Reorganisation of the Marketing department – implemented in December 2022

5 Austria: Decision to exit in 2023 with good progress

Capital usage in Austria has been significant

NOKm



EBITDA ex IFRS 16; 2017 to 2018 are not restated

Decision to exit Austria in 2023

- XXL entered the Austrian market in 2017 and has invested NOK 200 million to build a position in a very competitive market
- In addition, XXL has suffered losses of approx. NOK 500 million, due to both very strict Covid restrictions, but also challenges to obtain the needed assortment
- Already closed down 3 stores + e-com operations and central warehouse and agreed to close down two more stores, as well as significantly reduced local head office
- Good progress on the remaining 3 stores
- Ambition to have no negative cash effects in 2023

6 Sustainable cost base: Working towards a more flexible cost base

Stores

Already implemented actions

- Decreased direct deliveries (from 31% in 2016 to 5% in 2022)
- Electronic price labels
- Self-check-out in store
- Pickup lockers
- New digital tool for store employees (Retail solution)
- RFID

Actions in progress

- New budget tool + improved manning tool
- Centralise store staff planning
- Self-service improvement instore

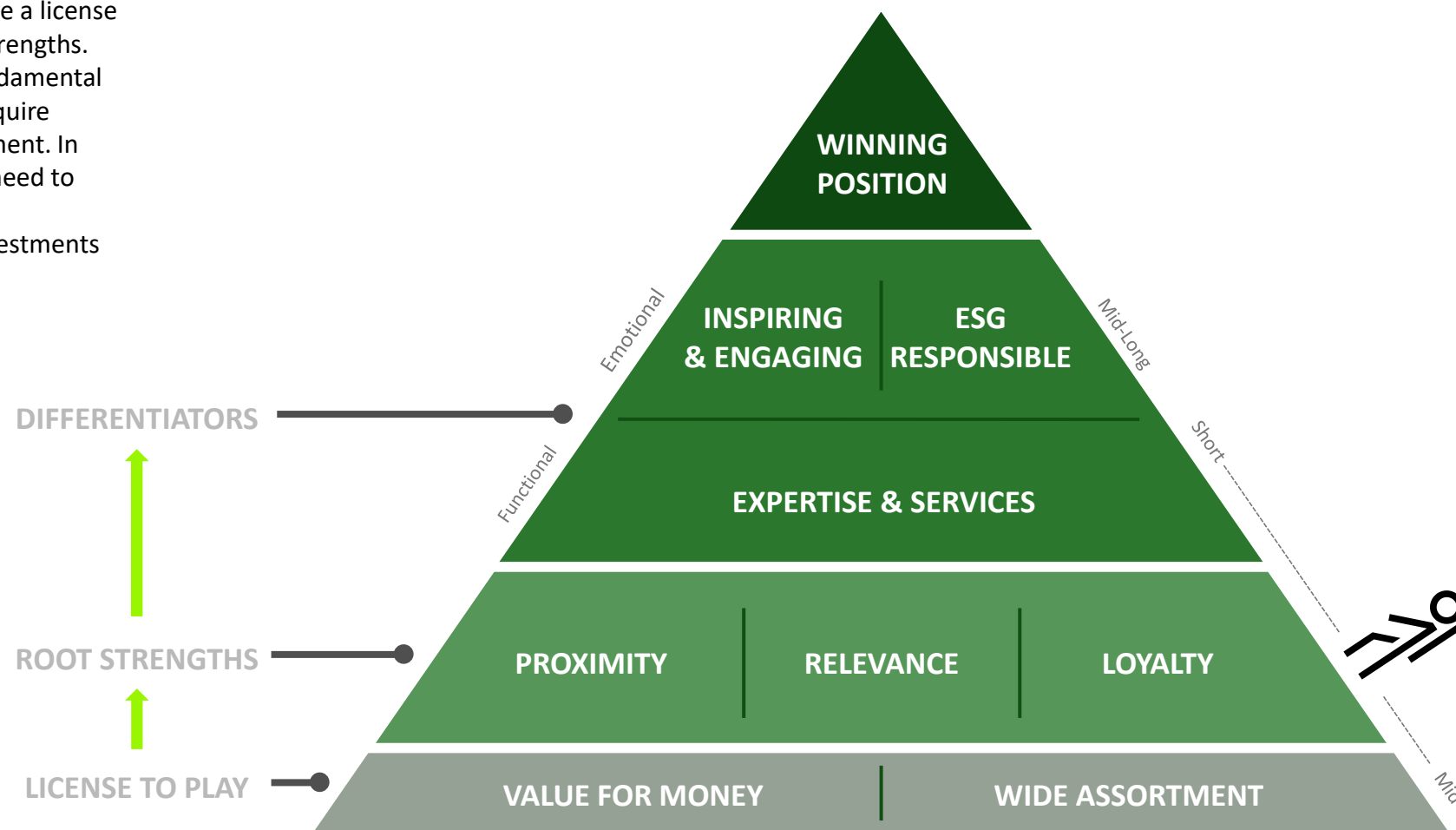
HQ

Actions

- Increased cost focus in all departments
- Scaling of HQ functions (rightsizing of several departments)
- Reduce complexity and streamline processes
- Making the cost base more scalable and flexible

Create a winning position

We need to ensure that we have a license to play and build on our root strengths. Together, these two form a fundamental and solid base, but they will require continuous focus and development. In addition to our solid base, we need to develop and strengthen our differentiators, through investments and clear priorities



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