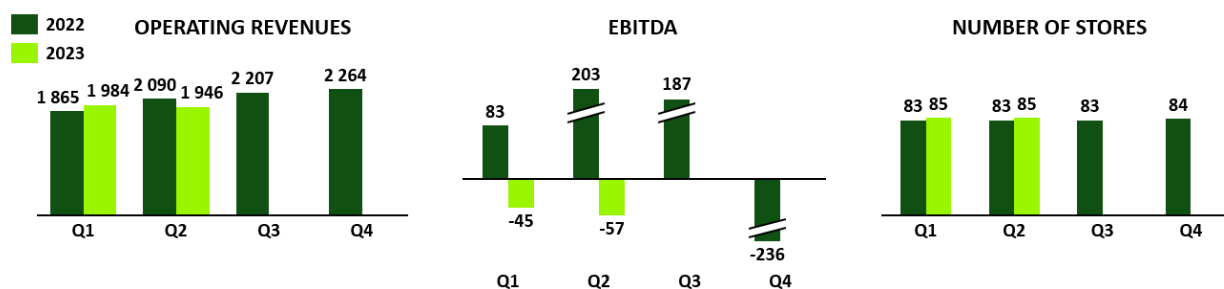
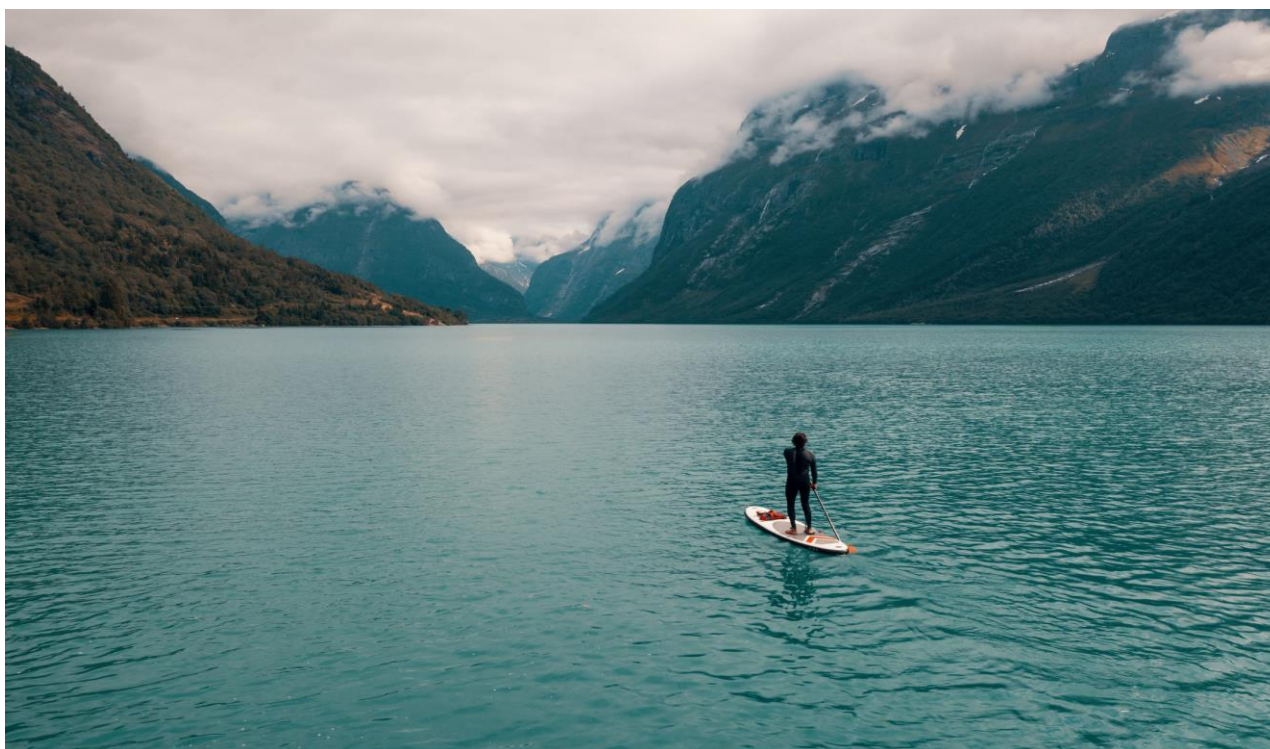


HIGHLIGHTS¹

- Challenging markets with lower demand for sporting goods
- Total operating revenue of NOK 1 946 million (2 090 million)
- High share of campaign activities and additional write down of inventory with a net effect of NOK 67 million impacting the gross margin
- EBITDA of minus NOK 57 million (NOK 203 million)



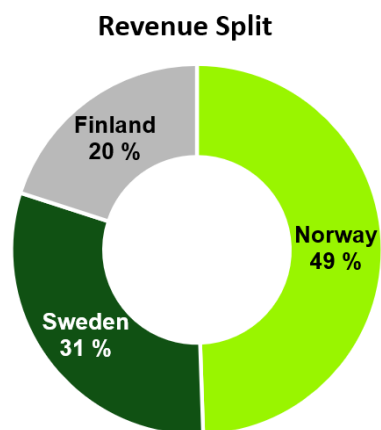
- 1) Please refer to definitions at the end of the report for descriptions of alternative performance measures that are used in highlights and key figures
- 2) All figures in the report are referring to XXL's Continuing Operations, unless otherwise stated. Please refer to Disclosure Note 10 for figures related to Austria Discontinued Operations

KEY FIGURES GROUP – Continuing Operations

(Amounts in NOK million)

	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
GROUP Continuing Operations (Reported Figures)					
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
**Average number of shares (1 000 shares)	387,932	252,437	344,979	252,437	252,437
Cash provided by operating activities	193	111	168	64	682
Like for like revenue growth	-12.9 %	-10.2 %	-5.4 %	-9.0 %	-12.1 %
Number of stores at period end	85	83	85	83	84
New stores in the period	-	1	1	1	2
Closed stores in the period	-	1	-	2	2

**Earnings per share: See Note 5.



KEY FIGURES SEGMENTS

(Amounts in NOK million)

	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Norway*					
Operating revenue	963	1 074	1 967	2 054	4 394
Growth (%)	-10,3 %	-4,5 %	-4,3 %	-8,4 %	-10,2 %
Gross profit	282	429	612	821	1 535
Gross margin (%)	29,3 %	39,9 %	31,1 %	40,0 %	34,9 %
OPEX %	20,0 %	17,6 %	21,7 %	20,2 %	19,9 %
EBITDA	90	240	185	406	661
EBITDA margin (%)	9,3 %	22,3 %	9,4 %	19,8 %	15,1 %
Number of stores at period end	38	37	38	37	38
New stores in the period	-	-	-	-	1
Closed stores in the period	-	-	-	-	-
Sweden					
Operating revenue	594	629	1 193	1 169	2 488
Growth (%)	-5,6 %	-16,3 %	2,0 %	-13,5 %	-16,0 %
Gross profit	144	221	311	411	713
Gross margin (%)	24,3 %	35,2 %	26,1 %	35,2 %	28,7 %
OPEX %	30,8 %	28,2 %	29,9 %	29,2 %	27,4 %
EBITDA	-39	44	-46	70	32
EBITDA margin (%)	-6,6 %	7,0 %	-3,8 %	5,9 %	1,3 %
Number of stores at period end	30	29	30	29	29
New stores in the period	-	1	1	1	1
Closed stores in the period	-	1	-	2	2
Finland					
Operating revenue	390	388	771	732	1 543
Growth (%)	0,5 %	-15,8 %	5,3 %	-11,2 %	-11,5 %
Gross profit	112	141	237	271	474
Gross margin (%)	28,6 %	36,2 %	30,8 %	37,0 %	30,7 %
OPEX %	27,6 %	25,6 %	28,4 %	27,4 %	25,4 %
EBITDA	4	41	18	70	82
EBITDA margin (%)	1,1 %	10,6 %	2,4 %	9,6 %	5,3 %
Number of stores at period end	17	17	17	17	17
New stores in the period	-	-	-	-	-
Closed stores in the period	-	-	-	-	-
HQ & logistics					
EBITDA	-112	-122	-260	-260	-538
EBITDA margin (% of Group revenues)	-5,7 %	-5,8 %	-6,6 %	-6,6 %	-6,4 %

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

Soft results under challenging market conditions

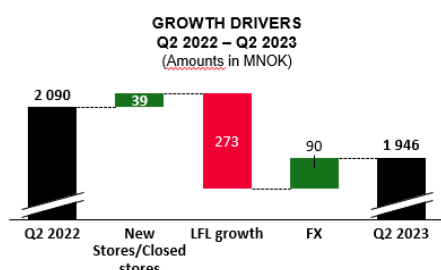
Oslo, 13 July 2023: The sport retail market continued to be challenging in the second quarter 2023 impacted by reduced demand, heavy discount activities and high inventory levels in the value chain. All Nordic markets are currently in contraction. Under such conditions XXL delivered a negative growth of 6.9 per cent and total operating revenue equaled NOK 1.9 billion (NOK 2.1 billion). XXL has prioritized liquidity and inventory control leading to continued high campaign activities and lower gross margin. XXL has impaired its inventory of capital goods resulting in an additional write down with a net effect of around NOK 67 million. Consequently, EBITDA ended at negative NOK 57 million (NOK 203 million). The inventory is back to normalized levels providing benefits for higher gross margin over time. Total liquidity reserve ended at NOK 722 million (NOK 691 million) and the net interest-bearing debt amounted to NOK 923 million (NOK 1 109 million).

XXL is currently working on several short-term actions and a longer-term strategic plan, called “Reset&Rethink”, in order to improve profitability. Five must win battles are expected to deliver an EBITDA run-rate uplift of NOK 500-750 million the next 12-24 months. The longer-term strategic plan and targets are in process and will be further detailed during 2023.

Second quarter 2023 review

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

Total operating revenue in the second quarter 2023 ended at 1 946 million (NOK 2 090 million) which represented a decline of 6.9 per cent. XXL's markets continued to be challenging in the second quarter 2023 driven by low consumer confidence and reduced demand for sporting goods in general. The sales started off with negative growth in April that decelerated further in May but picked up in June when XXL launched more aggressive campaign activities. E-commerce decreased by 2.0 per cent from Q2 2022 to Q2 2023, representing 21.1 per cent (20.0 per cent) of total operating revenue for the Group. Overall XXL delivered a negative like for like growth of 12.9 per cent in the quarter.



The market is characterized by high inventory levels in the whole value chain, resulting in aggressive pricing and excessive campaigns. Higher campaign activities also for XXL impacted the gross margin, which ended at 27.6 per cent (37.8 per cent). 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. This impacted the gross margin

negatively by around 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.

Operating expenses as percentage of sales increased to 30.6 per cent in the second quarter this year (28.1 per cent) impacted by the negative like for like growth hampering scale in the operations. However, operating expenses are lower than last year when adjusting for negative currency translation effects of around NOK 33 million despite new stores and increased marketing spend.

The Group EBITDA in the second quarter 2023 was negative of NOK 57 million (NOK 203 million), mainly explained by significantly lower gross margin as described above.

XXL had total liquidity reserves of NOK 722 million (NOK 691 million) and a net interest-bearing debt of NOK 923 million (NOK 1 109 million) by the end of Q2 2023. In the quarter XXL received a temporary deferral of tax payments for 2021 which has resulted in a tax repayment for that year in the amount of SEK 345 million and improved the liquidity reserves accordingly. The deferred tax amount will become payable on 12 September 2023. XXL may apply to the Swedish tax authorities for a further deferral until 12 September 2024, and intends to make such application. The Swedish deferred tax payment rules were introduced to provide an opportunity for companies affected by the pandemic, to postpone tax payments. The rules have subsequently been extended due to the economic situation in general and as a result of the uncertainty in the electricity market. XXL has booked the deferred tax payment as net interest-bearing debt.

XXL is currently working on adjusting costs and purchasing volumes to sales. XXL has flexibility in its agreements with suppliers and the inventory decreased to NOK 2 123 million

(NOK 2 802 million) mainly due to reduced incoming goods. In addition, XXL targets to reduce CAPEX, expected to be around NOK 150-200 million per year going forward.

XXL is currently working on several short-term actions and a longer-term strategic plan, called "Reset&Rethink", in order to improve the profitability. Short term actions are based on resetting the operating model and way of working. Five must win battles are identified and is currently in execution

- Reset category strategies
- Secure product availability
- Sales strategies and store operations
- Pricing
- E-commerce profitability

The identified must win battles are expected to deliver an EBITDA run-rate uplift of NOK 500-750 million the next 12-24 months.

In addition, the group continues to work on securing liquidity, exiting Austria and strengthening the loyalty program.

Rethink is related to detailing out a longer-term strategic plan that will transform XXL into a sustainable, profitable and a winning concept in the market. The four long-term strategic pillars are

- Restructure physical stores
- Accelerate E-commerce
- Double down on private label
- Leverage service offering

The longer-term strategic plan and targets are in process and will be further detailed out during 2023.

Operating segments

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

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

Norway

The Norwegian operations delivered total operating revenue of NOK 963 million in the second quarter 2023 compared to NOK 1 074 million in the same quarter last year, representing a negative growth of 10.3 per cent. According to market figures from SSB as of May 2023, the sales of sporting goods in Norway decreased by 4.0 per cent. The corresponding figure for XXL was negative of 4.2 per cent.

Gross margin was impacted by high campaign activities under challenging market conditions as well as higher sourcing costs. In addition, XXL has taken a write down of its inventory with a net effect of around NOK 22 million. Due to these effects the gross margin decreased from 39.9 per cent in Q2 2022 to 29.3 per cent in Q2 2023.

Operating expenses as percentage of sales ended at 20.0 per cent (17.6 per cent) impacted by a negative like for like growth of 11.7 per cent hurting scale in the operations. The

absolute cost level was on par with last year.

EBITDA amounted to NOK 90 million (NOK 240 million). The main reason for the lower EBITDA was the decline in total operating revenue and the gross margin development as described above.

Sweden

According to market figures from SCB as of May 2023 the sale of sporting goods in Sweden decreased by 2.3 per cent, while the corresponding negative growth for XXL was 0.8 per cent in local currency.

Total operating revenue for XXL in Sweden in Q2 2023 amounted to NOK 594 million (NOK 629 million). The driver was a negative like for like growth of 14.4 percent in local currency under weak and volatile market conditions with lower overall demand.

Gross margin decreased to 24.3 per cent (35.2 per cent) explained by high campaign activity, both in the market and by XXL, under challenging conditions as well as increased sourcing costs. In addition, XXL has taken a write down of its inventory with a net effect of around NOK 29 million.

Operating expenses as percentage of sales ended at 30.8 per cent (28.2 per cent) explained by the negative like for like growth hampering scale in the operations. XXL has also executed several cost reductions related to store personnel counteracted by increased marketing costs. Negative currency translation effects amount to around NOK 14 million in the quarter.

EBITDA was negative of NOK 39 million (NOK 44 million), driven by weak sales development and the lower gross margin.

Finland

Total operating revenue in the quarter amounted to NOK 390 million (NOK 388 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. According to market figures from TMA as of May 2023, the sale of sporting goods in Finland decreased by 3.1 per cent while XXL had a decline of 7.3 per cent in the same period.

Gross margin ended at 28.6 per cent (36.2 per cent) impacted by higher campaign activities in a challenging market as well as increased sourcing costs. In addition, XXL has taken a write down of its inventory with a net effect of around NOK 16 million.

Operating expenses as percentage of sales ended at 27.6 per cent in Q2 2023 (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 but counteracted by negative currency translation effects of around NOK 19 million.

EBITDA ended at NOK 4 million in Q2 2023 (NOK 41 million)

driven by negative sales growth and the lower gross margins.

HQ and Logistics

The HQ and Logistics segment consists of costs related to the Group's headquarter and logistics operations including two central warehouses.

Operating expenses were NOK 112 million (NOK 122 million) in Q2 2023. XXL has seen increased inflation on large cost elements like salaries and IT-licenses partly counteracted by a severance accrual in Q2 last year. XXL is addressing the HQ cost base to adopt to the current sales development and commenced a reorganization of the HQ functions during Q1 2023. This is expected to give positive effects in H2 2023 and onwards.

Financials

Consolidated income statement – Second quarter

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

Total operating revenue decreased by 6.9 per cent to NOK 1 946 million (NOK 2 090 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 595 million (NOK 587 million) in the second quarter. As percentage of total operating revenue of the Group, operating expenses increased from 28.1 per cent in the second quarter last year to 30.6 per cent in the second quarter this year.

Operating income amounted to negative NOK 249 million (negative NOK 0.1 million). The change is mainly explained by the significantly lower total operating revenue and gross margin as described above.

Net financial expense amounted to NOK 62 million for the second quarter (positive NOK 36 million) whereof NOK 22 million is related to IFRS 16 effects compared to NOK 21 million in Q2 2022. Net interest expenses ended at NOK 25 million (NOK 10 million). Net financial expenses included a negative currency effect of NOK 12 million compared to a positive currency effect of NOK 70 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 second quarter was negative NOK 64 million (negative NOK 9 million).

Profit for the period from continuing operations ended at negative NOK 246 million (NOK 45 million).

Profit for the period from discontinued operations ended at negative NOK 56 million (negative NOK 15 million).

Profit for the period ended at negative NOK 343 million (NOK 30 million)

Consolidated income statement – First half year

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

Total operating revenue declined by 0.6 per cent to NOK 3 930 million (NOK 3 956 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 1 262 million (NOK 1 217 million) in the first half year. As percentage of total operating revenue of the Group, operating expenses increased from 30.8 per cent in the H1 last year to 32.1 per cent in H1 this year.

Operating income amounted to negative NOK 488 million (negative NOK 113 million). The change is mainly explained by the significantly lower gross margin as described above and increased cost inflation.

Net financial expense amounted to NOK 106 million for the first half year (NOK 8 million) whereof NOK 43 million is related to IFRS 16 effects compared to NOK 40 million in H1 2022. Net interest expenses ended at NOK 55 million (NOK 18 million). Net financial expenses included a negative currency effect of NOK 2 million compared to a positive currency effect of NOK 58 million last year. Other financial expenses of NOK 6 million were related to amortization of loan costs and other financial costs.

Income tax expense for the first half year was negative NOK 123 million (negative NOK 36 million).

Profit for the period from continuing operations ended at negative NOK 472 million (negative NOK 85 million).

Profit for the period from discontinued operations ended at negative NOK 98 million (negative NOK 36 million).

Profit for the period ended at negative NOK 569 million (negative NOK 121 million).

Consolidated cash flow – First half year

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

Cash provided by operating activities was at NOK 168 million (NOK 64 million) in H1 2023. The high campaign activity have resulted in a higher build-down of inventory year-over-year offset by poor results and build down of accounts payables.

Cash used by investing activities was NOK 44 million (NOK 92 million) for H1 2023. This is mainly related to opening of a new store in Skellefteå, investments in existing stores and E-commerce platform.

Cash used by financing activities amounted to NOK 160 million (cash provided of NOK 376 million) in H1 2023. The change is mainly related to drawdowns of the loan facility in H2 2022 vs none in H1 2023 and higher interest rates in H1 2023. In H1 2023 XXL also received the settlement of a private placement of NOK 500 million, which was fully used to pay down debt.

Financial position and liquidity

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

As of 30 June 2023, total assets amounted to NOK 8 963 million (NOK 9 660 million). Total equity was NOK 3 3003 million (NOK 3 632 million), resulting in an equity ratio of 33.5 per cent (37.6 per cent). Net interest bearing debt (NIBD) ended at NOK 923 million (NOK 1 109 million).

The Group had cash and cash equivalents of NOK 572 million (NOK 521 million) as of 30 June 2023. The Group's liquidity reserves include total credit facilities of NOK 1 300 million where of NOK 1 150 million was used as of 30 June 2023. Available liquidity reserves as of 30 June 2023 were NOK 722 million (NOK 691 million). In June XXL received a temporary deferral of tax payments for 2021 which has resulted in a tax repayment for that year in the amount of SEK 345 million and improved the liquidity reserves accordingly.

Summary from the Annual General Meeting

The Annual General Meeting of XXL ASA was held on 6 June 2023. All items were resolved in accordance with the proposals from the Board and the Nominations Committee's recommendations.

Changes in the Executive Management team

Emelie Friis has been appointed the new EVP Brand & Marketing in the XXL Group and will be part of the Executive Management Team from late August 2023. Previously Emelie held the position as Chief Marketing Officer (CMO) in Kronans Apotek, being responsible for a turn-around of the marketing department from analogue to unified commerce. She has also been working with both E-commerce, digital transformation and CRM. Emelie started her career as art director and creative director in several communication agencies and has also worked in V&S Group and Pernod Ricard with strong brands like Absolut Vodka, Malibu and Kahlua.

XXL has signed a new permanent EVP Category and Buying in the XXL Group who will be communicated at a later stage. Current interim EVP Category and Buying, Jarle Bråten, will continue in the position until end of year.

Espen Terland, EVP IT, will step down late this fall to pursue opportunities outside XXL. XXL has started the recruitment process for his replacement. XXL is currently also in process of recruiting the position as COO.

Outlook

XXL is in the phase of implementing several strategic initiatives and projects to improve profitability and operational efficiency going forward, called "Reset&Rethink". Five must win battles are expected to deliver an EBITDA uplift of NOK 500-750 million the next 12-24 months. The longer-term strategic plan and targets are in process and will be further detailed out during 2023.

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.

In line with the existing strategy, XXL will continue to invest in operational efficiency, store optimizing projects, E-commerce platform, infrastructure and IT. Total CAPEX for XXL Group in 2023 is expected to be around NOK 150-200 million.

Going forward XXL expects the pace of the store roll-out to be 2-3 new stores per year including relocations of stores. XXL has signed 2 new lease agreements for store openings in 2023, whereof 1 in Norway and 1 in Sweden. At the same time XXL will be downsizing several existing stores. The Group will continue to focus on optimizing the store portfolio, including evaluation of selective closures of low performing stores with limited turnaround abilities.

XXL will exit Austria in 2023 and is working on several different solutions, including sale of the Austrian entity. XXL has already closed 3 of the 8 stores, as well as the E-commerce operation and the central warehouse facility, and agreed to close two stores in September 2023. XXL has an ambition of having no negative cash effect in 2023 from the Austrian operations and exit.

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 2023 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, 13 July 2023
Board of Directors, XXL ASA

Håkan Lundstedt
Chairman

Ronny Blomseth
Board member

Kjersti Hobøl
Board member

Tom Jovik
Board member

Kari Ekelund Thørud
Board member

Freddy Sobin
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, 2023

(Amounts in NOK million)	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022 (Audited)
Total Operating Revenue	1,946	2,090	3,930	3,956	8,426
Cost of goods sold	1,408	1,300	2,770	2,453	5,705
Personnel expenses	373	382	809	820	1,665
Other operating expenses	222	205	454	397	819
Depreciation	192	203	386	398	703
Impairment losses	-	-	-	1	1
Total Operating Expenses	2,195	2,090	4,418	4,068	8,893
Operating Income	-249	-0	-488	-113	-467
Net Financial Income (+) / Expense (-)	-62	36	-106	-8	-64
Profit before income tax	-310	36	-594	-121	-531
Income tax expense	-64	-9	-123	-36	-120
Profit from Continuing Operations	-246	45	-472	-85	-411
Profit from Discontinued Operations	-56	-15	-98	-36	-130
Profit for the Period	-302	30	-569	-121	-542
Basic and diluted Earnings per share from continuing operations (NOK)	-0.63	0.18	-1.37	-0.34	-1.63
Basic and diluted Earnings per share from discontinued operations (NOK)	-0.14	-0.06	-0.25	-0.14	-0.52
Basic and diluted Earnings per share (NOK)	-0.78	0.12	-1.47	-0.48	-2.15
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign currency rate changes	13	-	-35	-	-7
Total Other Income and Expense	13	-	-35	-	-7
Total comprehensive income for the period	-289	30	-604	-121	-549
Total comprehensive income attributable to:					
Equity holders of the company	-280	29	-587	-118	-534
Non-controlling interest	-9	1	-17	-3	-15

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	30.06.2023	30.06.2022	31.12 2022 (Audited)
NON CURRENT ASSETS				
Intangible Assets				
Goodwill		2 744	2 744	2 744
Other Intangible Assets		268	264	265
Deferred tax asset		286	98	166
Total Intangible Assets		3 298	3 105	3 175
Fixed Assets		563	799	613
Right of Use Assets	9	2 021	2 114	1 842
Total Non Current Assets		5 883	6 018	5 630
CURRENT ASSETS				
Inventory		2 123	2 802	2 328
Trade and Other Receivables		250	319	260
Cash and Cash Equivalents		539	521	552
Total Current Assets		2 912	3 642	3 140
Total assets of disposal group held for sale	10	168	-	263
TOTAL ASSETS		8 963	9 660	9 034

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

				31.12 2022
(Amounts in NOK million)	Note	30.06.2023	30.06.2022	(Audited)
SHAREHOLDERS' EQUITY				
Paid-in Capital		3 535	3 187	3 052
Other equity	9	-532	445	14
Total Shareholders' Equity		3 003	3 632	3 066
LIABILITIES				
Deferred Tax Liability		0	-0	0
Total Provisions		0	-0	0
Other non-current liabilities				
Interest Bearing Non-Current Liabilities		483	489	494
Lease Liabilities	9	1 682	1 943	1 568
Total other non-current liabilities		2 165	2 432	2 062
Total non-current liabilities		2 165	2 432	2 062
Current liabilities				
Accounts Payable		1 310	1 030	1 214
Lease Liabilities	9	602	582	533
Current Interest Bearing Liabilities		1 012	1 141	1 135
Tax payable		-0	63	9
Public duties payable		295	314	360
Other current liabilities		439	466	494
Total current liabilities		3 658	3 596	3 745
TOTAL LIABILITIES		5 822	6 028	5 808
Total liabilities of disposal group held for sale	10	137	-	160
TOTAL EQUITY AND LIABILITIES		8 963	9 660	9 034

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Cash Flows

	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022 (Audited)
Operating Activities					
Income before tax from continued operations	(310)	37	(594)	(121)	(531)
Income tax paid	-	(19)	-	(37)	(38)
Depreciation and amortization	192	204	386	400	703
Impairment losses	-	(0)	-	(0)	1
Net financial expense	62	(36)	106	9	64
Changes in inventory	131	(326)	206	(538)	(374)
Changes in accounts receivable	(51)	(32)	(6)	306	337
Changes in accounts payable and supplier financing	298	248	118	401	572
Other changes	(140)	11	(80)	(404)	(96)
Cash provided (used) by operating activities from discontinuing operations	12	24	33	47	44
Cash provided (used) by operating activities	193	111	168	64	682
Investing Activities					
Investment in fixed assets	(13)	(50)	(44)	(85)	(132)
Cash provided (used) by investing activities from discontinuing operations	-	(0)	-	(7)	(7)
Cash provided (used) by investing activities	(13)	(50)	(44)	(92)	(139)
Financing Activities					
Capital Increase (gross proceeds)	1	-	501	-	-
Transaction costs	(7)	-	(18)	-	-
Sales/purchase of own shares/other equity transactions	-	-	-	(2)	(8)
Dividends	-	-	-	-	(145)
Payments on long/short term debt	(46)	-	(546)	-	(150)
Proceeds from long/short term debt	342	353	342	741	883
Interest payments	(26)	(10)	(56)	(19)	(61)
Interest on lease liabilities	(22)	(20)	(43)	(39)	(78)
Total leasing payments for the lease liability	(157)	(129)	(313)	(262)	(560)
Cash provided (used) by financing activities from discontinuing operations	(12)	(22)	(26)	(44)	(45)
Cash provided (used) by financing activities	72	172	(160)	376	(164)
Net Change in Cash and Cash Equivalents	252	233	(36)	348	379
Cash and cash equivalents - beginning of period	288	277	575	173	173
Effect of foreign currency rate changes on cash and equivalents	-	11	-	-	-
Cash and Cash Equivalents (AHS) - End of period	32	-	32	-	23
Cash and Cash Equivalents - End of period	572	521	572	521	575

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Changes in Equity

(Amounts in NOK million)	Share capital	Share premium	Other Paid in Equity	Retained earnings	Foreign Currency Rate Changes	Non-Controlling Interest	Total Shareholders' Equity
Shareholders' Equity 31.12.2021	101	3,049	36	583	-47	30	3,753
Net income 2022	-	-	-	-522	-	-20	-542
Foreign currency rate changes	-	-	-	-	-	-	0
Transactions with owners:							
Employee share incentive program	-	-	4	-	-	-	4
Dividends	-	-145	-	-	-	-	-145
Purchase of own shares	-	-3	-	-	-	-	-3
Shareholders' Equity 31.12.2022	101	2,900	40	61	-47	10	3,066
Net income H1 2023	-	-	-	-549	-	-20	-569
Foreign currency rate changes	-	-	-	-	-	13	13
Transactions with owners:							
Employee share incentive program	-	-	3	-	-	-	3
Share issue	54	436	-	-	-	-	491
Purchase of own shares	-	-	-	-	-	-	0
Shareholders' Equity 30.06.2023	155	3,337	43	-488	-47	3	3,003

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.

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 2023 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 2022, 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 2022.

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 2022.

Note 5 Earnings per share

	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022 (Audited)
Profit for the period from continuing operations (NOK million)	-246	45	-472	-85	-411
Profit for the period from discontinued operations (NOK million)	-56	-15	-98	-36	-130
Weighted average number of ordinary shares in issue	387,932,412	252,436,658	344,979,269	252,436,658	252,436,658
Number of shares outstanding	387,944,706	252,436,658	387,944,706	252,436,658	252,436,658
Adjustment for:					
Effect share options	3,685,466	1,156,437	2,989,333	1,034,633	885,466
Weighted number of ordinary shares in issue for diluted earnings per share	391,617,878	253,593,095	347,968,602	253,471,291	253,322,124
Basic and diluted Earnings per share from continuing operations (NOK)	-0.63	0.18	-1.37	-0.34	-1.63
Basic and diluted Earnings per share from discontinued operations (in NOK)	-0.14	-0.06	-0.28	-0.14	-0.52
Basic and diluted Earnings per share (NOK)	-0.78	0.12	-1.65	-0.48	-2.15

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 three reportable geographical segments and HQ & Logistics segment. The following presents the Group's revenue by operating segment:

Q2 2023

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	963	594	390	-	1,946
Gross profit	282	144	112	-	538
EBITDA	90	-39	4	-112	-57
Operating Income	22	-95	-34	-141	-249

Q2 2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	1,074	629	388	-	2,090
Gross profit	429	221	141	-	791
EBITDA	240	44	41	-122	203
Operating Income	156	-18	11	-149	-0

01.01.2023 - 30.06.2023

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	1,967	1,193	771	-	3,931
Gross profit	612	311	237	-	1,160
EBITDA	185	-46	18	-260	-102
Operating Income	48	-160	-57	-319	-488

01.01.2022 - 30.06.2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	2,054	1,169	732	-	3,956
Gross profit	821	411	271	-	1,503
EBITDA	406	70	70	-260	286
Operating Income	237	-45	10	-314	-113

01.01.2022 - 31.12.2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total
Operating revenue	4,394	2,488	1,543	-	8,426
Gross profit	1,535	713	474	-	2,721
EBITDA	661	32	82	-538	237
Operating Income	393	-168	-48	-644	-467

*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 2023. 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 2022.

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

	Buildings, machinery and vehicles
<i>(Amounts in NOK million)</i>	
Aquisition cost 01.01.2023	4 115
Additions and adjustments	414
Change incentives	-10
Net exchange differences	144
Aquisition costs 30.06.2023	4 663
Accumulated depreciation and impairment losses 01.01.2022	-2 174
Depreciation	-321
Impairment losses (-) Reversal of losses (+)	0
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	-73
Accumulated depreciation and impairment 30.06.2023	-2 568
Total Right-of-Use Assets at 30.06.2023 including assets held for sale	2 095
Right of Use Assets	2 021
Right of Use Assets Held for Sale	74

Lease liabilities

(Amounts in NOK million)

Summary of the lease liabilities in the financial statements

Total lease liabilities 01.01.2023	2 203
New lease liabilities recognised in the period and adjustments	403
Leasing payments for the principal portion of the lease liability	-338
Interest expense on lease liabilities	45
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	71
Lease liabilities at 30.06.2023	2 284
Lease liabilities Held for Sale 30.06.2023	100

whereof:

Current lease liabilities < 1 year	602
Non-current lease liabilities > 1 year	1 682

Note 10 Discontinued Operations

The board of XXL concluded its strategic review process of XXL's operations in Austria 21.12.2022

The decision is to exit the Austrian market during 2023 and the management considers that the disposal group is available for immediate sale in its present condition. Austria is consequently classified as a disposal group held for sale in the balance sheet and presented as discontinued operations in the income statement as of 31.12.2022. The comparative condensed consolidated income statement has been restated to show the discontinued operation separately from the continuing operations.

Summary of financial data for discontinued operations

(Amounts in NOK million)	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022 (Audited)
Total Operating Revenue	51	104	166	223	454
Cost of goods sold	49	69	139	145	366
Personnel expenses	19	24	45	51	98
Other operating expenses	24	23	49	46	112
Depreciation	21	7	46	13	48
Impairment Losses (+) Reversal of losses (-)*	-	0	-	0	-14
Total Operating Expenses	113	122	279	256	610
Operating Income	-62	-19	-113	-33	-156
Net Financial Income (+) / Expense (-)	3	5	11	2	-6
Profit before income tax	-59	-14	-103	-31	-162
Income tax expense	-3	2	-5	5	-31
Profit from Discontinued Operations	-56	-15	-98	-36	-130
Net cash flow from operating activities	12	24	33	47	44
Net cash flow from investing activities	-	-7	-	-7	-7
Net cash flow from financing activities	-12	-22	-26	-44	-45
Net change in cash and cash equivalents	-	-5	7	-4	-8

*Impairment losses includes reversal of Right-of-Use assets due to fair value assesment

	30/06/2023	31.12 2022 (Audited)
<i>(Amounts in NOK million)</i>		
NON CURRENT ASSETS		
Intangible Assets		
Other Intangible Assets	2	2
Deferred tax asset	6	3
Total Intangible Assets	9	5
Fixed Assets	9	20
Right of Use Assets	74	99
Total Non Current Assets	92	123
CURRENT ASSETS		
Inventory	26	96
Trade and Other Receivables	17	21
Cash and Cash Equivalents	32	23
Total Current Assets	76	140
TOTAL ASSETS	168	263

	30/06/2023	31.12 2022 (Audited)
<i>(Amounts in NOK million)</i>		
LIABILITIES		
Other non-current liabilities		
Lease Liabilities	69	69
Total other non-current liabilities	69	69
Total non-current liabilities	69	69
Current liabilities		
Accounts Payable	7	12
Lease Liabilities	31	33
Tax payable	-0	-0
Public duties payable	-4	9
Other current liabilities	35	37
Total current liabilities	68	91
TOTAL LIABILITIES	137	160

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.

All APMs are related to Continuing Operations. We refer to note 10 for details on Discontinued Operations.

EBIT

Our EBIT represents operating income.

EBITDA

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

Reconciliation

	Q2'23	Q2'22	H1'23	H1'22	FY22
Operating Income	-249	0	-488	-113	-467
+ Depreciation	192	203	386	398	703
= EBITDA	-57	203	-102	286	237

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.

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

	Q2'23	Q2'22	H1'23	H1'22	FY22
Operating revenue	1 946	2 090	3 930	3 956	8 426
÷ Cost of goods sold	1 408	1 300	2 770	2453	5 705
= Gross profit	538	791	1 160	1503	2 721
Gross margin	27.6%	37.8%	29.5%	38.0%	32.3%

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

	Q2'23	Q2'22	H1'23	H1'22	FY22
Other operating expenses	222	205	454	397	819
+ Personnel expenses	373	382	809	820	1 655
= OPEX	595	587	1 262	1 217	2 484

Total inventory divided on number of stores and number of E-commerce markets at end of period.

$$\text{Inventory per store} = \frac{\text{Inventory}}{(\text{Number of stores} + \text{Ecom markets})}$$

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

	H1'23	H1'22	FY22
Non-Current Interest-Bearing liabilities	483	489	494
+ Current Interest-Bearing liabilities	1 012	1 141	1 135
÷ Cash and Cash Equivalents	539	521	552
÷ Cash and Cash Equivalents (AHS)	32	-	23
= Net Interest-Bearing Debt	923	1 109	1 054

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

	H1'23	H1'22	FY22
Cash and Cash Equivalents	539	521	552
Cash and Cash Equivalents (AHS)	32	-	23
+ Undrawn Credit Facilities	150	170	171
= Liquidity reserve	722	691	746

Ecommerce

Ecommerce is sales through online sales channels in comparison to sales through retail stores that are physical stores.

Inventory per store

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

Q2'23	XXL Group	NOR	SWE	FIN	HQ & logistics
EBITDA reported	-57	90	-39	4	-111
IFRS 16 effects OPEX	-157	-62	-48	-33	-14
EBITDA ex IFRS 16 effects	-214	28	-87	--29	-125
EBIT Reported	-248	22	-95	-35	-141
IFRS 16 effects affecting EBIT	-20	-11	-6	-2	-2
EBIT ex IFRS 16 effects	-269	11	-101	-37	-143

H1'23	XXL Group	NOR	SWE	FIN	HQ & logistics
EBITDA reported	-102	185	-45	18	-259
IFRS 16 effects OPEX	-313	-124	-98	-64	-27
EBITDA ex IFRS 16 effects	-416	61	-143	-46	-287
EBIT Reported	-488	48	-160	-57	-319
IFRS 16 effects affecting EBIT	-39	-19	-12	-4	-3
EBIT ex IFRS 16 effects	-527	29	-172	-61	-322

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FINANCIAL CALENDAR

Q3 Results:	27.10.2023:
Q4 Results	8.2.2024:

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