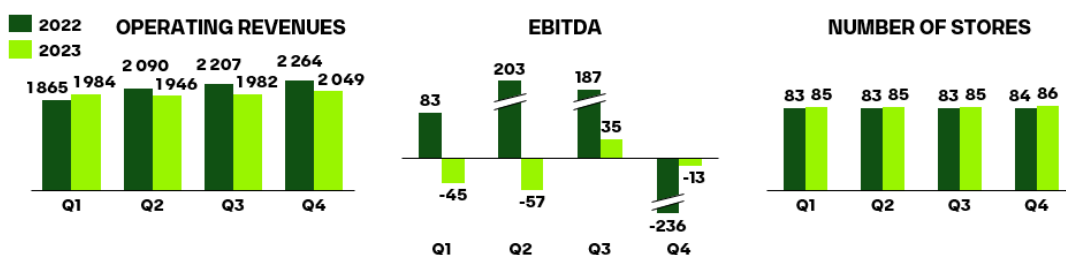


HIGHLIGHTS¹

- **Concluding a disappointing and challenging 2023 with weak Q4 results**
 - Total operating revenue of NOK 2 049 million (2 264 million)
 - EBITDA of negative NOK 13 million (negative NOK 236 million)
- **But with a strengthened balance sheet going into 2024**
 - Reduced inventory by NOK 552 million and payables reduced by NOK 335 million
 - Total liquidity reserves of NOK 760 million (NOK 746 million)
 - Extra ordinary write-down of NOK 576 million related to technical goodwill and right of use assets
- **And the “Reset & Rethink” strategy progressing according to plan**



- 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)

	Q4 2023	Q4 2022	FY 2023	FY 2022
GROUP Continuing Operations				
Operating revenue	2,049	2,264	7,961	8,426
Growth (%)	-9.5 %	-13.2 %	-5.5 %	-12.2 %
Gross profit	687	448	2,508	2,721
Gross margin (%)	33.5 %	19.8 %	31.5 %	32.3 %
OPEX %	34.2 %	30.2 %	32.5 %	29.5 %
EBITDA	-13	-236	-80	237
EBITDA margin (%)	-0.6 %	-10.4 %	-1.0 %	2.8 %
EBIT	-767	-408	-1,409	-467
EBIT margin (%)	-37.4 %	-18.0 %	-17.7 %	-5.5 %
Impairment losses	576	-	576	-
EBIT adj.	-191	-408	-833	-467
EBIT adj. margin (%)	-9.3%	-18.0%	-10.5%	-5.5%
Net Income	-1,017	-373	-1,629	-411
Net Income adj.	-441	-373	-1,053	-411
*Basic Earnings per share (NOK)	-0.62	-1.89	-2.15	-2.14
*Average number of shares (1 000 shares)	1,663,135	243,967	822,974	253,076
Cash provided by operating activities	207	132	198	682
Like for like revenue growth	-12.0 %	-13.4 %	-9.3 %	-12.1 %
Number of stores at period end	86	84	86	84
New stores in the period	1	1	2	2
Closed stores in the period	-	-	-	2

*Earnings per share: See Note 5.



KEY FIGURES SEGMENTS

SEGMENT

(Amounts in NOK million)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Norway*				
Operating revenue	1,068	1,201	4,049	4,394
Growth (%)	-11.1 %	-11.9 %	-7.9 %	-10.2 %
Gross profit	385	304	1,342	1,535
Gross margin (%)	36.0 %	25.3 %	33.1 %	34.9 %
OPEX %	23.5 %	19.9 %	22.6 %	19.9 %
EBITDA	134	65	425	661
EBITDA margin (%)	12.5 %	5.4 %	10.5 %	15.1 %
Number of stores at period end	39	38	39	38
New stores in the period	1	1	1	1
Closed stores in the period	-	-	-	-
Sweden				
Operating revenue	604	646	2,387	2,488
Growth (%)	-6.5 %	-19.3 %	-4.1 %	-16.0 %
Gross profit	173	80	672	713
Gross margin (%)	28.7 %	12.3 %	28.2 %	28.7 %
OPEX %	30.7 %	29.4 %	29.3 %	27.4 %
EBITDA	-12	-110	-28	32
EBITDA margin (%)	-2.0 %	-17.1 %	-1.2 %	1.3 %
Number of stores at period end	30	29	30	29
New stores in the period	-	-	1	1
Closed stores in the period	-	-	-	2
Finland				
Operating revenue	377	416	1,525	1,543
Growth (%)	-9.4 %	-6.3 %	-1.2 %	-11.5 %
Gross profit	129	65	495	474
Gross margin (%)	34.3 %	15.6 %	32.5 %	30.7 %
OPEX %	29.2 %	24.4 %	28.1 %	25.4 %
EBITDA	19	-37	67	82
EBITDA margin (%)	5.1 %	-8.8 %	4.4 %	5.3 %
Number of stores at period end	17	17	17	17
New stores in the period	-	-	-	-
Closed stores in the period	-	-	-	-
HQ & logistics				
EBITDA	-153	-154	-544	-538
EBITDA margin (% of Group revenues)	-7.5 %	-6.8 %	-6.8 %	-6.4 %

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

Concluding the year with disappointing results, but turnaround actions starting to materialize

Oslo, 7 February 2024: XXL is concluding one of its most challenging years with negative sales development and disappointing results, but with full focus on delivering the “Reset & Rethink” plan with underlying positive indicators. In summary 2023 was a year of change, with both a new CEO and Chairman as well as a several new members of both the Board of Directors and the Executive Management team. During 2023 XXL successfully exited its operations in Austria, after several years of losses, and the company will continue to consolidate markets and sales channels by also exiting its operations in Denmark during Q1 2024 as well as closing the mobile app in all markets and relocating and downsizing select stores. Furthermore, cost out ambitions were increased in 2023, with a positive effect already, but even more so in 2024 and fully in 2025. The first phase of the “Reset & Rethink” plan, centered around five must win battles, is expected to deliver an EBITDA run-rate uplift of NOK 500-750 million during the next 12-18 months. The plan is progressing well, and most initiatives are expected to begin to yield positive financial contribution gradually during 2024 and beyond.

XXL delivered negative year over year growth of 9 percent in the fourth quarter 2023, and total operating revenue amounted to NOK 2.0 billion (NOK 2.3 billion). The sports and outdoor retail market in the Nordics continued to be challenging, with yet another challenging quarter, making it the eight consecutive quarter with negative growth, leading to widespread and heavy campaigning and discounting activities in all markets. To strengthen customer loyalty, with increased buying frequency and share of wallet, XXL has renewed its customer club XXL Reward by introducing bonus points. This has led to a provision of NOK 70 million in the fourth quarter, directly impacting sales and gross margin negatively. Moving forward the margin impact will be lower, as the fourth quarter was the launch quarter for the strategically strengthened customer club, with high initial costs that will be lower from January and onwards. The inventory level is back to a normalized level. However, mixed effects of higher share of the inventory on higher price points and capital-intensive products have adversely affected availability and sales on lower price points.

EBITDA amounted to negative NOK 13 million (negative NOK 236 million). Total liquidity reserve in the quarter ended at NOK 760 million (NOK 746 million) and the net interest-bearing debt amounted to NOK 876 million (NOK 1 054 million). XXL has also made an impairment of its technical goodwill leading to an extra ordinary write-down of NOK 522 million as well as write-down of right-of-use assets of NOK 54 million.

Fourth quarter 2023 review

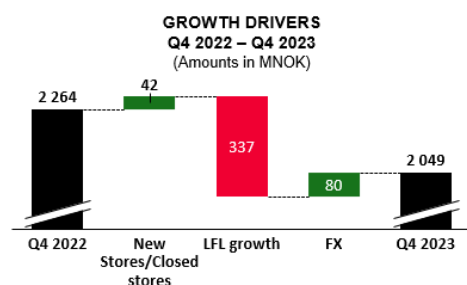
(Figures in brackets = same period previous year, unless otherwise specified)

Total operating revenue in the fourth quarter 2023 ended at NOK 2 049 million (NOK 2 264 million) which represented a decline of 9.3 per cent. Total operating revenue in the fourth quarter 2023 ended at NOK 2 049 million (NOK 2 264 million) which represented a decline of 9.5 per cent. XXL's markets continued to be challenging with eight consecutive quarters with negative growth, driven by low consumer confidence and reduced demand for sports and outdoor goods in general. The negative trend continued into the autumn season, but sales improved during the Black Week campaign. Consequently, this led to a soft start of December,

which proved to be a disappointing month sales wise. XXL continued to see better sales of consumables like clothing and shoes while more capital-intensive discretionary products in the hardware categories remain more challenging. Over time XXL has prioritized strict liquidity and inventory control, resulting in a reduction of its inventory of NOK 552 million compared to Q4 2022. However, mix effects of increased share of inventory on higher price points and capital-intensive products has negatively affected availability and sales on lower price points.

XXL has introduced bonus points on its customer loyalty program, “Reward”, leading to a provision of NOK 70 million, thus short- term impacting gross margin negatively. Over time this should lead to increased loyalty, with increased purchasing frequency and order value, but will in the buildup

phase result in increased provisions. After the launch period in Q4 2023, when the company invested in premiering the bonus points and recruiting new members, cost and provisions will go down already from January 2024 and onwards.



E-commerce decreased by 14.6 per cent from Q4 2022 to Q4 2023, representing 24.4 per cent (25.9 per cent) of total operating revenue for the Group. Online sales have been more demanding after years of strong growth during the pandemic, also affected by the general market trend of less efficient online marketing. Overall XXL delivered a negative like for like growth of 12.0 per cent in the quarter.

The market is still characterized by high campaign pressure under challenging macro conditions. XXL also continues to see higher share of sales on campaign products, impacting the gross margin, which ended at 33.5 per cent (19.8 per cent). The provision related to bonus points, as mentioned above, impacted gross margin in Q4 2023 by approximately 2 percentage points. The gross margin last year was affected by an additional write down of the inventory of NOK 301 million, corresponding to 13.3 percentage points on gross margin. 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, but gradual return to more normalized levels during 2024.

Operating expenses as percentage of sales increased to 34.2 per cent in the fourth quarter of 2023 (30.2 per cent) impacted by the negative like for like growth hampering scale in operations. However, operating expenses are lower than last year when adjusting for negative currency translation effects of around NOK 29 million, and despite new stores. The cost out program and restructuring effects are thus starting to materialize.

The Group EBITDA in the fourth quarter 2023 was negative of NOK 13 million (negative of NOK 236 million), mainly explained by negative growth as described above.

XXL had total liquidity reserves of NOK 760 million (NOK 746 million) and a net interest-bearing debt of NOK 876 million (NOK 1 054 million) by the end of Q4 2023. In the second quarter 2023 XXL received a temporary deferral of Swedish tax payments for 2021, which has resulted in a tax repayment for that year in the amount of SEK 345 million that improved the liquidity reserves accordingly. The deferred tax amount

will become payable on 12 September 2024, provided that a standard extended 36 months payment plan is not accepted by Swedish tax authorities. XXL has booked the deferred tax payment as net interest-bearing debt. On 3 October 2023 XXL paid NOK 90 million to the Norwegian tax authorities regarding a reassessment of taxable income for the subsidiary XXL Sport & Villmark AS relating to the XXL group's international transfer pricing model. XXL does not agree with the reassessment. The amount is not based on a qualitative assessment of what is the expected outcome of the case. XXL has asked for MAP/APA negotiations between competent authorities in order 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. XXL has also appealed the reassessment to the tax appeal board in Norway. The appeals process is put on hold pending MAP/APA negotiations.

XXL has continued to adapt purchasing volumes to sales and thereby normalized its inventory levels. The inventory decreased to NOK 1 776 million (NOK 2 328 million). Payables are reduced by NOK 335 million compared to last year, due to lower purchased volumes. In addition, CAPEX continues to be on record low levels, ending at NOK 129 million for 2023.

XXL has made an impairment of its technical goodwill leading to an extra ordinary write-down of NOK 522 million as well as write-down of right of use assets of NOK 54 million.

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

- Reset category strategies
- Secure product availability
- Store sales strategies and operations
- Pricing
- E-commerce profitability

The identified must win battles are expected to deliver an EBITDA run-rate uplift of NOK 500-750 million during the next 12-18 months.

"Rethink" is related to detailing out a longer-term strategic plan that will transform XXL into a resilient, profitable and a once again winning and growing 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

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 1 068 million in the fourth quarter 2023 compared to NOK 1 201 million in the same quarter last year, representing a negative growth of 11.1 per cent. On 26 October 2023 XXL opened a store in Lillehammer.

Provisions related to the new bonus points in the loyalty program amounted to around NOK 40 million, impacting gross margin. Gross margin ended at 36.0 per cent (25.3 per cent). The gross margin was also impacted by high campaign activities.

Operating expenses as percentage of sales ended at 23.5 per cent (19.9 per cent) impacted by a negative like for like growth of 10.2 per cent hurting scale in the operations, as well as increased marketing costs.

EBITDA amounted to NOK 134 million (NOK 65 million).

Sweden

Total operating revenue for XXL in Sweden in Q4 2023 amounted to NOK 604 million (NOK 646 million) corresponding to a negative growth of 12.7 per cent in local currency. Provisions related to the new bonus points in the loyalty program amounted to approximately NOK 20 million. The market was volatile with lower overall demand and high campaign activity in the market.

Gross margin improved to 28.7 per cent (12.3 per cent). The market is still driven by high campaign activity under challenging conditions.

Operating expenses as percentage of sales ended at 30.7 per cent (29.4 per cent) explained by the negative like for like growth hampering scale in operations. However, operating expenses are lower than last year in local currency despite the costs of a new store.

EBITDA was negative of NOK 12 million (negative of NOK 110 million), driven by weak sales development.

Finland

Total operating revenue in the quarter amounted to NOK 377 million (NOK 416 million). This corresponded to a negative growth of 19.2 per cent in local currency in a challenging market with weak consumer sentiment and low demand.

Provisions related to the new bonus points in the loyalty program amounted to around NOK 10 million. Gross margin ended at 34.3 per cent (15.6 per cent). Campaign activities continued to be high in an overall tough market.

Operating expenses as percentage of sales ended at 29.2 per cent in Q4 2023 (24.4 per cent) due to negative like for like growth hurting scale in the operations. The cost base in local currency was lower than last year.

EBITDA ended at NOK 19 million in Q4 2023 (negative of NOK 37 million).

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 153 million (NOK 154 million) in Q4 2023. XXL has seen increased inflation on large cost elements like salaries and IT-licenses partly offset by reduced personnel costs at central HQ. XXL also had increased costs related to restructuring and legal advisory. XXL has continued to address the HQ cost base to adapt to the current sales development.

Financials

Consolidated income statement – Fourth quarter

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

Total operating revenue decreased by 9.5 per cent to NOK 2 049 million (NOK 2 264 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 700 million (NOK 685 million) in the fourth quarter. As percentage of total operating revenue of the Group, operating expenses increased from 30.2 per cent in the fourth quarter last year to 34.2 per cent in the fourth quarter this year.

Operating income amounted to negative NOK 767 million (negative NOK 408 million). The change is mainly explained by the lower total operating revenue and gross margin as described above and impairment losses of NOK 576 million.

Net financial expense amounted to NOK 16 million for the fourth quarter (net financial expense of NOK 80 million) whereof NOK 20 million is related to IFRS 16 effects compared to NOK 19 million in Q4 2022. Net interest income ended at NOK 10 million (cost of NOK 26 million). Net financial expenses included a negative currency effect of NOK 4 million compared to a negative currency effect of NOK 25 million last year. Other financial expenses of NOK 2 million were related to amortization of loan costs and other financial costs.

Income tax expense for the fourth quarter was NOK 234 million (negative NOK 115 million). XXL has chosen not to book a deferred tax asset of NOK 324 million related to the Norwegian segment due to the impairment of Goodwill of NOK 522 million.

Profit for the period from continuing operations ended at negative NOK 1 017 million (negative NOK 373 million).

Profit for the period from discontinued operations ended at negative NOK 15 million (negative NOK 89 million).

Profit for the period ended at negative NOK 1 032 million (negative NOK 462 million)

Consolidated income statement – 2023

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

Total operating revenue decreased by 5.5 per cent to NOK 7 961 million (NOK 8 426 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 2 589 million (NOK 2 484 million) in 2023. As percentage of total operating revenue of the Group, operating expenses increased from 29.5 per cent last year to 32.5 per cent in 2023.

Operating income amounted to negative NOK 1 409 million (negative NOK 467 million). The change is mainly explained by the lower total operating revenue and gross margin and impairment losses of NOK 576 million as described above.

Net financial expense amounted to NOK 157 million for 2023 (net financial expense of NOK 64 million) whereof expense of NOK 84 million is related to IFRS 16 effects compared to NOK 78 million in 2022. Net interest expenses ended at NOK 60 million (NOK 58 million). Net financial expense included a negative currency effect of NOK 2 million compared to a positive currency effect of NOK 92 million last year. Other financial expenses of NOK 11 million were related to amortization of loan costs and other financial costs.

Income tax expense for 2023 was estimated to NOK 63 million (Negative NOK 120 million). XXL has chosen not to book a deferred tax asset of NOK 324 million related to the Norwegian segment due to the impairment of Goodwill of NOK 522 million.

Profit for the period from continuing operations ended at negative NOK 1 629 million (negative NOK 411 million).

Profit for the period from discontinued operations ended at negative NOK 138 million (negative NOK 130 million).

Profit for the period ended at negative NOK 1 766 million (Negative NOK 542 million)

Consolidated cash flow – 2023

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

Cash provided by operating activities was at NOK 198 million (NOK 682 million) for the year ended 31 December 2023. This was mainly attributable to the negative net income in the period partly offset by the positive development from decreased inventory levels.

Cash used by investing activities was NOK 129 million (NOK 139 million) for the year ended 31 December 2023. This is mainly related to investments in existing and new stores.

Cash used by financing activities amounted to NOK 285 million (cash used of NOK 164 million) in 2023. The settlements from equity raises of NOK 1 001 million in 2023 have partly been offset by payments on debt and lease liabilities.

Financial position and liquidity

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

As of 31 December 2023, total assets amounted to NOK 7 542 million (NOK 9 034 million). Total equity was NOK 2 339 million (NOK 3 066 million), resulting in an equity ratio of 31.0 per cent (33.9 per cent). Net interest bearing debt (NIBD) ended at NOK 876 million (NOK 1 054 million).

The Group had cash and cash equivalents of NOK 406 million (NOK 552 million) as of 31 December 2023. The Group's liquidity reserves include total credit facilities of NOK 1 300 million where of NOK 946 million was used as of 31 December 2023. Available liquidity reserves as of 31 December 2023 were NOK 760 million (NOK 746 million).

Incentive programs

In accordance with the guidelines for determination of salary and other remuneration to executive personnel in XXL ASA, the Board of Directors of XXL ASA and the Nomination committee of XXL ASA resolved to implement a new long term management investment program on 13 December 2023 to align the long-term interests of the executive management and the members of the Board with those of the Company's shareholders. XXL has primarily offered certain board members and members of the executive management to participate in the new investment program by investing in a newly established management investment company, XXL Management Invest II AS ("XMI2"). XMI2 will invest in financial instruments having a value that is linked to the value of the XXL shares. The instruments are sold by XXL to XMI2 with a 3-year lock-up and XMI2's investment will be funded partly in cash and partly through a seller's credit which will be converted into equity in XMI2. The total investment of XMI2 was at the implementation of the new investment program in the total amount of NOK 26,350,000 (after deduction of the illiquidity discount of 25 per cent due to the lock-up obligations). XMI2 is financed solely by equity as follows:

- Management and board members will make a cash investment of NOK 8,783,333 by subscribing for ordinary shares (A-shares)
- The seller's credit of NOK 17,566,667 will be converted into redeemable preference shares (C-shares) subscribed for by XXL.
- XXL will also subscribe for one super voting B-share for the same price as each A-share.

XXL will be the majority shareholder and control XMI2 by holding the majority of the share capital and owning one B-share which gives XXL the majority of votes at the general meeting of XMI2. The new long term management investment program will replace the existing management

investment program announced by the Company on 7 January 2020 and approved by the extraordinary general meeting on 29 January 2020.

The Board has decided to implement a program of restricted share units for around 20 key employees. The amount of the program is around NOK 5 million worth of restricted shares to be distributed in total. The allocation price will be equal to the volume weighted average market price the next five trading days, starting today 8 February 2024 and ending 14 February 2024. The shares will vest after three years subject to the holder at the time of exercise is employed in XXL.

As previously disclosed, the restricted share units program for 2021 expires five days after the Q4 2023 report. Consequently, the exercise window opens 8 February 2024 and commences until 14 February 2024.

Changes in the Executive Management team and Board of Directors

Dawid Gosciniak has been appointed Chief Operating Officer (COO) in XXL Group and will be part of the Executive Management team. Dawid joins XXL after around 20 years in different senior positions within H&M Group, most recently as the Global Head of H&M Store Experience and Commercial with the overall responsibility for retail store channel strategy, channel integration and customer experience. He has a strong operational and diverse international experience and has held positions including Group Head of Retail Space, Country Sales Manager in Greater China, and Head of Expansion, Leasing, Store Planning and Construction in both Greater China and Southeast Asia and CEE. Dawid will start in XXL during Q2 2024.

As of 8 February 2024, the three country Managing Directors of XXL will no longer be part of the Executive Management team, as they now will be reporting directly to the COO. Currently the CEO is the interim COO until Dawid Gosciniak is in place.

XXL has reorganized the Brand and Marketing department, E-commerce department and Customer Service functions into one common business unit called Marketing and Growth, and under the management of EVP Marketing and Growth Emelie Friis. Sebastian Blom, EVP Digital Commerce, will leave XXL to pursue opportunities outside XXL, and consequently not be part of the Executive Management team. XXL has recruited a new senior executive to take up his responsibilities in the Marketing and Growth department.

Employee representative Helena Henriksen in the Board of Directors has informed the Company that she will leave her position in XXL by the end of April to pursue opportunities outside the Company. Consequently, Kine Ludvigsen, as the first deputy Board member for the employee representatives, will be the new employee representative in the Board of Directors as of 1 May 2024, replacing Helena Henriksen. Kine Ludvigsen has a long track record in XXL, being both store Sales Leader, Store Manager and is currently Operations Manager in XXL Norway.

Outlook

Total operating revenues for the Group in January 2024 decreased to around NOK 550 million. The winter conditions have been favorable and XXL had growth in important winter categories like alpine and cross country. Sales of non-seasonal products and other capital-intensive products have been challenging. Limited product availability on important price points has been holding back sales potential as well. However, gross margin has been materially strengthened compared to the same period previous year. XXL started a massive clearance campaign in late January 2023 with strong sales in the beginning of the campaign also impacting the comparable figures year over year.

As seen in previous quarters XXL expects the market to remain challenging and uncertain going into 2024 and with general high campaign pressure.

XXL is in the phase of implementing several strategic initiatives and projects to improve profitability and operational efficiency moving forward, called "Reset & Rethink". Five must win battles are expected to deliver an EBITDA uplift of NOK 500-750 million during the next 12-18 months.

XXL's target and goal moving forward is to come back to sound profitability as well as over time gain market shares in all markets and regain growth in the E-commerce channel.

In line with the existing strategy, XXL will continue to mainly invest in operational efficiency, store footprint optimization, customer experience enhancing projects in both stores and in the E-commerce platform, as well as in IT and tech. Total CAPEX for XXL Group in 2024 is expected to be around NOK 100-150 million.

XXL has thus far no new store openings signed in 2024. Mid- to long-term XXL continues to expect the pace of the store roll-out to be 2-3 new stores per year including relocations of stores. At the same time XXL will be downsizing several existing stores. Short term the Group will continue to focus on optimizing the store portfolio, including evaluation of selective closures of low performing stores with limited turnaround abilities.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 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, 7 February 2024
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

Helena Henriksen
Board member
Employee representative

Kjell Arne Fikerud
Board member
Employee representative

Condensed Consolidated Interim Statements of Income & Comprehensive Income

Unaudited for the period ended December 31, 2023

<i>(Amounts in NOK million)</i>	<i>Note</i>	Q4 2023	Q4 2022	FY 2023	FY 2022 (Audited)
Total Operating Revenue		2,049	2,264	7,961	8,426
Cost of goods sold		1,362	1,816	5,452	5,705
Personnel expenses		440	446	1,657	1,665
Other operating expenses		260	239	932	819
Depreciation		178	172	754	704
Impairment losses	10	576	-	576	-
Total Operating Expenses		2,816	2,672	9,370	8,893
Operating Income		-767	-408	-1,409	-467
Net Financial Income (+) / Expense (-)		-16	-80	-157	-64
Profit before income tax		-783	-488	-1,566	-531
Income tax expense		234	-115	63	-120
Profit from Continuing Operations		-1,017	-373	-1,629	-411
Profit from Discontinued Operations		-15	-89	-138	-130
Profit for the Period		-1,032	-462	-1,766	-542
Basic Earnings per share from continuing operations (NOK)		-0.61	-1.53	-1.97	-1.60
Basic Earnings per share from discontinued operations (NOK)		-0.01	-0.36	-0.16	-0.53
Basic Earnings per share (NOK)		-0.62	-1.89	-2.14	-2.14
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Foreign currency rate changes		13	11	24	-
Total Other Income and Expense		13	11	24	-
Total comprehensive income for the period		-1,018	-451	-1,742	-542
Total comprehensive income attributable to:					
Equity holders of the company		-982	-439	-1,684	-527
Non-controlling interest		-37	-12	-59	-15

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

Condensed Consolidated Interim Statement of Financial Position

(Amounts in NOK million)		31.12 2022	
	Note	31.12.2023	(Audited)
NON CURRENT ASSETS			
Intangible Assets			
Goodwill		2,222	2,744
Other Intangible Assets		270	265
Deferred tax asset		253	166
Total Intangible Assets		2,745	3,175
Fixed Assets		490	613
Right of Use Assets	9	1,804	1,842
Total Non Current Assets		5,039	5,630
CURRENT ASSETS			
Inventory		1,776	2,328
Trade and Other Receivables		320	260
Cash and Cash Equivalents		406	552
Total Current Assets		2,503	3,140
TOTAL ASSETS		7,542	9,034

Condensed Consolidated Interim Statement of Financial Position

		31.12 2022	
(Amounts in NOK million)	Note	31.12.2023	(Audited)
SHAREHOLDERS' EQUITY			
Paid-in Capital		4,064	3,052
Other equity	9	-1,725	14
Total Shareholders' Equity		2,339	3,066
Other non-current liabilities			
Interest Bearing Non-Current Liabilities		276	494
Lease Liabilities	9	1,528	1,568
Total other non-current liabilities		1,804	2,062
Total non-current liabilities		1,786	2,062
Current liabilities			
Accounts Payable		879	1,214
Lease Liabilities	9	585	533
Current Interest Bearing Liabilities		1,006	1,135
Tax payable		28	9
Public duties payable		342	360
Other current liabilities		577	494
Total current liabilities		3,416	3,745
TOTAL LIABILITIES		5,203	5,808
TOTAL EQUITY AND LIABILITIES		7,542	9,034

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

Condensed Consolidated Interim Statement of Cash Flows

	Q4 2023	Q4 2022	FY 2023	FY 2022 (Audited)
Operating Activities				
Profit before tax from continued operations	(783)	(382)	(1,566)	(531)
Income tax paid	-	-	-	(38)
Depreciation and amortization	754	151	1,330	703
Net financial expense	13	82	138	64
Changes in inventory	238	199	552	(374)
Changes in accounts receivable	(21)	96	(44)	337
Changes in accounts payable	(238)	(285)	(340)	572
Changes in other balance sheet items	254	250	100	(96)
Cash provided (used) by operating activities from discontinuing operations	(10)	8	28	44
Net cash flow from operating activities	207	132	198	682
Investing Activities				
Investment in fixed assets	(39)	(27)	(129)	(132)
Cash provided (used) by investing activities from discontinuing operations	-	(0)	-	(7)
Net cash flow from investing activities	(39)	(27)	(129)	(139)
Financing Activities				
Proceeds from share capital increase	-	(6)	1,001	-
Transaction costs	-	-	(35)	-
Sale/acquisition of own shares	-	-	-	(8)
Dividends paid	-	-	-	(145)
Payments from and repayments of borrowings	1	-	(774)	(150)
Proceeds from other short term debt	-	142	342	883
Interest payments on interest-bearing liabilities	(26)	(30)	(95)	(61)
Payment of Interest element of lease payments	(20)	(19)	(84)	(78)
Payments of lease liabilities	(137)	(137)	(607)	(560)
Cash provided (used) by financing activities from discontinuing operations	-	(11)	(33)	(45)
Net cash flow from financing activities	(181)	(61)	(285)	(164)
Net Change in Cash and Cash Equivalents	(13)	43	(216)	379
Cash and cash equivalents - beginning of period	382	521	575	173
Effect of foreign currency rate changes on cash and equivalents	13	11	24	-
Cash and Cash Equivalents (AHS) - End of period	23	-	23	23
Cash and Cash Equivalents - End of period	406	575	406	575

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 31.12.2021	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 FY 2023	-	-	-	-1,703	-	-64	-1,766
Foreign currency rate changes	-	-	-	-	17	-	17
Transactions with owners:							0
Employee share incentive program	-	-	3	-	-	-	3
Share issue	564	455	-	-	-	-	1,020
Purchase of own shares	-	-	-	-	-	-	0
Shareholders' Equity 31.12.2023	665	3,355	43	-1,642	-30	-53	2,339

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 31 December 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® Accounting Standards as adopted by the EU

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

	Q4 2023	Q4 2022	FY 2023	FY 2022
Net income from continuing operations	-1,017	-373	-1,629	-391
Net income from discontinued operations	-15	-89	-138	-130
<i>Weighted average number of ordinary shares issued</i>	1,663,135,312	252,436,658	822,974,251	252,436,658
<i>Weighted average number of own shares</i>	0	8,470,000	0	8,470,000
Weighted average number of shares used in calculating basic earnings per share	1,663,135,312	243,966,658	822,974,251	243,966,658
Weighted average number of shares and potential shares used in calculating diluted earnings per share	1,663,135,312	243,966,658	822,974,251	243,966,658
Basic earnings per share from continuing operations (NOK)	-0.61	-1.53	-1.98	-1.60
Basic earnings per share from discontinued operations (NOK)	-0.01	-0.36	-0.17	-0.53
Basic earnings per share (NOK)	-0.62	-1.89	-2.15	-2.14

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:

Q4 2023

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	1,068	604	377	-	2,049
Gross profit	385	173	129	-	687
EBITDA	134	-12	19	-153	-13
Operating Income	-455	-110	-19	-182	-767

Q4 2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	1,201	646	416	-	2,264
Gross profit	304	80	65	-	448
EBITDA	65	-110	-37	-154	-236
Operating Income	1	-161	-70	-178	-408

01.01.2023 - 31.12.2023

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	4,049	2,387	1,525	-	7,961
Gross profit	1,342	672	495	-	2,509
EBITDA	425	-28	67	-544	-80
Operating Income	-371	-293	-84	-661	-1,409

01.01.2022 - 31.12.2022

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
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 Q4 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

<i>(Amounts in NOK million)</i>	Buildings, machinery and vehicles
Aquisition cost 01.01.2023	4,115
Additions and adjustments	449
Change incentives	-32
Net exchange differences	126
Aquisition costs 31.12.2023	4,658
Accumulated depreciation and impairment losses 01.01.2023	-2,174
Depreciation	-580
Impairment losses (-) Reversal of losses (+)	-54
Disposals - Austria Right of Use Assets	14
Transfers and reclassifications	-
Currency exchange differences	-60
Accumulated depreciation and impairment 31.12.2023	-2,854
Total Right-of-Use Assets at 31.12.2023	1,804

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	417
Leasing payments for the principal portion of the lease liability	-653
Interest expense on lease liabilities	86
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	59
Lease liabilities at 31.12.2023	2,112

whereof:

Current lease liabilities < 1 year	585
Non-current lease liabilities > 1 year	1,528

Note 10 Impairment losses

a) Goodwill

The Group's recorded goodwill per 31.12.2023 is NOK 2.222 million (2022: NOK 2 744 million) which is fully allocated to the Norwegian segment. NOK 2 734 million of this amount is related to the acquisitions of XXL Sport & Villmark AS in 2010 and NOK 10 million is related to the acquisition of West Systems Norge AS in 2019. The carrying value is allocated to the group of cash generating units (CGU) comprised of the shops in Norway (part of the operating segment Norway). The management evaluates and monitors the goodwill based on the performance on an operating segment level. The recoverable amount of each operating segment is calculated based on a value in use method. In accordance with IFRS, we have used a 5-year budget period and terminal value in the impairment model. Both Goodwill and Trademark are included in the assessment for impairment.

The impairment testing includes estimates such as gross margin, cash flows, growth rates and calculation of cost of capital. These estimates may change over time and is currently impacted by higher interest levels. A brief summary of the most important assumptions and estimates is mentioned below.

Risks from climate change and impact from the macro environment

Climate, transition risk and impact on assumptions Climate risk is one of the risks factors that could affect the margin's for XXL in the coming years. As climate change makes extreme weather more frequent and/or severe, it increases the annual probability of events that are more intense and supply chain disruptions can become more common. In our home market, climate change affects several prerequisites as winters are shorter and milder on average affecting market conditions for several product groups. The retail industry is sensitive to changing consumer trends. The changes can come quickly when they first occur, for example as a result of changes in attitudes among consumers to a product or sector's climate footprint. The consumer response could be different for various product groups. For textile products, water consumption related to cotton production is an important issue. For hardware and other capital goods, short life of the products, small degree of reuse, quality and repairability can be an issue that is gaining more weight and that could lead to pressure on gross margin. Extended producer responsibility schemes can affect our business model in a negative sense if we fail to adapt to a requirements of material consumption and less carbon intensive materials and production methods.

More details about the abovementioned risks and XXL's response will be released in XXL ASA Sustainability Report 2023.

Assumptions in the impairment test model

FUTURE CASH FLOWS

The first year's cash flow is based on budgeted figures for 2024, while the consecutive years are calculated based on estimated growth rates. The budget is based on history and the group's strategy plan and is approved by the Board of Directors.

GROWTH RATES AND MARGINS

The planned combined revenue growth in the period 2024-2028 is 5% and the long-term growth in terminal value is set to 2%. The growth rate is based on both expected sales in both physical stores and E-com. The growth in E-commerce sales have been substantial prior years, and we expect most of the growth in the next 5 years to derive from the E-com channel. FY2023 has been seen a decline in sales and margin, but with current initiatives an improvement in sales and margin is expected going forward. One of the measures is to increase the sales share of private label which is already initially showing promising results, primarily driven by the partnership with Stormberg, which is off to a solid start with good sales numbers, incremental gross margin uplift and high stock turn over. Other core improvement activities is covered by the improvement project "Must win battles", which is expected to improve sales/margins in 2024 and beyond.

The EBITDA margin is estimated based on the current margin level and expected future market developments. The gross margin in the industry has been lower in the past two years compared to previous periods due to the low consumer confidence and reduced demand for sporting products. Both gross margin and EBITDA margin is expected to return to historical levels. Given the weaker margins observed over the last two years we have exercised prudence by reducing the margin from budgeted by approximately 3% in FY2024 being the starting point. The margin estimate is uncertain and will be affected by several elements in the coming years, such as changes in freight and commodity cost.

COST OF CAPITAL

Future cash flows are discounted to present value using the weighted average cost of capital (WACC). The WACC is estimated to be 13.2% pre tax (10.3% after tax), and is based on a risk free interest rate, a risk premium and cost of debt. Below are the most important parameters used in the calculation of the WACC.

- Risk-free interest rate is set to the 10-year government bond yield.
- Risk premium of 5.25 %, based available market data and observation of similar companies. A size premium is added with 1.2%.
- Beta value is set to 1.25 and based on a calculation of historical beta value for XXL ASA, as well as beta values observed from comparable companies.
- The current CIT rate in Norway of 22% in 2023 is used in the DCF model.

Sensitivity analysis in WACC:

Sensitivity analysis	
Decrease in the discount rate before no impairment of goodwill	
WACC	Headroom
10,30 %	-522
10,00 %	-344
9,476 %	0
9,00 %	357
8,50 %	790
8,00 %	1 295
7,50 %	1 892
7,00 %	2 610
6,50 %	3 538

Sensitivity analysis in long term growth rate and gross margin

The sensitivities are derived from changes in the terminal values.

Increase/Decrease in the long term growth rate of 0.5% points has an impact of NOK ~ 200 million

Increase/Decrease in the terminal value gross margin of 0.5% points has an impact of NOK ~180 million

Conclusion:

The Goodwill at 31.12.2023 is impaired by NOK 522 million being reflected in the Q4-2023 report.

b) Right-of-Use ("ROU") assets

As of 31 December 2023, XXL carry Right-of-Use ("ROU") assets of NOK 1 804 million on its balance sheet. The assets are mainly right-of-use of buildings used in the retail stores in the Nordic market as well as the central warehouses in Norway and Sweden.

During 2023 we have both seen adverse sales and margin development due to the macroeconomic environment and increasing market rates resulting in a higher discount rate. With this background there has been performed an analysis of the profitability on an EBITDA level of the stores on an individual level. The EBITDA level observed on a store level in 2023 is clearly reflecting the overall performance of the XXL Group in a difficult market throughout 2023. This development has served as an impairment indicator.

In order to make an assessment it is required to evaluate future sales development as well as ongoing initiatives to reduce operating costs including downsizing of store space, relocation and possible re-let opportunities of stores. In general, XXL enter into re-negotiation with the lessor when the lease is not economically viable, and we offer to extend the contract period if satisfactory terms are offered.

XXL's management also analyze on a continuous basis whether stores should be closed down based on future projections. The principal evaluation is whether a store has / is expected to provide a positive EBITDA result to contribute to XXL's centralized service cost. The compensation needed to pay the lessor for termination of the lease contract is also part of the evaluation. An impairment test has been conducted to measure the recoverable amount being the higher of the RoU asset's fair value less costs of disposal and its value in use. The value-in-use calculation is based on future expected cash flows of the cash generating units i.e stores, which includes an allocated share of overhead costs such as the central warehouse.

The Value-in-use calculation on the individual stores with impairment indicators was performed and showed an impairment was required. As the lease liabilities are part of XXL's recognized borrowings being financing activities, all payments associated with lease liabilities are excluded from the cash flows used to determine value-in-use.

Methodology for impairment testing:

The discounted free cash flow model is used to calculate the enterprise value for the remaining lease contract period for the cash generating units – i.e the stores tested. Individual value-in-use calculations have been performed for the stores with impairment indicators (negative EBITDA in 2023).

The first year's cash flow is based on budgeted numbers for 2024, while the consecutive years are calculated based on the company's 3 years operations plan. Revenue, GOGS and operating expenses budgeted for FY2024 for each store under review serves as the basis. The budget is based on history and the group's strategy plan and is approved by the Board of Directors. Retail growth from stores for the period after budget year 2024 is expected to return to pre-pandemic XXL levels. The projected average combined growth in the period 2024-2028 is appr 5% (which includes inflation).

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

- Reset category strategies
- Secure product availability
- Store sales strategies and operations
- Pricing
- E-commerce profitability

Cost of capital:

The current higher interest environment is driving a higher capital cost for discounting of cash flows. Future cash flows are discounted to present value using the weighted average cost of capital (WACC). The WACC pre tax is estimated to be 13.2% and is based on a risk-free interest rate and a risk premium. Ref description under impairment of Goodwill. In the NPV analyses cash flows are calculated excluding tax payments.

Conclusion

Impairment losses have been observed for 7 stores (CGU's) in Sweden and 2 in Finland. A total impairment loss is recorded in the amount of NOK 54 million.

Note 11 Discontinued Operations

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

The decision was to exit the Austrian market during 2023 and the management considered that the disposal group was available for immediate sale in its present condition. Austria was 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. All XXL stores and operations in the Austrian market was closed during 2023. 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)	Q4 2023	Q4 2022	FY 2023	FY 2022 (Audited)
Total Operating Revenue	7	124	229	454
Cost of goods sold	9	153	169	366
Personnel expenses	4	27	60	98
Other operating expenses	23	45	108	112
Depreciation	1	20	52	48
Impairment Losses (+) Reversal of losses (-)*	-8	-14	-17	-14
Total Operating Expenses	28	232	372	610
Operating Income	-22	-107	-143	-156
Net Financial Income (+) / Expense (-)	-1	2	5	-6
Profit before income tax	-22	-106	-138	-162
Income tax expense	-8	25	-1	-31
Profit from Discontinued Operations	-15	-131	-138	-131
Net cash flow from operating activities	-10	40	28	44
Net cash flow from investing activities	-	-	-	-7
Net cash flow from financing activities	-	-45	-33	-45
Net change in cash and cash equivalents	-10	-5	-5	-8

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

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.

EBIT adj

EBIT adjusted (adj) represents EBIT adjusted for impairment losses in the period.

	Q4'23	Q4'22	FY23	FY22
EBIT	-767	-408	-1 409	-467
+ Impairment Losses	576	0	576	0
= EBIT adj	-191	-408	-833	-467

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.

Net Income Adj

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

Reconciliation

	Q4'23	Q4'22	FY23	FY22
--	-------	-------	------	------

Net Income	-1 017	-373	-1 629	-411
+ Impairment Losses	576	0	576	0
= Net Income adj	-441	-373	-1 053	-411

EBITDA

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

Reconciliation

	Q4'23	Q4'22	FY23	FY22
Operating Income	-767	-408	-1 409	-467
+ Depreciation	178	172	754	703
+ Impairment losses	576	0	576	0
= EBITDA	-13	-236	-80	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

	Q4'23	Q4'22	FY23	FY22
Operating revenue	2 049	2 264	7 961	8 426
÷ Cost of goods sold	1 362	1 816	5 452	5 705
= Gross profit	687	448	2 508	2 721
Gross margin	33.5%	19.8%	31.5%	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

	Q4'23	Q4'22	FY'23	FY22
Other operating expenses	260	239	932	819
+ Personnel expenses	440	446	1 657	1 655
= OPEX	700	685	2 589	2 484

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

	FY23	FY22
Non-Current Interest-Bearing liabilities	276	494
+ Current Interest-Bearing liabilities	1 006	1 135
÷ Cash and Cash Equivalents	406	575
= Net Interest-Bearing Debt	876	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

	FY23	FY22
Cash and Cash Equivalents	406	575
+ Undrawn Credit Facilities	354	171
= Liquidity reserve	760	746

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

Q4'23	XXL Group	NOR	SWE	FIN	HQ & logistics
EBITDA reported	-13	134	-12	19	-153
IFRS 16 effects OPEX	-137	-55	-39	-29	-13
EBITDA ex IFRS 16 effects	-150	79	-52	-10	-167
EBIT Reported	-767	-455	-110	-19	-182
IFRS 16 effects affecting EBIT	38	-7	45	2	-2
EBIT ex IFRS 16 effects	-729	-462	-65	-17	-184

FY23	XXL Group	NOR	SWE	FIN	HQ & logistics
EBITDA reported	-80	427	-28	67	-544
IFRS 16 effects OPEX	-607	-244	-184	-126	-54
EBITDA ex IFRS 16 effects	-687	183	-211	-59	-597
EBIT Reported	-1 409	-369	-293	-84	-661
IFRS 16 effects affecting EBIT	-21	-37	-27	-4	-7
EBIT ex IFRS 16 effects	-1 430	-406	-266	-89	-668

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FINANCIAL CALENDAR

Q1 Results	24.4.2024
Q2 Results	12.7.2024
Q3 Results	6.11.2024

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