

XXL

XXL ASA – Q1 2024

**LOW AVAILABILITY HOLDING BACK SALES,
WHILE RESET & RETHINK CONTINUES TO PROGRESS**

Presentation of Financial Results April 24th, 2024

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This presentation was prepared for the interim results presentation for the first quarter 2024, held on 24th April 2024. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

CEO agenda

1

Quarterly summary

2

Reset & Rethink progress

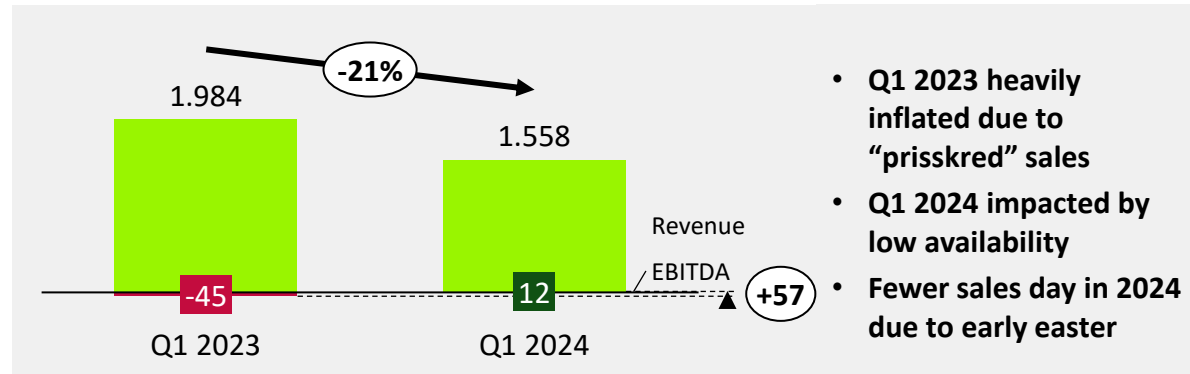
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Financial results

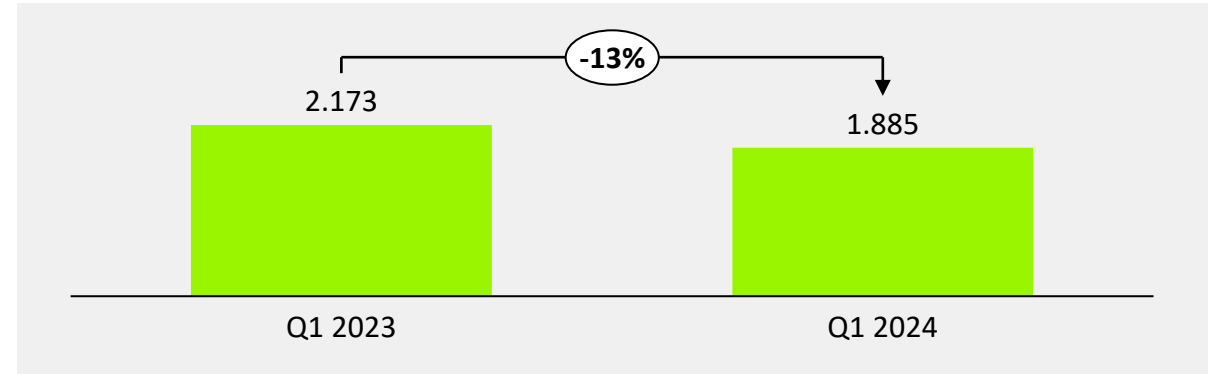


Low availability holding back sales, while inventory and cost are under control and a successful private placement securing financial runway

Soft sales and improved EBITDA (mNOK)



Inventory remains under control (mNOK)



Reset & Rethink continues with positive indicators

Concrete measures are being taken to return XXL “back to form” by 2024/25

RESET
Top line quick wins and cost control through the MWBs

RETHINK
Accelerate key top line levers through the four strategic pillars

Must win battles for 2024

Other top priority initiatives and milestones:

- ✓ Launch Reward 2.0
- ✓ Exit Austria
- ✓ Cash & liquidity
- ✓ Scorecards & new way of working
- ✓ Develop and implement XXL Account (payment solutions)
- ✓ Cost out

Turnaround measures being implemented

- Cost out program of NOK 300 million according to plan
- Exited Denmark and mobile app
- Store down scaling strategy ongoing

Secured financial runway

- Private placement, heavily oversubscribed at market
- New bank covenants and decreased bank debt

Post capital raise

~800

Total reserves (mNOK)

Concrete measures are being taken to return XXL “back to shape” by 2024/25

RESET

Top line quick wins
and cost control
through the MWBs



RETHINK

Accelerate key top
line levers through the
four strategic pillars

RESET: Our 5 "Must Win Battles" - continue to progress well!



Other top priority initiatives and enablers:

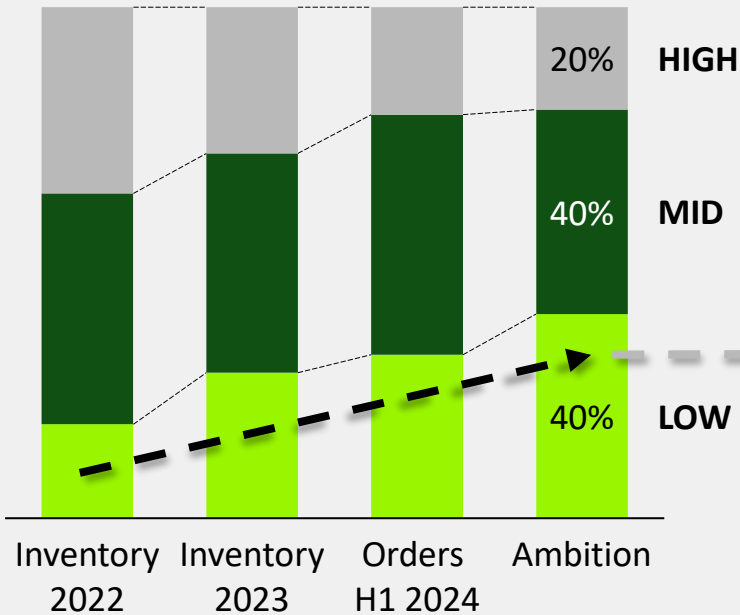
- ✓ Launched Reward 2.0
- ✓ Exited Austria, Denmark and closed Mobile app
- ▶ Cash & liquidity
- ▶ Cost out
- ▶ New ways of working

MWB indicators | Increased focus towards lower price points, which will also improve availability gradually during Q2 and onwards

CATEGORY RESET

Clear shift towards lower price points

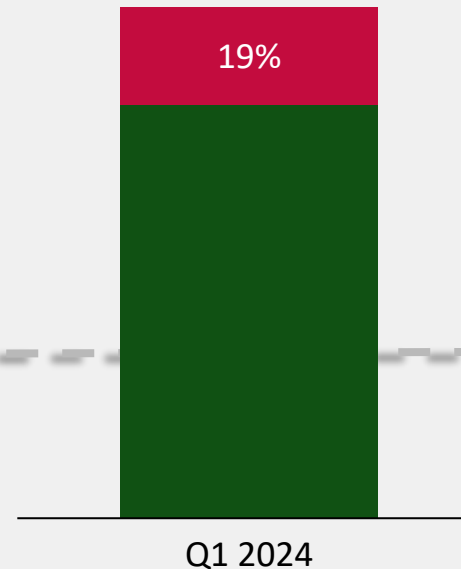
Price points distribution (%)



AVAILABILITY

Low availability has directly impacted sales performance during Q1

Availability top 1000 products



New assortment mix to improve availability gradually during Q2 and onwards



CATEGORY RESET: Successfully hosted our first digital supplier conference, to further strengthen supplier partnerships and launch new joint opportunities

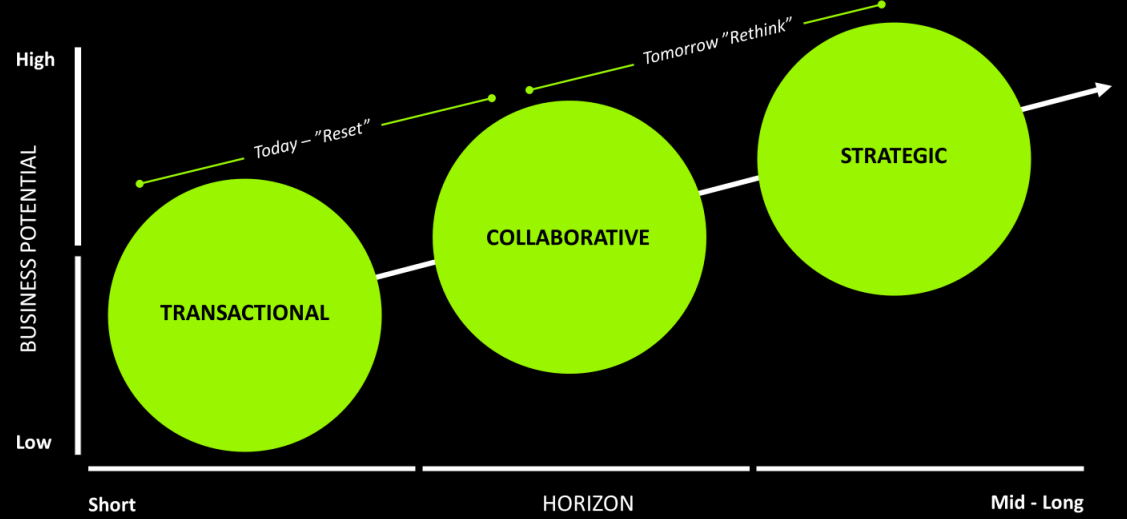
GREAT BRANDS & GREAT PRICES – THAT’S YOU!

XXL



CATEGORY RESET = PARTNERSHIP RESET

XXL

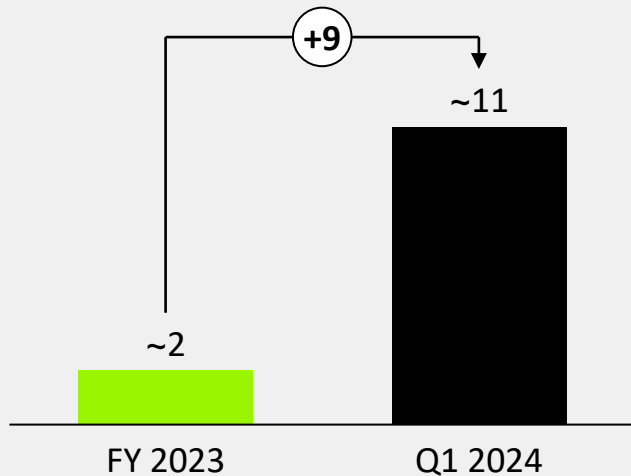


MWB indicators | Further indicators pointing towards underlying progress in our MWB turnaround plan

STORE OPERATIONS

Efficiency in store operations continuing to improve during the quarter

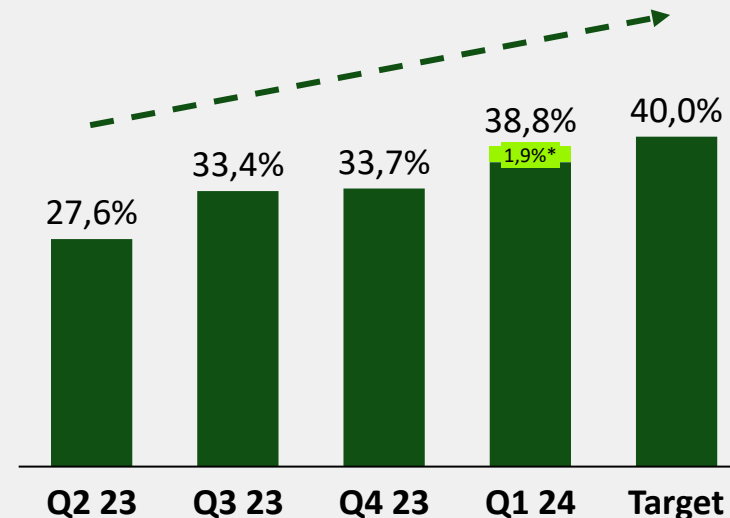
Example: Workshop EBITDA (calculated) (mNOK)



PRICING

Stronger price control driving improved gross margin moving towards target

Gross margin development (%)

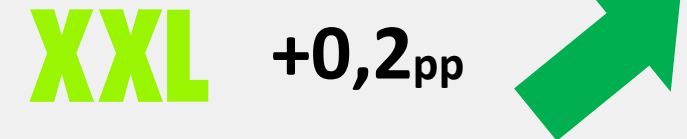


* Reversal of obsolete provisions in Q1 2024

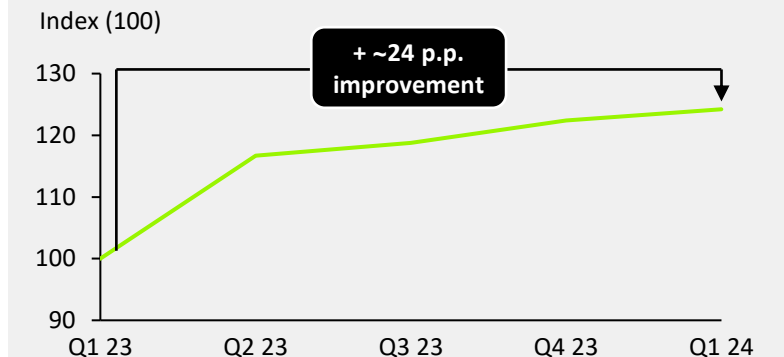
E-COMMERCE PROFITABILITY

Continued e-commerce improvements driving positive shift in online profitability

Total online conversion rate improvement (%-points)



Pct. point growth in E-commerce gross margins



Restructuring and cost out program are materializing

EXECUTING PLAN TO OPTIMIZE STORE FOOTPRINT

XXL:s Finlandschef: Vi kan hitta bättre utrymmen än i Redi

Hyreskontraktet i Redi löper ut och då är det läm XXL:s Finlandschef Pasi Lämpsä.

EKONOMI PREMIUM



XXL:n tavaratalo sulkee ovensa - Helsinkiläinen kauppakeskus menettää ison vuokralaisen

Urheilukauppa ei vedä, joten Suomessakin suuri XXL sulkee ainakin yhden tavarataloistaan. Se käy muutenkin läpi nykyisiä vuokrasopimuksiaan.



- Redi (Helsinki) store closed

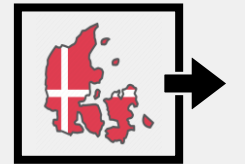
- Initiated execution of ambitious plan to down-scale and re-locate stores to better locations to increase profitability

- Increased reduction in store footprint, now ~16k sqm in 2024 while pipeline for 2025 also materializing

COST OUT PROGRAM



EXITED DENMARK



CLOSED APP

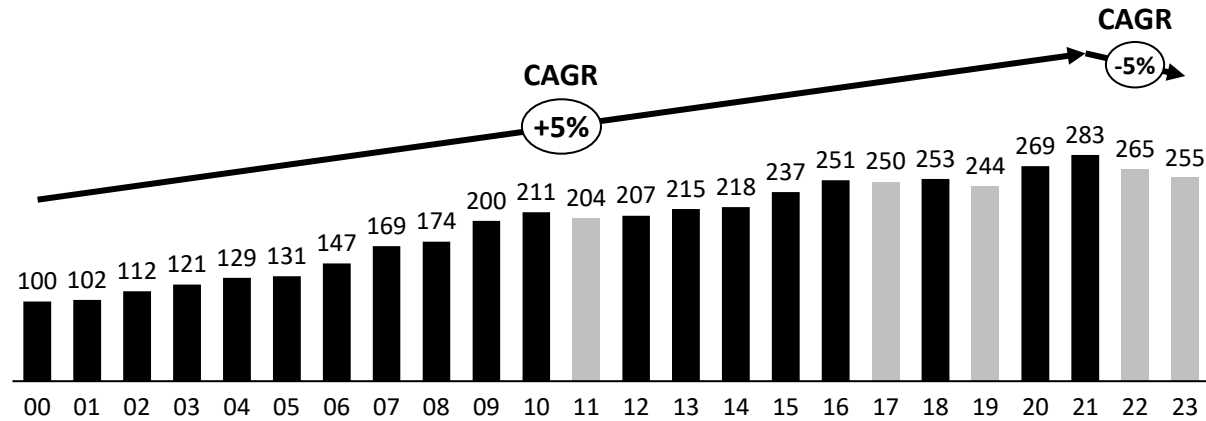


Reduced cost and complexity – increased focus on core business and core markets

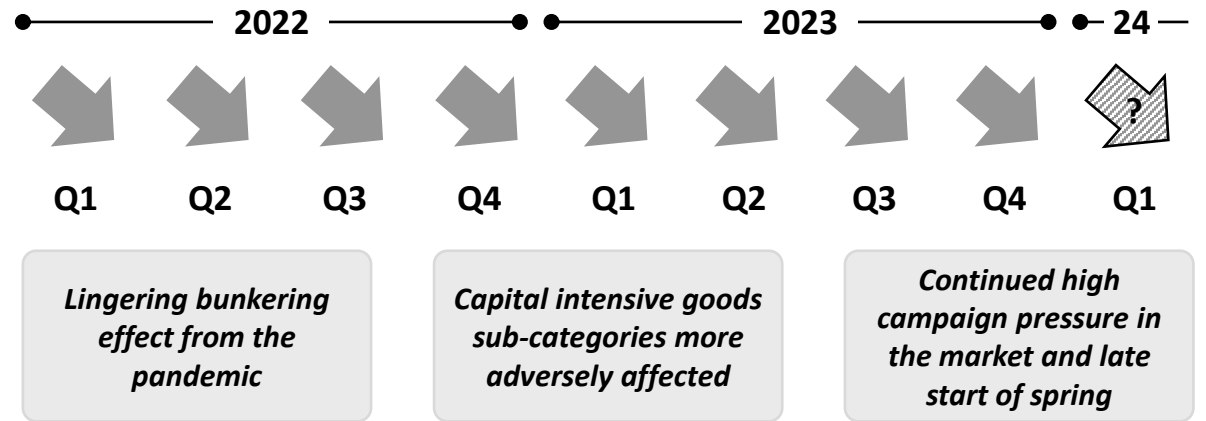
The sporting goods market continues to go through a challenging period

1 XXL believes in the long-term resilience and growth for the Nordic sports market..

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

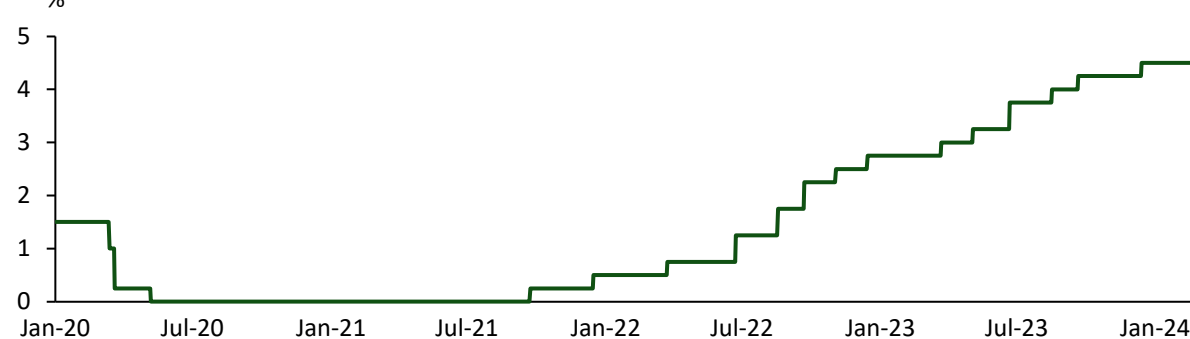


2 ..however, Nordic markets have experienced 9 consecutive quarters of negative growth



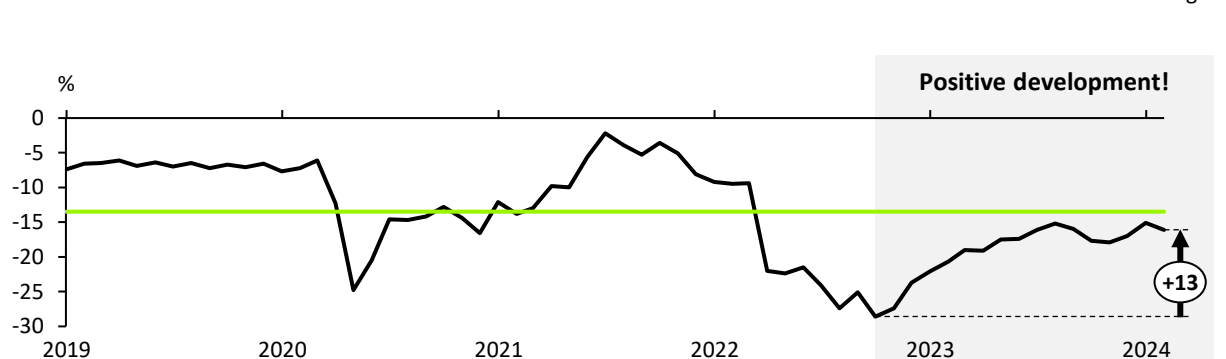
3 ..with recent rate hiking cycle causing significant disruption to retail consumer behavior

Development in Norwegian key policy rate since 2020

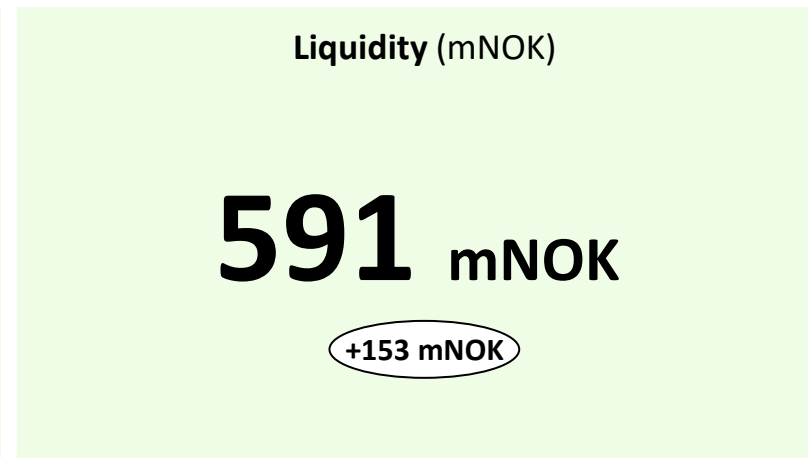
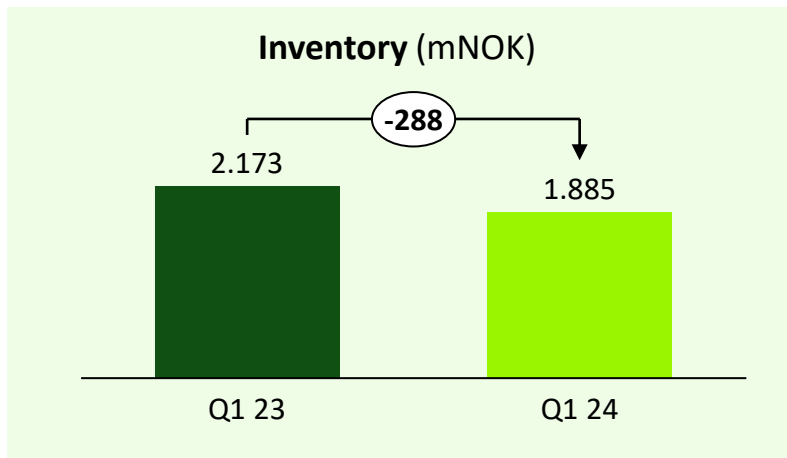
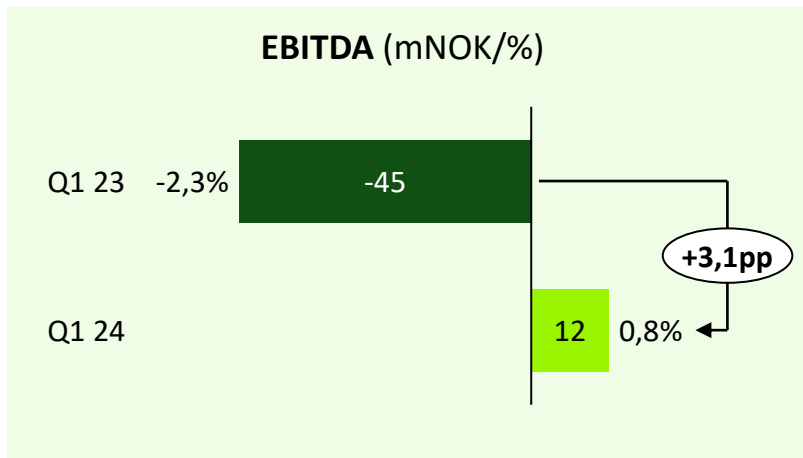
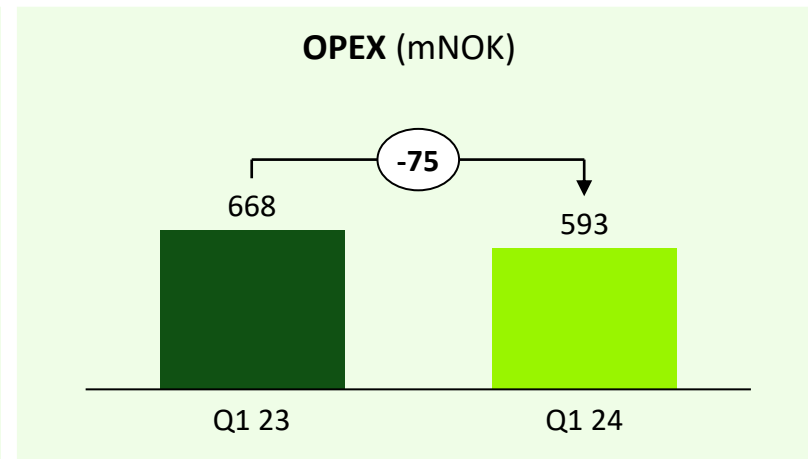
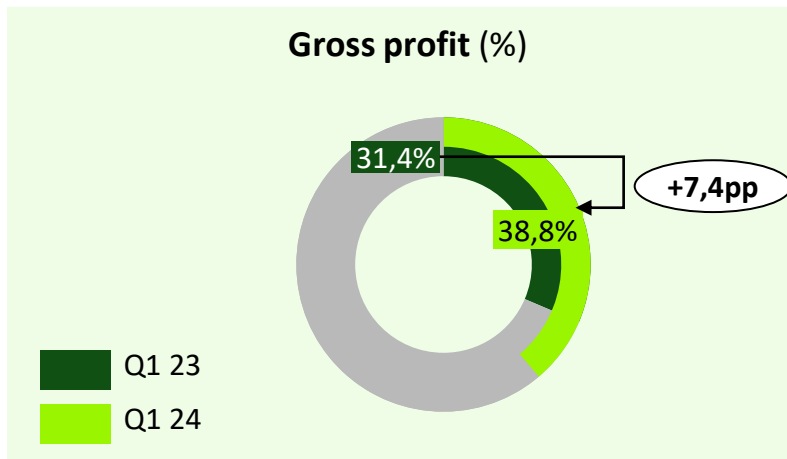
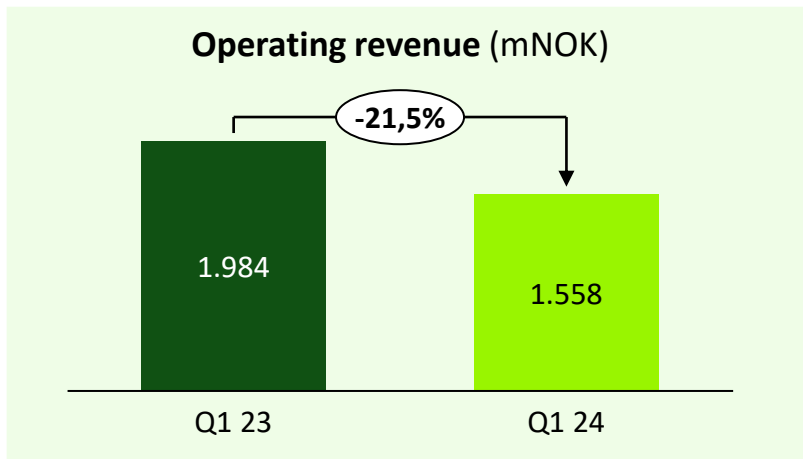


4 ..however, increasing consumer confidence with consumption expected to bounce back

Consumer confidence indicator (Balances %)



Q1 financial summary



XXL

Financial Review Q1 2024



Private placement

- On 21 March 2024, XXL announced a private placement of NOK 500 million, with a potential subsequent offering to other existing shareholders
- Approved by an Extraordinary General Meeting the 12 of April 2024

1

More flexible covenants

- Minimum liquidity covenant reduced from NOK 300 million (applicable from 30 June 2024) to NOK 200 million until maturity (25 June 2026)
- Leverage covenant holiday extended by six months, from Q4 2024 to Q2 2025
- Leverage covenant amended from 4.0x to the following path:
 - Q2 2025: 5.50x
 - Q3 2025: 4.75x
 - Q4 2025: 4.00x

2

Increased available liquidity

- Gross equity proceeds of NOK 500 million, parts of this may be used to pay down bank debt
- Available liquidity increased by ~NOK 308 million, of which:
 - ~NOK 200 million in assumed retained cash
 - ~NOK 108 million in assumed liquidity release
- RCF facility will be reduced from NOK 1.150 million to 850 million

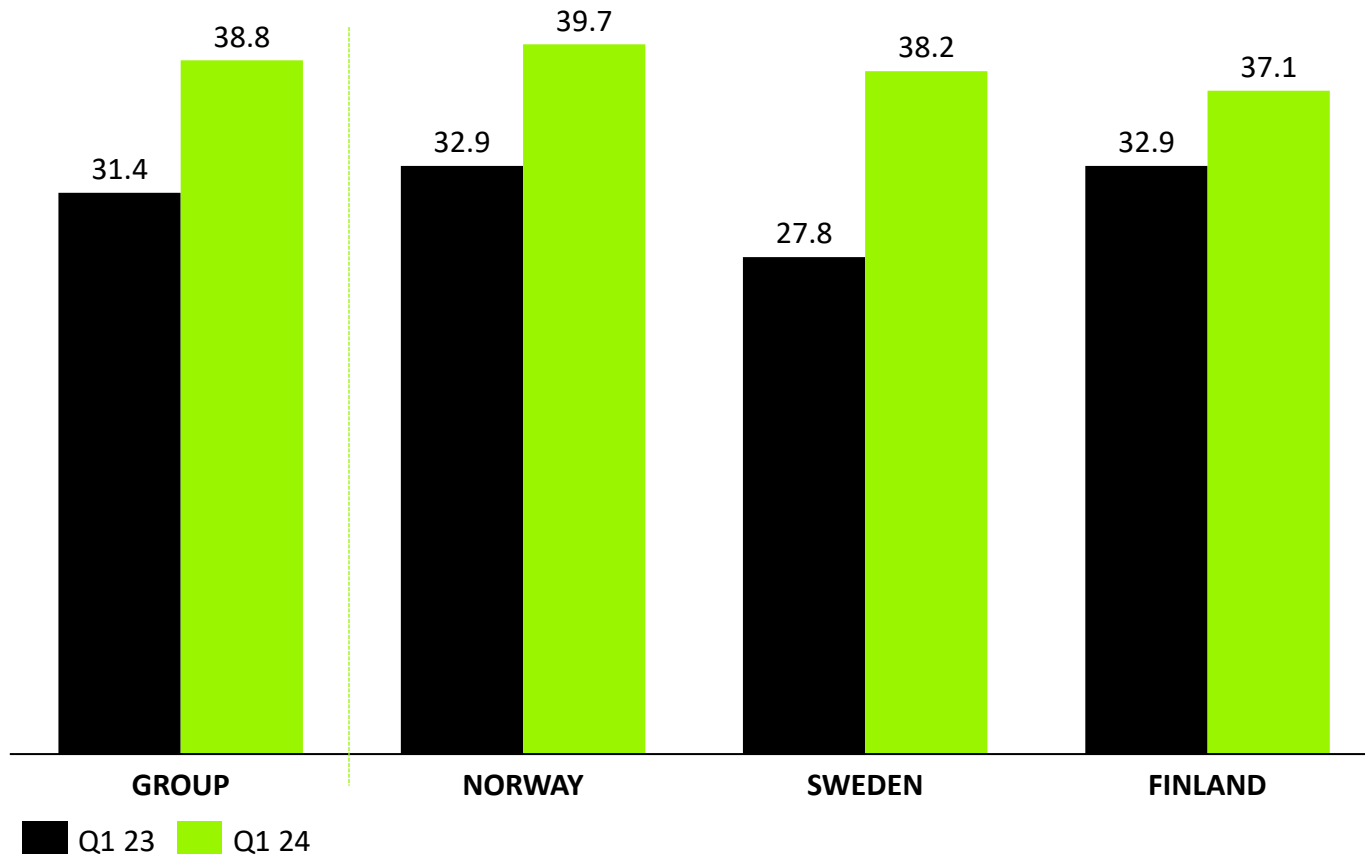
Key Figures

<i>(Amounts in NOK million)</i>	Q1 2024	Q1 2023	FY 2023
GROUP - Continuing Operations			
Operating revenue	1 558	1 984	7 961
Growth (%)	-21,5 %	6,4 %	-5,5 %
Gross profit	605	622	2 509
Gross margin (%)	38,8 %	31,4 %	31,5 %
OPEX %	38,0 %	33,6 %	32,5 %
EBITDA	12	-45	-80
EBITDA margin (%)	0,8 %	-2,3 %	-1,0 %
EBIT	-188	-239	-1 409
EBIT margin (%)	-12,0 %	-12,0 %	-17,7 %
Impairment losses	-	-	576
EBIT adj.	-188	-239	-833
EBIT adj. margin (%)	-12,0 %	-12,0 %	-10,5 %
Net Income	-209	-225	-1 590
Net Income adj.	-209	-225	-1 014
**Basic Earnings per share (NOK)	-0,13	-0,86	-2,18

- Revenue down by NOK 427 million vs. last year
 - Challenging market driven by low consumer confidence and reduced demand for sporting goods
 - Low product availability holding back sales, as well as fewer sales days
 - Also, part of the reduction was explained by the extraordinary sales campaign last year (“Prisskred”)
- Gross margin ended at 38.8%, up from 31.4% last year
- OPEX in % is 4.4 p.p higher than last year
 - Operating expenses as percentage of sales increased to 38.0% in Q1 24 (33.6% in Q1 23) impacted by the negative like for like growth hampering scale in the operations
 - The cost out program has reduced OPEX with NOK 75 million vs Q1 23
- EBITDA NOK 12 million
- Net income of negative NOK 209 million in Q1 2024.

Gross Margin Development

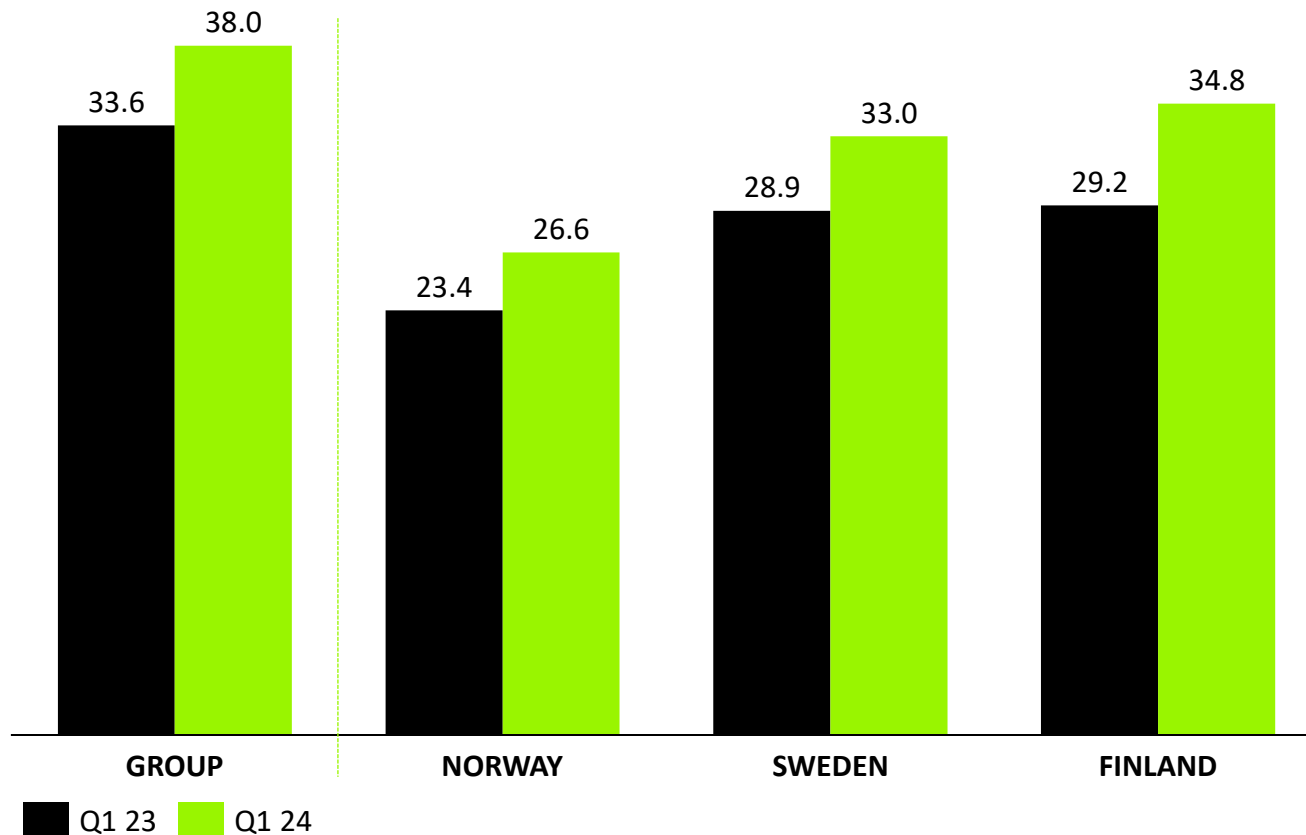
XXL ASA Q1 2024 - Gross margin per segment
(in %)



- Improved gross margin development in the quarter, up from 31.4% in Q1 2023 to 38.8% in Q1 2024.
- Gross margin in Q1 2023 was significantly affected by large clearance sales. However, gross margin has steadily improved during the last quarters, and this continued in Q1 2024
- The reduction of inventory with high price-points triggered obsolete inventory reversal of NOK 30 million, explaining 1.9 p.p of the margin uplift in Q1 2024.
- The current market demands strict focus on inventory levels and liquidity control, which will lead to fluctuations in the gross margin between quarters and seasons

OPEX Development

XXL ASA Q1 2024 - OPEX per segment
(in %)

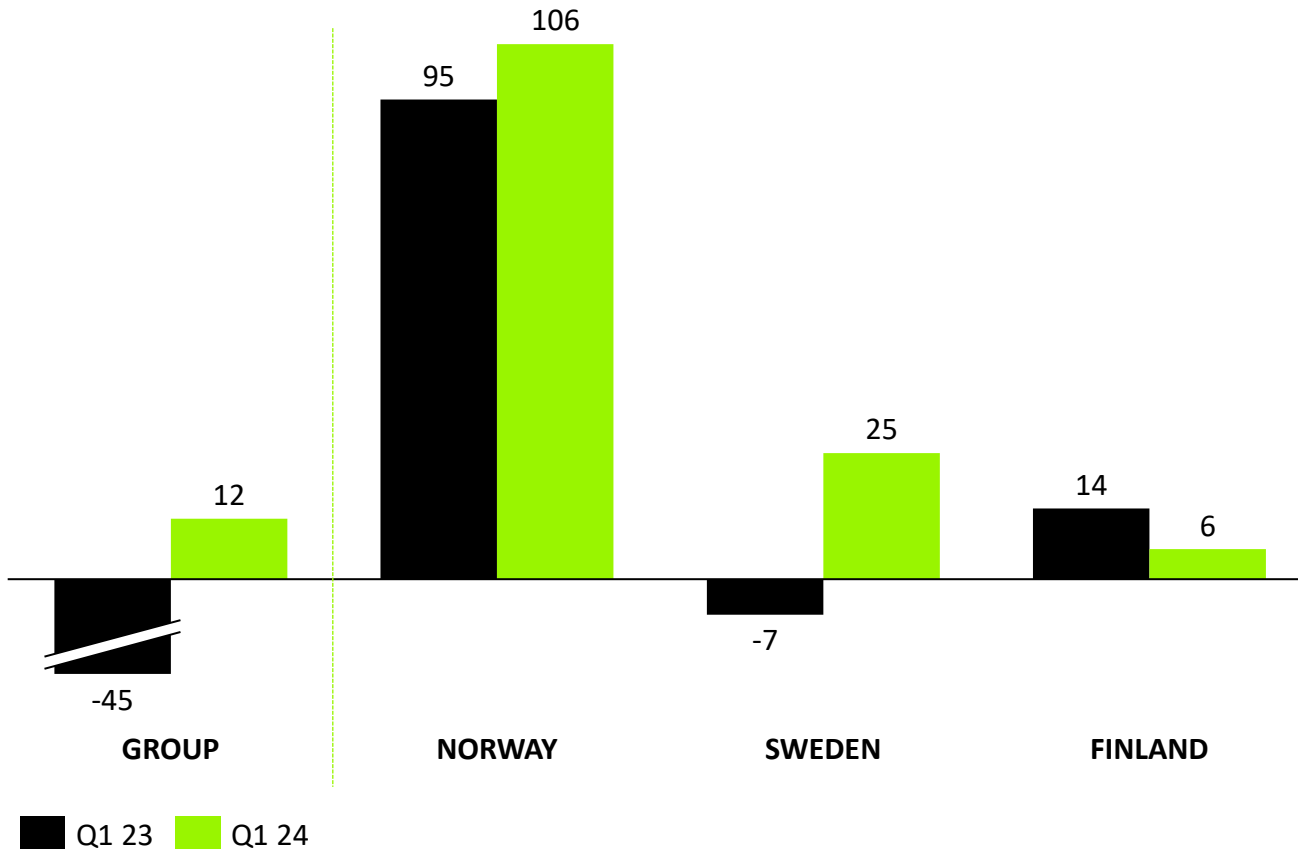


- Group OPEX% in Q1 increased to 38.0% (up 4.4 points vs Q1 23), impacted by the negative like for like growth hampering scale in the operations
- Operating expenses NOK 75 million lower in Q1 24 vs Q1 23, mainly explained by a reduction in personnel and marketing cost
- Cost out program and restructuring are thus starting to materialize

EBITDA Development

XXL ASA Q1
(in mNOK)

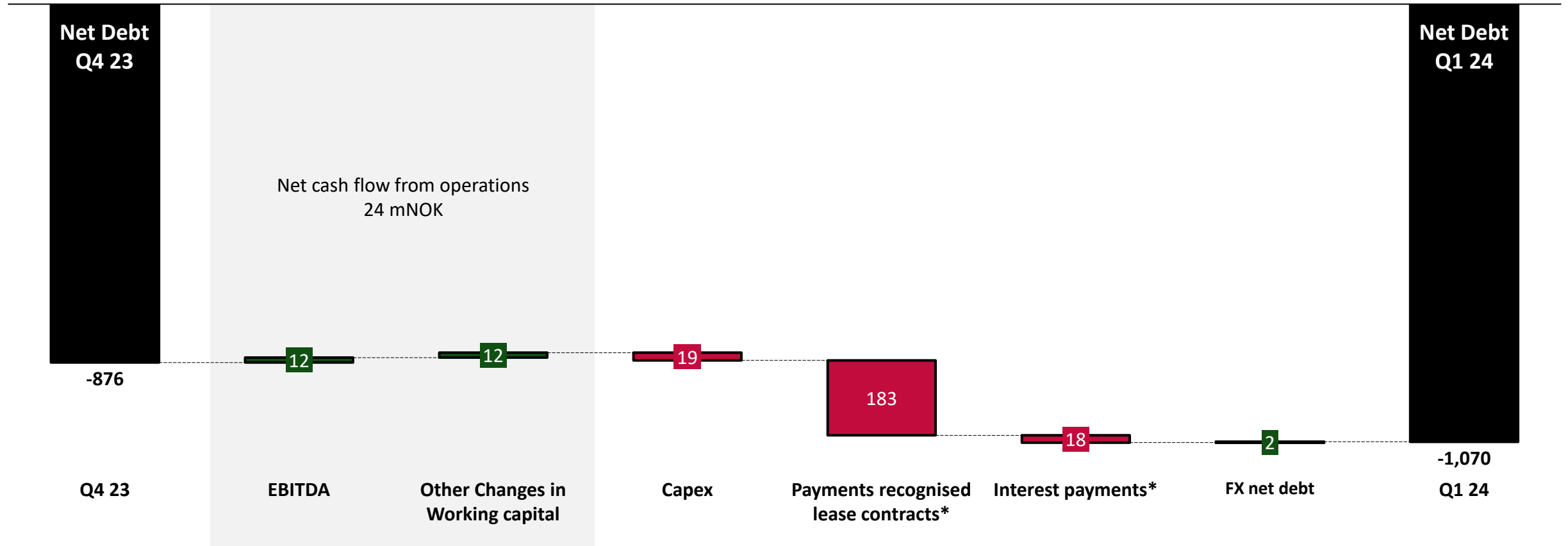
2024 Q1 - EBITDA per segment



- Positive EBITDA development vs LY in all segments except Finland. The positive development in EBITDA is explained by the improved gross margin and reduced cost.
- Norway segment improved EBITDA by NOK 11 million by reducing OPEX of NOK 22 million, partly offset by sales shortfall of NOK 202 million and gross profit of NOK 11 million.
- Sweden improved EBITDA by NOK 33 million by increasing gross profit of NOK 17 million and reducing OPEX of NOK 16 million.
- The negative development in Finland is mainly explained by shortfall of sales of NOK 106 million and gross profit of NOK 24 million. Finland has mitigated the loss by reducing OPEX of NOK 16 million.
- XXL's HQ overhead cost is reduced with NOK 23 million.
- EBITDA margin of 0.8% in Q1 2024 vs. - 2.3% in Q1 2023

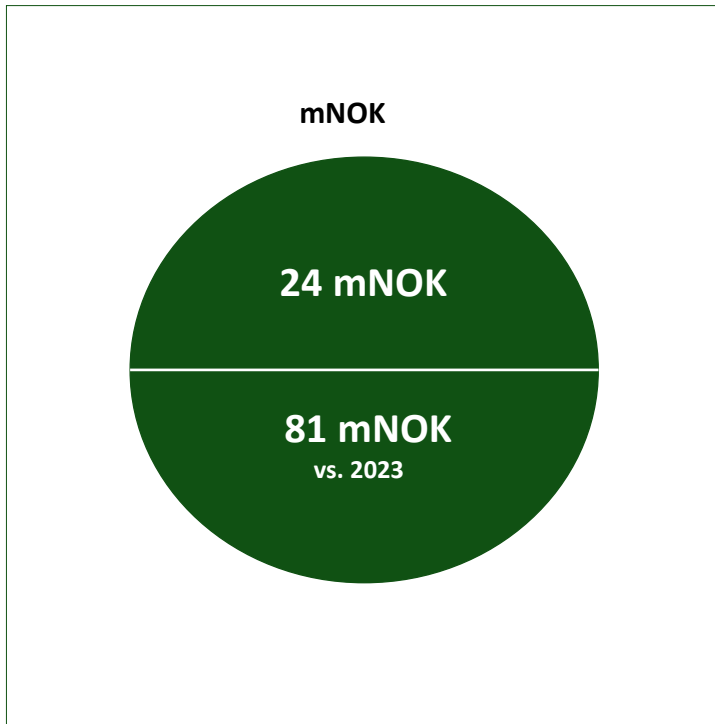
Net debt increased by NOK 194 million

Net debt development (mNOK)

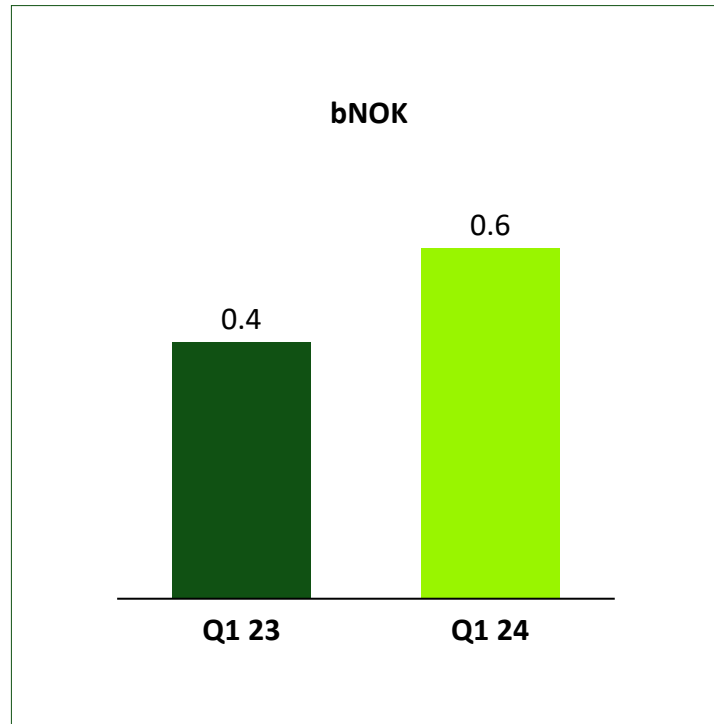


Financial position

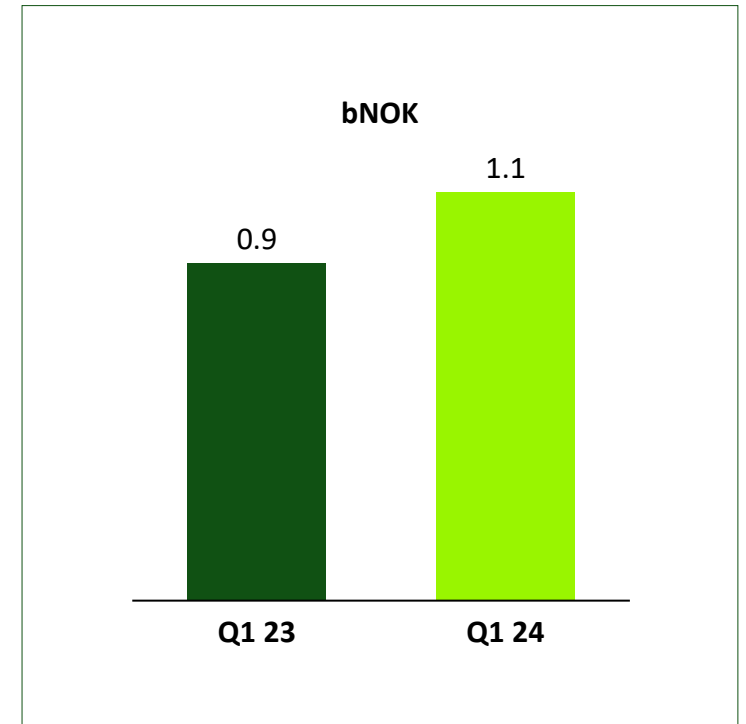
YTD Operational Cash Flow



Liquidity Reserves



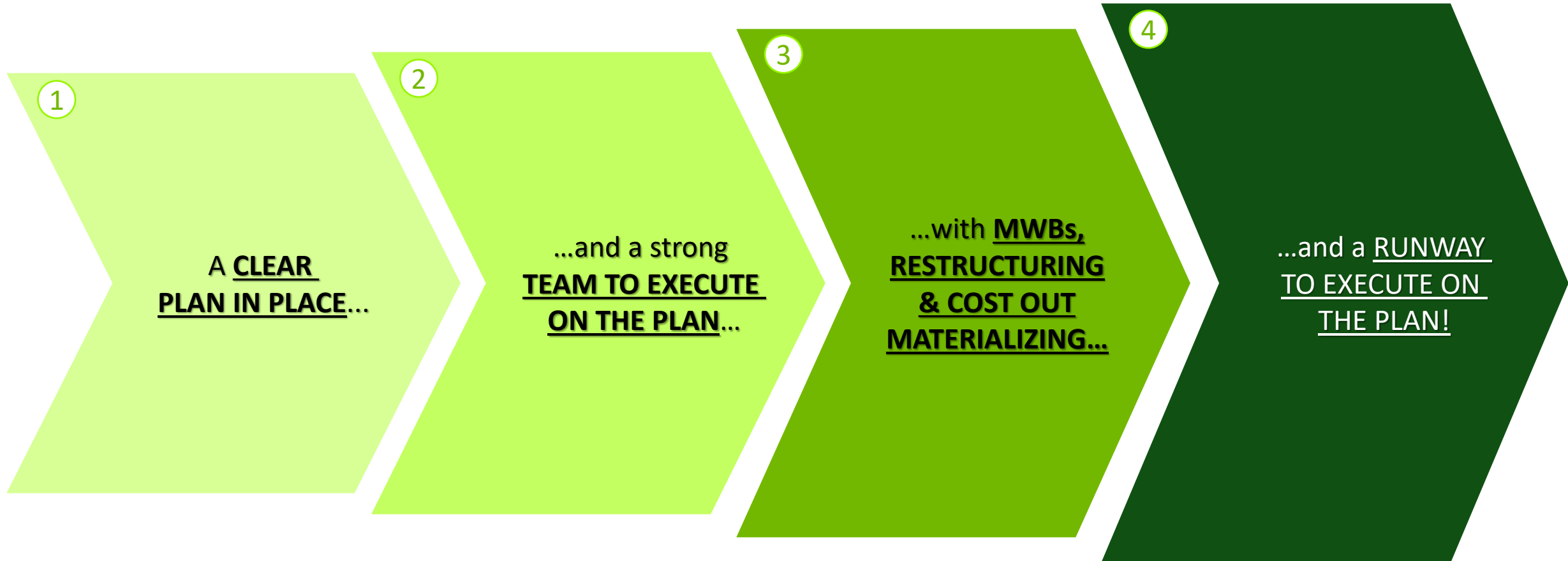
Net Interest-Bearing Debt



Summary and final remarks

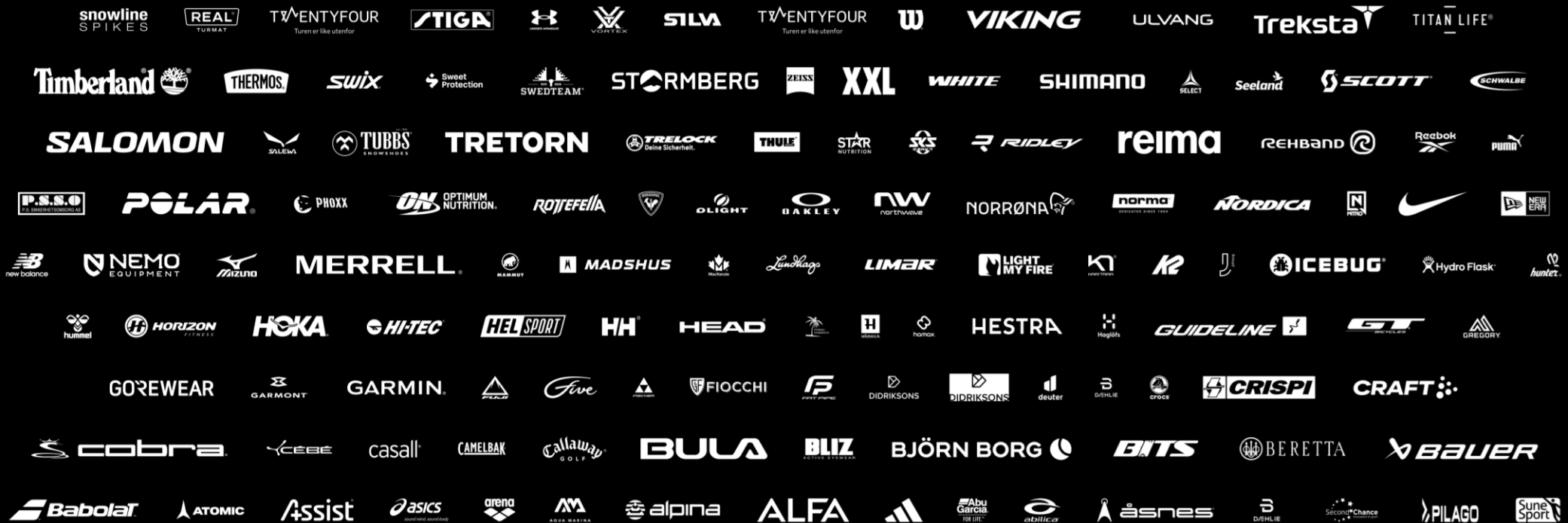


Summary



XXL

We are great brands & great prices...



...and all sports united – sport unite all!

THANK YOU!



Q&A



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