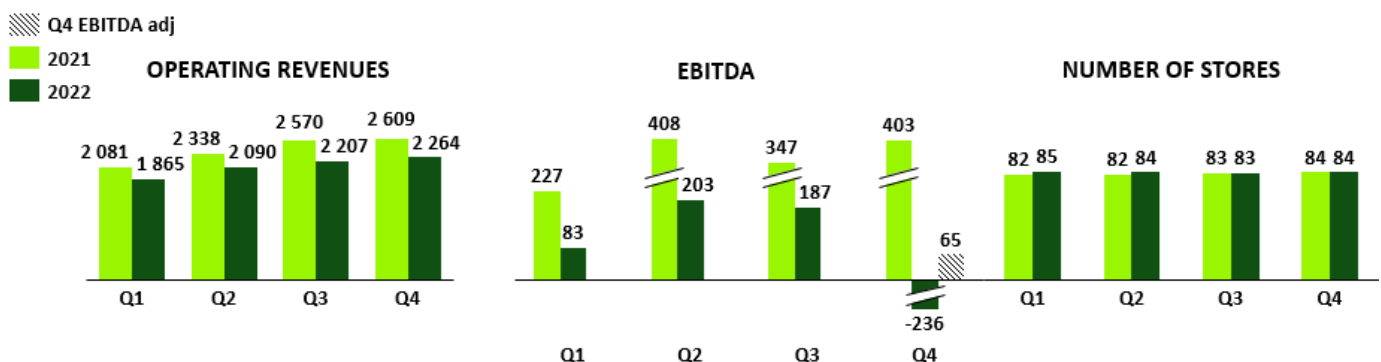


HIGHLIGHTS¹

- Historically low consumer confidence, reduced demand for sporting goods
- Additional write-down of inventory of NOK 301 million
- Exiting Austria during 2023²
- EBITDA of minus NOK 236 million (NOK 403 million)
- New equity and waiver agreement with bank consortium



- 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

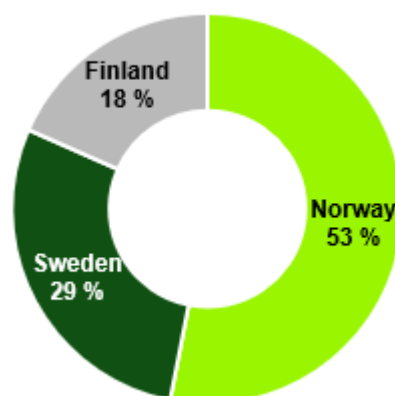
<i>(Amounts in NOK million)</i>	Q4 2022	Q4 2021	FY 2022	FY 2021
GROUP Continuing Operations - Figures adjusted for additional write-down and impairment losses)				
Operating revenue	2 264	2 609	8 426	9 597
Growth (%)	-13,2 %	6,5 %	-12,2 %	-3,4 %
Gross profit (adj.)	749	1 105	3 022	3 949
Gross margin (adj.) (%)	33,1 %	42,3 %	35,9 %	41,1 %
Additional write-down of inventory	301	-	301	-
OPEX %	30,2 %	26,9 %	29,5 %	26,7 %
EBITDA (adj.)	65	403	538	1 386
EBITDA margin (adj.) (%)	2,9 %	15,5 %	6,4 %	14,4 %
Impairment losses	-	13	1	13
EBIT (adj.)	-107	174	-165	615
EBIT margin (adj.) (%)	-4,7 %	6,7 %	-2,0 %	6,4 %
Net Income adj	-72	165	-109	453
**Earnings per share (adj)	-0,28	0,66	-0,43	1,80

GROUP | Continuing Operations (Reported Figures)

Gross profit	448	1 105	2 721	3 949
Gross margin (%)	19,8 %	42,3 %	32,3 %	41,1 %
EBITDA	-236	403	237	1 386
EBITDA margin (%)	-10,4 %	15,5 %	2,8 %	14,4 %
EBIT	-408	161	-467	602
EBIT margin (%)	-18,0 %	6,2 %	-5,5 %	6,3 %
Net Income	-373	153	-411	440
**Basic Earnings per share (NOK)	-1,48	0,60	-1,63	1,74

**Average number of shares (1 000 shares)	252 437	252 437	252 437	252 437
Cash provided by operating activities	126	182	682	905
Like for like revenue growth	-13,4 %	9,6 %	-12,1 %	-1,9 %
Number of stores at period end	84	84	84	84
New stores in the period	1	1	2	2
Closed stores in the period	0	0	2	0

Revenue Split



**Earnings per share: See Note 5.

KEY FIGURES SEGMENTS

(Amounts in NOK million)

	Q4 2022	Q4 2021	FY 2022	FY 2021
SEGMENT				
Norway*				
Operating revenue	1 201	1 364	4 394	4 893
Growth (%)	-11,9 %	4,8 %	-10,2 %	-2,4 %
Gross profit (adj.)	440	608	1 671	2 105
Gross margin (adj.) (%)	36,6 %	44,6 %	38,0 %	43,0 %
Additional write-down of inventory	136	-	136	-
Gross profit	304	608	1 535	2 105
Gross margin (%)	25,3 %	44,6 %	34,9 %	43,0 %
OPEX %	19,9 %	20,4 %	19,9 %	19,4 %
EBITDA (adj.)	201	329	797	1 156
EBITDA margin (adj.) (%)	16,7 %	24,1 %	18,1 %	23,6 %
EBITDA	65	329	661	1 156
EBITDA margin (%)	5,4 %	24,1 %	15,1 %	23,6 %
Number of stores at period end	38	37	38	37
New stores in the period	1	-	1	-
Closed stores in the period	-	-	-	-
Sweden				
Operating revenue	646	801	2 488	2 961
Growth (%)	-19,3 %	13,7 %	-16,0 %	-0,4 %
Gross profit (adj.)	182	316	816	1 148
Gross margin (adj.) (%)	28,2 %	39,4 %	32,8 %	38,8 %
Gross profit	80	316	713	1 148
Gross margin (%)	12,3 %	39,4 %	28,7 %	38,8 %
Additional write-down of inventory	103	-	103	-
OPEX %	29,4 %	24,4 %	27,4 %	24,6 %
EBITDA (adj.)	-8	120	135	420
EBITDA margin (adj.) (%)	-1,2 %	15,0 %	5,4 %	14,2 %
EBITDA	-110	120	32	420
EBITDA margin (%)	-17,1 %	15,0 %	1,3 %	14,2 %
Number of stores at period end	29	30	29	30
New stores in the period	-	1	1	1
Closed stores in the period	-	-	2	-

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

KEY FIGURES SEGMENTS – cont.

<i>(Amounts in NOK million)</i>	Q4 2022	Q4 2021	FY 2022	FY 2021
Finland				
Operating revenue	416	444	1 543	1 744
Growth (%)	-6,3 %	0,6 %	-11,5 %	-10,6 %
Gross profit (adj.)	127	181	536	696
Gross margin (adj.) (%)	30,5 %	40,8 %	34,7 %	39,9 %
Gross profit	65	181	474	696
Gross margin (%)	15,6 %	40,8 %	30,7 %	39,9 %
Additional write-down of inventory	62	-	62	-
OPEX %	24,4 %	23,7 %	25,4 %	23,0 %
EBITDA (adj.)	25	76	144	294
EBITDA margin (adj.) (%)	6,1 %	17,1 %	9,3 %	16,9 %
EBITDA	-37	76	82	294
EBITDA margin (%)	-8,8 %	17,1 %	5,3 %	16,9 %
Number of stores at period end	17	17	17	17
New stores in the period	-	-	-	-
Closed stores in the period	-	-	-	-
HQ & logistics				
EBITDA	-154	-122	-538	-484
EBITDA margin (% of Group revenues)	-6,8 %	-4,7 %	-6,4 %	-5,0 %

Challenging markets and results – exiting Austria, waiver agreement and new equity secured

Oslo, 7 February 2023: XXL will exit Austria in 2023 and is working on several different solutions, including sale of the Austrian entity. Consequently, the Austrian operations are classified as a disposal group held for sale in the balance sheet and presented as discontinued operations in the income statement. It is already decided to close 3 of the 8 stores as well as the central warehouse facility. XXL has an ambition of having no negative cash effect in 2023 from the Austrian operations and exit.

XXL delivered total operating revenue of NOK 2.3 billion (NOK 2.6 billion) in the fourth quarter 2022 driven by low consumer confidence and reduced demand for sporting goods in general. The industry sees a buildup of inventory and heavy discount activities. XXL has prioritized strict liquidity management with sales and inventory actions over gross margins. The results are also significantly impacted by an additional write-down of inventory of NOK 301 million.

Under these conditions XXL has launched a massive clearance campaign in all markets.

XXL has obtained a waiver agreement with its bank consortium, following which only liquidity covenants will apply from December 2022 to November 2023 before returning to leverage covenant in December 2023. At least NOK 500 million in new equity will be raised in Q1 2023, through a private placement and a potential subsequent offering, where the net proceeds from the private placement will be applied to repay loan facilities.

Fourth quarter 2022 review

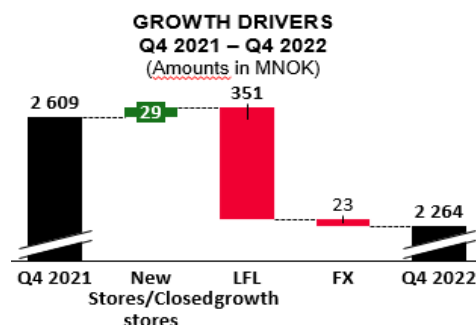
(Figures in brackets = same quarter previous year, unless otherwise specified)

The Board concluded its strategic review process of XXL's operations in Austria in December 2022 and decided to exit the Austrian market in 2023. Consequently, the Austrian operations are classified as a disposal group held for sale in the balance sheet and presented as discontinued operations in the income statement. XXL has restated the quarterly numbers for 2022 accordingly, as well as 2021 for comparison reasons, including the costs of the central warehouse facility in Austria.

XXL's markets continued to be challenging in the fourth quarter 2022 driven by low consumer confidence and reduced demand for sporting goods in general. The market was characterized by high inventory levels in the whole value chain, resulting in aggressive pricing and excessive campaign activities. Under such retail conditions XXL has prioritized strict liquidity with sales and inventory actions over gross margins. Under these circumstances with high inventory in the industry combined with a very uncertain macro situation XXL has made an additional write-down of the inventory of NOK 301 million in the quarter.

Total operating revenue for the Group in the fourth quarter 2022 ended at NOK 2 264 million (NOK 2 609 million) which

represented a decline of 13.2 per cent. All markets are impacted by the weak consumer sentiment, as most of the retail sector, and reduced demand for sporting goods. The quarter started off with low sales and October was a weak month. Sales picked up during the Black Week campaign with growth in all markets but on low gross margins. December started soft but improved under better winter conditions and Christmas sales, however still with significant campaign intensity in the market. E-commerce decreased by 7.0 per cent from Q4 2021 to Q4 2022, representing 25.9 per cent (24.2 per cent) of total operating revenue for the Group. Overall XXL delivered a negative like for like growth of 13.4 per cent in the quarter with decline in all markets.



Gross margin for the Group ended at 19.8 per cent in the quarter compared to 42.3 per cent in the same quarter last year. The significantly lower gross margin was partly related to the additional write-down of the inventory of NOK 301 million, corresponding to 13.3 per cent on gross margin. High campaign shares and heavy discounting in the markets have also impacted gross margins negatively. The current market demands strict focus on inventory levels and liquidity control, which will lead to fluctuations in the gross margin between quarters and seasons. XXL targets a long term sustainable gross margin around 40 per cent for the Group.

Operating expenses as percentage of sales increased to 30.2 per cent in the fourth quarter this year (26.9 per cent) impacted by the negative like for like growth hampering scale in the operations. However, operating expenses decreased by NOK 16 million due to strict cost focus throughout the organisation, including lower personnel cost in stores and decreased marketing spend, and despite increased energy prices and KPI adjustments under rental contracts.

The Group EBITDA in the fourth quarter 2022 was negative of NOK 236 million (NOK 403 million), impacted by the additional write-down of inventory of NOK 301 million as well as negative like for like growth and overall lower gross margin as described above.

XXL had total liquidity reserves of NOK 746 million (NOK 1 093 million) and a net interest-bearing debt of NOK 1 054 million (NOK 707 million) by the end of 2022. In the fourth quarter, XXL has chosen not to fully utilize its cash discounts towards its suppliers and thereby increased the amount of payables compared to Q4 2021. Under challenging market conditions XXL has worked on reducing the incoming volumes of goods. The inventory increased to NOK 2 328 million (NOK 2 220 million) due to lower sales volumes. The inventory level is also impacted by additional write-down of NOK 301 million in the quarter. Strict capital discipline during 2022 has led to total CAPEX of NOK 139 million (NOK 261 million), the lowest level last ten years.

XXL is accelerating programs to adjust costs and purchasing volumes to sales. XXL has flexibility in its agreements with suppliers and is currently reducing the volumes significantly for the upcoming seasons. Also, XXL will reduce its costs with less store staffing, increase marketing effectiveness as well as reducing the HQ cost base. The ambition is at least NOK 120 million in cost savings in 2023, but this will be partly counteracted by increased energy prices and KPI adjustments under rental contracts. In addition, XXL targets to reduce CAPEX, expected to be around NOK 150-200 million per year going forward. The key strategic focus is still on an ambitious E-commerce growth plan and continue improving category strategy and plans and exiting the Austrian market. The longer-term target is "40/30/10" on gross margin, OPEX and EBITDA respectively and when excluding IFRS 16 effects.

Operating segments

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

The Group's reporting structure comprises 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 1 201 million in the fourth quarter 2022 compared to NOK 1 364 million in the same quarter last year, representing a negative growth of 11.9 per cent. According to market figures from SSB for Q4 2022 the sales of sporting goods in Norway decreased by 5.3 per cent. October was a challenging month, sales picked up during the Black Week campaign, but December was slow until winter conditions improved late in the month. XXL opened a new store in November, in Alta.

Gross margin was impacted by the additional write-down of inventory of NOK 136 million, more clearance and campaign activities under challenging market conditions as well as higher sourcing costs. Due to these effects the gross margin decreased from 44.6 per cent in Q4 2021 to 25.3 per cent in Q4 2022.

Operating expenses as percentage of sales ended at 19.9 per cent (20.4 per cent). The negative like for like growth is still impacting the scale in the operations, while XXL has focused on short term cost reductions both on store staffing and marketing spend.

EBITDA amounted to NOK 65 million (NOK 329 million). The main reasons for the lower EBITDA were the additional write-down of inventory, negative like for like growth impacting scale in the operations as well as the lower gross margin as described above.

Sweden

According to market figures from SCB the sale of sporting goods in Sweden decreased by 8.2 per cent in Q4 2022, while the corresponding decline for XXL was 16.2 per cent in local currency on a strong comparator. Total operating revenue for XXL in Sweden in Q4 2022 amounted to NOK 646 million (NOK 801 million). The driver was a negative like for like growth of 17.5 percent in local currency under weaker market conditions with lower overall demand.

Gross margin decreased to 12.3 per cent (39.4 per cent) explained by the additional write-down of inventory of NOK 103 million, high clearance activities and campaigns, both in the market and by XXL, under challenging conditions as well as increased sourcing costs.

Operating expenses as percentage of sales ended at 29.4 per cent (24.4 per cent) explained by the negative like for like growth impacting scale in the operations. However, XXL has executed several cost reductions related to store personnel counteracted by increased rental costs.

EBITDA was negative of NOK 110 million (NOK 120 million), driven by both the additional write-down of inventory, lower revenue and the reduced gross margin.

Finland

Total operating revenue in the quarter amounted to NOK 416 million (NOK 444 million). This corresponded to a negative like for like growth of 9.2 per cent in local currency in a challenging market with weak consumer sentiment and low demand. According to market figures from TMA, the sale of sporting goods in Finland decreased by 4.4 per cent in Q4 2022. This is to be compared to XXL with a decline of 9.9 per cent in local currency.

Gross margin ended at 15.6 per cent (40.8 per cent) significantly impacted by the additional write-down of inventory of NOK 62 million as well as higher campaign activities in a challenging market.

Operating expenses as percentage of sales ended at 24.4 per cent in Q4 2022 (23.7 per cent), explained by overall lower scale due to negative like for like growth. During the quarter XXL has focused on cost efficiencies mostly related to store staffing and marketing spend.

EBITDA was negative of NOK 37 million in Q4 2022 (NOK 76 million) driven by the additional write-down of inventory, negative growth and 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 154 million (NOK 122 million) in Q4 2022. The main explanation is a release of bonus accruals last year of around NOK 20 million. In addition XXL has seen increased inflation on large cost elements like IT-licenses as well as costs related to the waiver agreements with the bank consortium, private placement and consultancy. XXL will address the HQ cost base going forward in order to adopt to the current sales development.

Financials

Consolidated income statement – Fourth quarter

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

Total operating revenue decreased by 13.2 per cent to NOK 2 264 million (NOK 2 609 million).

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 685 million (NOK 701 million) in the fourth quarter. As percentage of total operating revenue of the Group, operating expenses increased from 26.9 per cent in the fourth quarter last year to 30.2 per cent in the fourth quarter this year.

Operating income amounted to minus NOK 408 million

(NOK 161 million). The change is mainly explained by the negative like for like growth and lower gross margins (especially due to the additional write-down of inventory).

Net financial expense amounted to NOK 80 million for the fourth quarter (net financial expense of NOK 33 million) whereof NOK 19 million is related to IFRS 16 effects compared to NOK 20 million in Q4 2021. Net interest expenses ended at NOK 26 million (NOK 7 million). Net financial expenses included a negative currency effect of NOK 25 million compared to a negative currency effect of NOK 1 million last year. Other financial expenses of NOK 10 million were related to waiver fee, amortization of loan costs and other financial costs.

Income tax expense for the fourth quarter was minus NOK 115 million (minus NOK 24 million).

Profit for the period from continuing operations ended at minus NOK 373 million (NOK 153 million).

Profit for the period from discontinued operations ended at minus NOK 89 million (minus NOK 150 million).

Profit for the period ended at minus NOK 462 million (positive NOK 3 million)

Consolidated income statement – 2022

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

Total operating revenue in 2022 was NOK 8 426 million (NOK 9 597 million) a decrease of 12.2 per cent.

Total operating expenses excluding depreciation, impairment losses and cost of goods sold equaled NOK 2 484 million (NOK 2 563 million) for 2022. As percentage of total operating revenues of the Group, operating expenses increased from 26.7 per cent in 2021 to 29.5 per cent in 2022.

Operating income amounted to minus NOK 467 million (positive NOK 602 million).

Net financial expense amounted to NOK 64 million for 2022 (NOK 136 million) whereof IFRS 16 effects amounted to NOK 78 million compared to NOK 78 million in 2021. Net interest expenses equaled NOK 58 million (NOK 29 million). Net financial expenses included a positive currency effect of NOK 92 million compared to a negative currency effect of NOK 5 million last year. Other financial expenses of NOK 21 million were related to waiver fee, amortization of loan costs and other financial costs.

Tax expense for 2022 was estimated to minus NOK 120 million (NOK 25 million).

Profit for the period from continuing operations ended at minus NOK 411 million (positive NOK 440 million).

Profit for the period from discontinued operations ended at minus NOK 130 million (minus NOK 246 million).

Profit for the period ended at minus NOK 542 million (positive NOK 194 million)

Consolidated cash flow

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

Cash provided by operating activities was at NOK 682 million (NOK 905 million) for the year ended 31 December 2022. The reason for the decrease is mainly poor results and build-up of inventory due to lower sales and higher volumes of incoming goods. This is partly offset by increased accounts payable due to not fully utilizing cash discounts towards the suppliers.

Cash used by investing activities was NOK 139 million (NOK 77 million) for the year ended 31 December 2022. This is mainly related to investments in existing stores and E-commerce platform in 2022.

Cash used by financing activities amounted to NOK 164 million (cash used of NOK 1 284 million) in 2022. The change is mainly related to payment of debt and extraordinary dividend payments in 2021.

Financial position and liquidity

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

As of 31 December 2022, total assets amounted to NOK 9 075 million (NOK 9 015 million). The increase is mainly due to higher inventory. Total equity was NOK 3 067 million (NOK 3 753 million), resulting in an equity ratio of 33.8 per cent (41.6 per cent). Net interest bearing debt (NIBD) ended at NOK 1 054 million (NOK 707 million).

The Group had cash and cash equivalents of NOK 552 million (NOK 173 million) as of 31 December 2022. The Group's liquidity reserves include total credit facilities of NOK 1 800 million where of NOK 1 629 million was used as of 31 December 2022. Available liquidity reserves as of 31 December 2022 were NOK 746 million (NOK 1 093 million).

Waiver agreement with bank consortium and new share issue

XXL has agreed with its bank consortium, consisting of DNB Bank ASA and Nordea Bank Abp, filial i Norge, on new covenants going forward:

- Liquidity covenant only from December 2022 to November 2023, being in the range of NOK 200-300 million in H1 2023 and NOK 400-600 million in H2 2023.
- The net interest-bearing debt/EBITDA covenant shall be 3x from December 2023 and forward, excluding IFRS 16 effects and adjusted for certain exceptional items.
- No distribution of dividends or share buy-back during the waiver period ending November 2023.

The waiver agreement with the bank consortium is subject to the XXL raising new equity in the gross amount of NOK 500 million, where the net proceeds shall be used to repay loan facilities. After this, the maximum principal amount that may

be outstanding under the loan facilities will be reduced from NOK 1.8 billion to NOK 1.3 billion.

XXL has allocated 135 135 135 new shares in a private placement at a subscription price of NOK 3.70 per share, raising gross proceeds of NOK 500 million. The net proceeds from the private placement will in full be used to repay debt according to the waiver agreement. Settlement of the private placement is divided into two tranches. The first tranche was settled and registered with the Norwegian Register of Business Enterprises on 19 January 2023. The second tranche will be settled on or about 8 March 2023 following the publication of a prospectus. Completion of the private placement was subject to an approval by an extraordinary general meeting, which was obtained on 17 January 2023. The Board considered the equal treatment obligations and decided to propose for the extraordinary general meeting an authorization to carry out a potential subsequent offering of new shares for up to NOK 100 million to those shareholders that were not allocated shares in the private placement. In accordance with that proposal, the extraordinary general meeting on 17 January 2023 authorized the Board to increase the share capital by up to NOK 10 810 810.80 by carrying out the subsequent offering or up to 27 027 027 new shares. The subscription price in the subsequent offering, if carried out, will be equal to the subscription price in the private placement. Shareholders of XXL as of close of trading on 21 December 2022, as recorded in the VPS on 23 December 2022 will receive non-transferable subscription rights in the subsequent offering. The subscription period for the subsequent offering is expected to commence in the first half of March 2023 following approval and publication of a prospectus. The net proceeds from the subsequent offering will be applied for general corporate purposes. The Board will take into consideration the share price development and share volume traded up until the date of the prospectus when considering whether to launch the subsequent offering.

DNB Markets, a part of DNB Bank ASA, and Nordea Bank Abp, filial i Norge act as managers for the private placement and the subsequent offering. Advokatfirmaet Thommessen AS is acting as legal advisor to XXL in relation to the private placement and the subsequent offering.

Changes in the Executive Management team

The Board of Directors has appointed Mr. Freddy Sobin as Group CEO of XXL. Sobin is currently the CEO of KICKS Group, a position he has held since 2018. KICKS is a leading Nordic retailer within beauty products with 230 stores in Sweden, Norway and Finland and strong online presence and growth. It is also a part of the Swedish trade and industrial conglomerate Axel Johnson. Sobin also knows the sports and outdoor industry well from his almost five-year long tenure as a Chairman of the Board of Outnorth. Freddy Sobin is 41 years old and a Swedish citizen. He holds a Master of Business and Administration from Stockholm School of Economics (Handelshögskolan i Stockholm). Before joining KICKS he served as CEO of Consortio Fashion Group, with Bubbleroom as the most known brand, for nearly seven years. In addition to these merits, Sobin is also an experienced Board Member. He is currently serving on the Board of Svensk Handel, Svenskt Näringsliv and

successful retail companies like Salling Group in Denmark and Bubbleroom in Sweden. Sobin is expected to join XXL at the latest in May 2023.

Mr. Stein Eriksen, who currently also serves as interim CEO, will return to his position as CFO when Sobin joins XXL.

Managing Director of Norway, Mrs. Stine Trygg-Hauger, will step down from March 2023 to pursue opportunities outside XXL. Mrs. Cristina Moreno will take up the position as the new Managing Director of Norway from the same date. She is currently the SVP for Store Concept in the XXL Group and has a long and strong track record within the Company, being employed in different positions in XXL since the first store in year 2001. Cristina has been both Sales Leader, Store Manager, Operations Manager as well as employee representative in the Board of Directors in XXL ASA.

Managing Director of Austria, Mr. Magnus Kreuger, will step down after April 2023 to pursue opportunities outside XXL.

Outlook

Total operating revenues for the Group in January 2023 decreased around 5 per cent to around NOK 650 million. All markets have continued to be challenging with low consumer confidence and reduced demand for sporting goods in general. The heavy campaign activities continue due to the buildup of inventory in the sporting goods industry. Under these conditions XXL has launched a massive clearance campaign last days of January for the benefit of all our customers.

XXL's target and goal going forward is to over time gain market shares in all markets and continue the growth in the E-commerce channel.

XXL is in the phase of implementing several strategic initiatives and projects to improve profitability and operational efficiency going forward. The longer-term target is "40-30-10" on gross margin, OPEX and EBITDA respectively and when excluding IFRS 16 effects.

In line with the existing strategy, XXL will continue to invest in operational efficiency, selective new store openings, E-commerce platform, existing stores, infrastructure and IT. Total CAPEX for XXL Group in 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. 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.

XXL will exit Austria in 2023 and is working on several different solutions, including sale of the Austrian entity. It is already decided to close 3 of the 8 stores as well as the central warehouse facility. 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 31 December 2022 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 2023
Board of Directors, XXL ASA

Hugo Maurstad
Chairman

Øivind Tidemandsen
Board member

Kjersti Hobøl
Board member

Tom Jovik
Board member

Ulrike Koehler
Board member

Stein Alexander Eriksen
Interim CEO & CFO

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 December 31, 2022

<i>(Amounts in NOK million)</i>	Q4 2022	Q4 2021	FY 2022	FY 2021
Total Operating Revenue	2 264	2 609	8 426	9 597
Cost of goods sold	1 816	1 504	5 705	5 649
Personnel expenses	446	485	1 665	1 787
Other operating expenses	239	216	819	776
Depreciation	172	230	703	771
Impairment losses	-0	13	1	13
Total Operating Expenses	2 672	2 448	8 893	8 996
Operating Income	-408	161	-467	602
Net Financial Income (+) / Expense (-)	-80	-33	-64	-136
Profit before income tax	-488	128	-531	466
Income tax expense	-115	-24	-120	25
Profit from Continuing Operations	-373	153	-411	440
Profit from Discontinued Operations	-89	-150	-130	-246
Profit for the Period	-462	3	-542	194
Basic and diluted Earnings per share from continuing operations (NOK)	-1,48	0,60	-1,63	1,74
Basic and diluted Earnings per share from discontinued operations (NOK)	-0,35	-0,59	-0,52	-0,97
Basic and diluted Earnings per share (NOK)	-1,83	0,01	-2,15	0,77
Other comprehensive income				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Foreign currency rate changes	-4	16	-7	-61
Total Other Income and Expense	-4	16	-7	-61
Total comprehensive income for the period	-376	169	-418	379
Total comprehensive income attributable to:				
Equity holders of the company	-363	163	-403	373
Non-controlling interest	-13	5	-15	6

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

Condensed Consolidated Interim Statement of Financial Position

<i>(Amounts in NOK million)</i>	Note	31.12.2022	31.12 2021
NON CURRENT ASSETS			
Intangible Assets			
Goodwill		2 744	2 744
Other Intangible Assets		265	260
Deferred tax asset		207	64
Total Intangible Assets		3 216	3 069
Fixed Assets		613	826
Right of Use Assets	9	1 842	2 126
Total Non Current Assets		5 671	6 020
CURRENT ASSETS			
Inventory		2 328	2 220
Trade and Other Receivables		260	601
Cash and Cash Equivalents		552	173
Total Current Assets		3 140	2 994
Total assets of disposal group held for sale	10	263	-
TOTAL ASSETS		9 075	9 015

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

Condensed Consolidated Interim Statement of Financial Position

<i>(Amounts in NOK million)</i>	Note	31.12.2022	31.12.2021
SHAREHOLDERS' EQUITY			
Paid-in Capital		3 049	3 187
Other equity	9	18	566
Total Shareholders' Equity		3 067	3 753
LIABILITIES			
Deferred Tax Liability		0	0
Total Provisions		0	0
Other non-current liabilities			
Interest Bearing Non-Current Liabilities		494	485
Lease Liabilities	9	1 568	1 925
Total other non-current liabilities		2 062	2 410
Total non-current liabilities		2 062	2 410
Current liabilities			
Accounts Payable		1 214	644
Lease Liabilities	9	533	567
Current Interest Bearing Liabilities		1 135	395
Tax payable		50	102
Public duties payable		360	544
Other current liabilities		494	600
Total current liabilities		3 786	2 852
TOTAL LIABILITIES		5 848	5 262
Total liabilities of disposal group held for sale	10	160	-
TOTAL EQUITY AND LIABILITIES		9 075	9 015

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

Condensed Consolidated Interim Statement of Cash Flows

	Q4 2022	Q4 2021	FY 2022	FY 2021
Operating Activities				
Income before tax from continued operations	(488)	128	(531)	466
Income tax paid	-	(16)	(38)	(16)
Depreciation and amortization	171	213	704	754
Impairment losses	-	13	-	13
Net financial expense	80	33	64	137
Changes in inventory	264	(98)	(374)	(323)
Changes in accounts receivable	94	(322)	337	(327)
Changes in accounts payable and supplier financing	(286)	(141)	572	112
Other changes	283	352	(96)	(7)
Cash provided (used) by operating activities from discontinuing operations	8	20	44	97
Cash provided (used) by operating activities	126	182	682	905
Investing Activities				
Investment in fixed assets	(27)	(73)	(132)	(219)
Cash provided (used) by investing activities from discontinuing operations	-	(5)	(7)	(43)
Cash provided (used) by investing activities	(27)	(77)	(139)	(261)
Financing Activities				
Sales/purchase of own shares/other financing transactions	(6)	-	(8)	(77)
Dividends	-	(239)	(145)	(483)
Payments on long/short term debt	-	(436)	(150)	(1 006)
Proceeds from long/short term debt	142	645	883	993
Interest payments	(30)	52	(61)	(29)
Interest on lease liabilities	(19)	(19)	(78)	(79)
Total leasing payments for the lease liability	(137)	(201)	(560)	(558)
Cash provided (used) by financing activities from discontinuing operations	(11)	(12)	(45)	(45)
Cash provided (used) by financing activities	(60)	(209)	(164)	(1 284)
Net Change in Cash and Cash Equivalents	39	(104)	379	(640)
Cash and cash equivalents - beginning of period	514	291	173	830
Effect of foreign currency rate changes on cash and equivalents	(1)	(13)	-	(16)
Cash and Cash Equivalents (AHS) - End of period	23	-	23	-
Cash and Cash Equivalents - End of period	575	173	575	173

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

Condensed Consolidated Interim Statement of Changes in Equity

<i>(Amounts in NOK million)</i>	Share capital	Share premium	Other Paid in Equity	Retained earnings	Foreign Currency Rate Changes	Non-Controlling Interest	Total Shareholders' Equity
Shareholders' Equity 31.12.2020	102	3 609	31	404	13	26	4 185
Net income 2021	-	-	-	188	-	6	194
Foreign currency rate changes	-	-	-	-	-60	-	-60
Transactions with owners:							
Employee share incentive program	-	-	5	-	-	-	5
Extraordinary Dividends	-	-484	-	-	-	-	-484
Purchase of own shares	-	-77	-	-	-	-	-77
Transactions with non-controlling interest	-	-	-	-9	-	-2	-11
Shareholders' Equity 31.12.2021	102	3 049	36	583	-47	30	3 753
Net income 2022	-	-	-	-522	-	-20	-542
Foreign currency rate changes	-	-	-	-	-7	-	-7
Transactions with owners:							0
Employee share incentive program	-	-	4	-	-	-	4
Dividends	-	-145	-	-	-	-	-145
Purchase of own shares	-	3	-	-	-	-	3
Shareholders' Equity 31.12.2022	102	2 907	40	61	-54	10	3 067

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

Notes to the interim financial statements¹⁾

Note 1 General information

XXL ASA and its subsidiaries' (together the "company" or the "Group") operating activities are related to the resale of sports and leisure equipment in the Nordic countries.

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 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2021.

Note 4 Estimates, judgments, and assumptions

The preparation of interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

Note 5 Earnings per share

	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit for the period from continuing operations (NOK million)	-373	153	-411	440
Profit for the period (adj) from continuing operations (NOK million)	-72	165	-109	453
Profit for the period from discontinued operations (NOK million)	-89	-150	-130	-246
Weighted average number of ordinary shares in issue	252 436 658	252 436 658	252 436 658	252 436 658
Number of shares outstanding	252 436 658	252 436 658	252 436 658	252 436 658
Adjustment for:				
Effect share options	1 156 437	677 165	1 096 036	639 760
Weighted number of ordinary shares in issue for diluted earnings per share	253 593 095	253 113 823	253 532 694	253 076 418
Basic and diluted Earnings per share from continuing operations (NOK)	-1,48	0,60	-1,63	1,74
Earnings per share (adj) from continuing operations (NOK)	-0,28	0,66	-0,43	1,80
Basic and diluted Earnings per share from discontinued operations (in NOK)	-0,35	-0,59	-0,52	-0,97
Basic and diluted Earnings per share (NOK)	-1,83	0,01	-2,15	0,77

Note 6 Operating Segments

1) Please refer to definitions at the end of the report for descriptions of alternative performance measures

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 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

Q4 2021

<i>Amounts in NOK million</i>	Norway*	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	1 364	801	444	-	2 609
Gross profit	608	316	181	-	1 105
EBITDA	329	120	76	-122	403
Operating Income	246	34	46	-166	161

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

01.01.2021 - 31.12.2021

<i>Amounts in NOK million</i>	Norway	Sweden	Finland	HQ & Logistics	Total Cont'Ops
Operating revenue	4 893	2 961	1 744	-	9 597
Gross profit	2 105	1 148	696	-	3 949
EBITDA	1 156	420	294	-484	1 386
Operating Income	867	173	176	-614	602

*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 2022. Further, none of the Board members have been granted loans or guarantees in the current year or are included in the Group's pension or bonus plans.

All related party transactions are concluded on an arm-length basis.

Note 8 Risk Management

A description of main risk factors in XXL is included in Note 20 in the Annual Report for 2021.

Note 9 Right-of-use assets and lease liabilities

The movements of the Group's right-of-use assets and lease liabilities during the year are presented below:

Right of use assets

<i>(Amounts in NOK million)</i>	Buildings, machinery and vehicles
Aquisition cost 01.01.2022	3 872
Additions and adjustments	224
Change incentives	5
Net exchange differences	14
Aquisition costs 31.12.2022	4 115
Accumulated depreciation and impairment losses 01.01.2022	-1 747
Depreciation	-518
Impairment losses (-) Reversal of losses* (+)	103
Disposals	-
Transfers and reclassifications	-
Currency exchange differences	-12
Accumulated depreciation and impairment 31.12.2022	-2 174
Right of Use Assets at 31.12.2022	1 842
Right of Use Assets Held for Sale 31.12.2022	99

*Reversal of impairment losses includes reversal of losses to Right of Use Assets due to Fair Value assessment

Lease liabilities

(Amounts in NOK million)

Summary of the lease liabilities in the financial statements	
At initial application 01.01.2022	2 492
New lease liabilities recognised in the period and adjustments	229
Leasing payments for the principal portion of the lease liability	-602
Interest expense on lease liabilities	81
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	3
Lease liabilities at 31.12.2022	2 101
Lease liabilities Held for Sale 31.12.2022	102
whereof:	
Current lease liabilities < 1 year	533
Non-current lease liabilities > 1 year	1 568

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)	Q4 2022	Q4 2021	FY 2022	FY 2021
Total Operating Revenue	124	125	454	409
Cost of goods sold	153	79	366	274
Personnel expenses	27	22	98	99
Other operating expenses	45	24	112	84
Depreciation	20	12	48	55
Impairment Losses (+) Reversal of losses (-)*	-14	107	-14	107
Total Operating Expenses	232	244	610	619
Operating Income	-107	-119	-156	-210
Net Financial Income (+) / Expense (-)	-7	-4	-6	-10
Profit before income tax	-114	-123	-162	-220
Income tax expense	-25	26	-31	26
Profit from Discontinued Operations	-89	-150	-130	-246
Net cash flow from operating activities	8	20	44	97
Net cash flow from investing activities	-	-5	-7	-43
Net cash flow from financing activities	-11	-12	-45	-45
Net change in cash and cash equivalents	-3	3	-8	9

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

(Amounts in NOK million) 31/12/2022

NON CURRENT ASSETS

Intangible Assets

Other Intangible Assets 2

Deferred tax asset 3

Total Intangible Assets **5**

Fixed Assets 20

Right of Use Assets 99

Total Non Current Assets **123**

CURRENT ASSETS

Inventory 96

Trade and Other Receivables 21

Cash and Cash Equivalents 23

Total Current Assets **140**

TOTAL ASSETS **263**

(Amounts in NOK million) 31/12/2022

LIABILITIES

Other non-current liabilities

Lease Liabilities 69

Total other non-current liabilities **69**

Total non-current liabilities **69**

Current liabilities

Accounts Payable 12

Lease Liabilities 33

Tax payable 0

Public duties payable 9

Other current liabilities 36

Total current liabilities **91**

TOTAL LIABILITIES **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.

Net Income adj

Our Net Income Adjusted (adj) represents Net Income adjusted for additional write-down of inventory in the period.

Reconciliation

	Q4'22	Q4'21	FY22	FY21
Net Income	-373	153	-411	440
+ Additional write-down of inventory	301	-	301	-
Impairment losses	-	13	1	13
= Net Income adj	-72	166	-109	453

EBIT adj

EBIT adjusted (adj) represents EBIT adjusted for additional write-down of inventory in the period.

Reconciliation

	Q4'22	Q4'21	FY22	FY21
EBIT	-408	161	-467	602
+ Additional write-down of inventory	301	-	301	-
Impairment losses	-	13	1	13
= EBIT adj	-107	164	-165	615

Earnings per Share adj

Our Earnings per share adjusted (adj) represents Net Income Adj divided per weighted average number of shares in issue. See reconciliation in note 5 – Earnings per share.

Like for Like

Like for Like include comparable stores and E-commerce. Comparable stores are stores that have been open all months of the current year and all months of the previous year. Stores that have been relocated or significantly expanded are excluded from Like for Like stores. Like for Like for the total Group is calculated with FX constant year over year to eliminate the FX effect.

EBITDA adj

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a key financial parameter for XXL. Our EBITDA Adjusted (adj) represents operating income plus depreciation adjusted for additional write-down of inventory in the period.

Reconciliation

	Q4'22	Q4'21	FY22	FY21
Operating Income	-408	161	-467	602
+ Depreciation	172	230	703	771
+ Additional write-down of inventory	301	-	301	-
+ Impairment Losses	-	13	1	13
= EBITDA adj	65	403	538	1 386

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

	Q4'22	Q4'21	FY22	FY21
Operating revenue	2 264	2 609	8 426	9 597
÷ Cost of goods sold	1 816	1 504	5 705	5 649
= Gross profit	448	1 105	2 721	3 949
Gross margin	19.8%	42.3%	32.3%	41.1%

Gross profit (adj)

Gross profit (adj) represents gross profit as per above adjusted for additional write-down of inventory

	Q4'22	Q4'21	FY22	FY21
Gross profit	448	1 105	2 731	3 949
+ Additional write-down of inventory	301	-	301	-
= Gross profit (adj)	749	1 105	3 022	3 949
Gross margin (adj)	33.1%	42.3%	35.9%	41.1%

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

	Q4'22	Q4'21	FY22	FY21
Other operating expenses	239	216	819	776
+ Personnel expenses	446	485	1 655	1 787
= OPEX	685	701	2 484	2 563

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

	FY22	FY21
Non-Current Interest-Bearing liabilities	494	485
+ Current Interest-Bearing liabilities	1 135	395
÷ Cash and Cash Equivalents	552	173
÷ Cash and Cash Equivalents (AHS)	23	-
= Net Interest-Bearing Debt	1 054	707

CAPEX

Capital expenditure is the sum of purchases of fixed assets and intangible assets as used in our cash flow. Capex is a measure of investments made in the operations in the relevant period and is useful to users of XXL's financial information in evaluating the capital intensity of the operations.

Liquidity reserve

Our liquidity reserve is defined as our available cash and cash equivalents plus available liquidity through overdraft and credit facilities.

Reconciliation

	FY22	FY21
Cash and Cash Equivalents	552	173
Cash and Cash Equivalents (AHS)	23	-
+ Undrawn Credit Facilities	171	920
= Liquidity reserve	746	1 093

Ecommerce

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

Inventory per store

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

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

IFRS 16 effects affecting EBITDA and EBIT

IFRS 16 was implemented for the Group 1 January 2019. EBITDA ex IFRS 16 effects and EBIT ex IFRS 16 effects represent our EBITDA and EBIT if IFRS 16 had not been implemented, respectively

Q4'22	XXL Group	NOR	SWE	FIN	HQ & logistics
EBITDA reported	-236	65	-110	-37	-154
IFRS 16 effects OPEX	-136	-54	-42	-27	-13
EBITDA ex IFRS 16 effects	-372	11	-152	-64	-167
EBIT Reported	-408	1	-161	-70	-178
IFRS 16 effects affecting EBIT	-17	-7	-3	-1	-7
EBIT ex IFRS 16 effects	-425	-6	-164	-71	-179

FY22	XXL Group	NOR	SWE	FIN	HQ & logistics
EBITDA reported	237	661	32	82	-538
IFRS 16 effects OPEX	-560	-232	-167	-106	-54
EBITDA ex IFRS 16 effects	-323	429	-135	-24	-592
EBIT Reported	-467	393	-168	-48	-644
IFRS 16 effects affecting EBIT	-70	-32	-15	-6	-17
EBIT ex IFRS 16 effects	-537	361	-183	-54	-661

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FINANCIAL CALENDAR

Q1 Results:	26.04.2023
Annual General Meeting:	06.06.2023
Q2 Results:	14.07.2023

INVESTOR CONTACT

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