

## HIGHLIGHTS

- Total revenues of NOK 1 831 million (NOK 1 520 million), up 21 per cent
- E-commerce growth of 71 per cent
- Opened four new stores including a brand new XXL Outlet concept
- Good cost control with OPEX/Sales ratio of 28.5 per cent
- Dividend proposal of NOK 2.00 per share for 2015



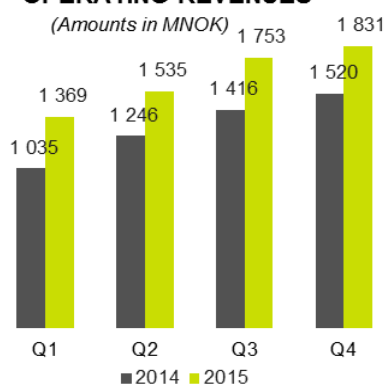
## Growth

**Q4**  
Revenue  
**+21%**  
EBITDA  
**+11%**

**2015**  
Revenue  
**+24%**  
EBITDA  
**+14%**

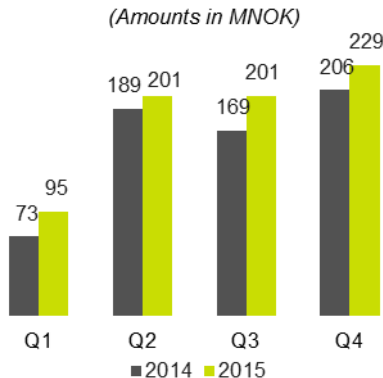
### OPERATING REVENUES

(Amounts in MNOK)

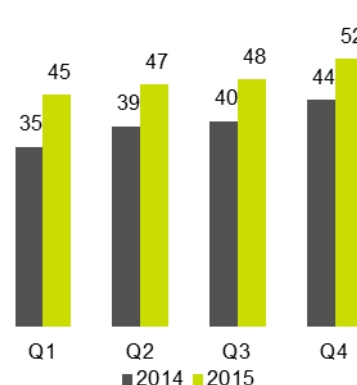


### EBITDA

(Amounts in MNOK)



### NUMBER OF STORES

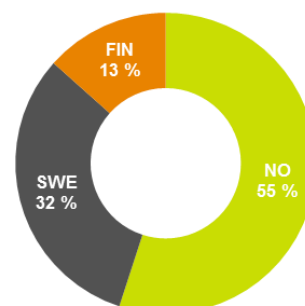
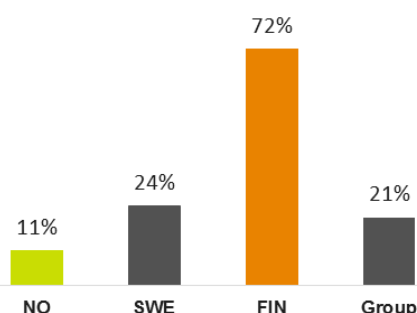
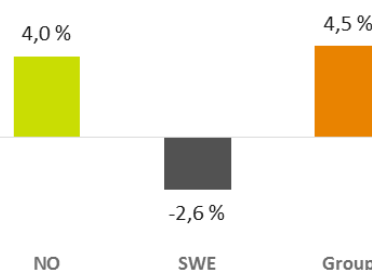


**KEY FIGURES**

(Amounts in NOK million)	Q4 2015	Q4 2014	YTD 2015	FY 2014 Audited
<b>GROUP</b>				
Operating revenue	1 831	1 520	6 487	5 215
Growth (%)	20,5 %	26,1 %	24,4 %	30,1 %
Gross profit <sup>4</sup>	751	646	2 579	2 132
Gross margin (%)	41,0 %	42,5 %	39,8 %	40,9 %
EBITDA <sup>2</sup>	229	206	725	636
EBITDA margin (%)	12,5 %	13,5 %	11,2 %	12,2 %
One-offs	0	-21	0	-36
EBITDA <sup>2</sup> (incl. One-offs)	229	185	725	601
EBITDA margin (%) (incl.one-offs)	12,5 %	12,2 %	11,2 %	11,5 %
EBIT <sup>1</sup>	203	158	634	521
EBIT margin	11,1 %	10,4 %	9,8 %	10,0 %
**Basic Earnings per share (NOK)	1,04	0,93	3,37	1,53
**Average number of shares (1 000 shares)	138 512	138 512	138 512	171 434
Net cash flow from operating activities	212	237	352	325
Like for like revenue growth	4,5 %	1,3 %	4,7 %	5,7 %
Number of stores at quarter end	52	44	52	44
<b>SEGMENT</b>				
<b>Norway</b>				
Operating revenue	1 007	911	3 617	3 341
Growth (%)	10,6 %	7,9 %	8,3 %	15,9 %
Gross profit <sup>4</sup>	442	421	1 529	1 449
Gross margin (%)	43,8 %	46,2 %	42,3 %	43,4 %
EBITDA	233	230	763	741
EBITDA margin (%)	23,1 %	25,3 %	21,1 %	22,2 %
One-offs	0	-15	0	-15
EBITDA <sup>2</sup> (incl. One-offs)	233	215	763	726
EBITDA margin (%) (incl.one-offs)	23,1 %	23,6 %	21,1 %	21,7 %
Number of stores at quarter end	24	23	24	23
<b>Sweden</b>				
Operating revenue	578	466	2 045	1 582
Growth (%)	24,2 %	29,3 %	29,2 %	40,7 %
Gross profit <sup>4</sup>	225	175	783	592
Gross margin (%)	38,9 %	37,6 %	38,3 %	37,4 %
EBITDA	53	34	188	112
EBITDA margin (%)	9,1 %	7,4 %	9,2 %	7,1 %
Number of stores at quarter end	20	17	20	17
<b>Finland</b>				
Operating revenue	246	143	825	292
Growth (%)	71,8 %	N/A	182,6 %	N/A
Gross profit <sup>4</sup>	85	50	268	91
Gross margin (%)	34,6 %	35,1 %	32,5 %	31,2 %
EBITDA	7	5	19	-6
EBITDA margin (%)	3,0 %	3,7 %	2,3 %	-2,2 %
Number of stores at quarter end	8	4	8	4
<b>HQ &amp; logistics</b>				
Operating revenue	0	0	0	0
EBITDA <sup>2</sup>	-64	-64	-244	-210
EBITDA margin (% of Group revenues)	-3,5 %	-4,2 %	-3,8 %	-4,0 %
One-offs	0	-6	0	-21
EBITDA <sup>2</sup> (incl. One-offs)	-64	-70	-244	-231
EBITDA margin (% of Group revenues) (incl.one-offs)	-3,5 %	-4,6 %	-3,8 %	-4,4 %

\*\*Earnings per share: See Note 5.

Footnotes and definitions are described in the end of the report

**REVENUE SPLIT Q4**

**GROWTH BY COUNTRY Q4**

**GROWTH BY COUNTRY Q4,  
LIKE FOR LIKE  
(LOCAL CURRENCY)**


# Solid results despite warm autumn

Oslo, 18 February 2016: In the fourth quarter 2015 XXL ASA delivered a growth rate of 21 per cent compared to the same quarter last year. E-commerce is standing out with a solid 71 per cent growth in the quarter. Four new stores opened including the brand new XXL Outlet concept ending at 52 stores in total. EBITDA increased by 11 per cent from lower gross margin offset by improved cost efficiency.

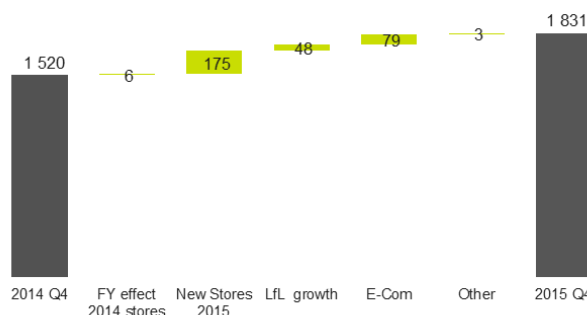
XXL ASA generated total revenues of NOK 6.5 billion for the year 2015, representing a growth rate of 24 per cent. The corresponding growth in EBITDA was 14 per cent. Significantly lower net financial expenses lead to a net income of NOK 467 million. The Board of Directors will propose a dividend of NOK 2.00 per share for 2015 representing 60 per cent of diluted Earnings per share. Looking forward XXL has doubled the capacity at the central warehouse in Sweden and made several improvements for the E-Commerce distribution. This makes a good platform for further growth in 2016.

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

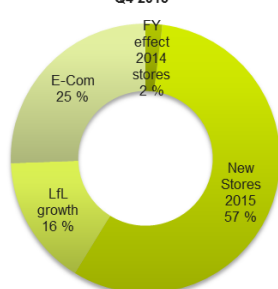
## Fourth quarter performance

XXL Group delivered a growth of 20.5 per cent in the fourth quarter 2015 and total operating revenues ended at NOK 1 831 million (NOK 1 520 million). The sales volume in all three markets where negatively impacted by the lack of cold weather and snow in the quarter. December that is the single most important month of the year, turned out with unseasonal high temperatures in 2015. E-commerce had a growth of 71.4 per cent, representing 25.3 per cent of the total growth of the Group. Norway reported 10.6 per cent revenue growth, whilst the Swedish operation achieved 24.2 per cent growth and Finland 71.8 per cent.

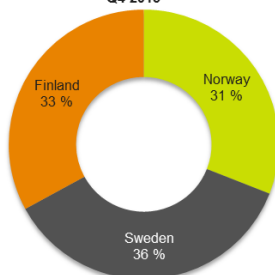
**GROWTH DRIVERS**  
 Q4 2014 - 2015  
 (Amounts in MNOK)



**SHARE OF GROWTH BY MATURITY**  
 Q4 2015



**SHARE OF GROWTH BY GEOGRAPHY**  
 Q4 2015



XXL Group delivered a like-for-like growth of 4.5 per cent in the quarter, partly affected by stronger SEK/NOK. Norway had a like-for-like growth of 4.0 per cent. Sweden had a negative like-for-like growth by 2.6 per cent in local currency but at significant better margins. Like-for-like growth including E-commerce was 9.5 per cent in Q4 2015.

XXL succeeded to grow sales in the quarter despite the challenging weather conditions though campaigns and other sales initiatives but at reduced gross margins. Gross margin for the Group declined to 41.0 per cent (42.5 per cent) due to geographical mix effects, where of the development in Norway had largest impact. In Sweden the gross margin improved due to lower share of clearance sales.

Operating expenses before depreciation as percentage of sales decreased from 29.0 per cent in the fourth quarter 2014 to 28.5 per cent in the fourth quarter 2015, despite an increase in digital marketing costs and increased social security costs in Sweden. The improvement in cost is driven by synergies in stores as well as HQ and Logistics.

The Group EBITDA in the fourth quarter 2015 was NOK 229 million (NOK 206 million). This gives an EBITDA-margin of 12.5 per cent compared to 13.5 per cent in the same quarter last year.

The financial position is good. Total liquidity reserves as of 31 December 2015 amounted to NOK 787 million. Total

credit facilities equal NOK 700 million, which was unused as of 31 December 2015. The equity ratio ended at 58.5 per cent.

## Financial performance 2015

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

XXL had a good year in 2015. Total operating revenues for the year 2015 increased by 24.4 per cent to NOK 6 487 million. XXL delivered solid growth in all markets. Finland reported a growth rate of 182.6 per cent for the year, Sweden 29.2 per cent and Norway 8.3 per cent. The growth is driven by new stores opened in 2015, full year effects from stores that opened in 2014, E-commerce and like-for-like growth. E-commerce increased by 70.5 per cent in 2015. Like-for-like growth for the year equaled 4.7 per cent and 7.7 per cent when including E-commerce.

Last year XXL commented on the importance of having the operating expenses (OPEX)/Sales ratio below 29 per cent on an annualized basis. For 2014 the OPEX/Sales ratio equaled 28.7 per cent. For 2015 the ratio improved to 28.6 per cent. EBITDA for 2015 came in at NOK 725 million (NOK 636 million) corresponding to a margin of 11.2 per cent (12.2 per cent). The reduction in the margin is due to lower gross margin in Norway and geographical mix effects.

The Group had net financial expenses of NOK 26 million in 2015 compared to NOK 182 million in 2014. The improvement is due to repayment of a shareholder loan at the time of the IPO in early October 2014 and a restructuring of the bank loan in July 2014 at improved terms. In addition the Group had positive effects of currency on intercompany loans. These effects are significantly reduced after the new loan structure was in place in Q3 2015.

The XXL Group posted a preliminary consolidated net income of NOK 467 million for 2015 (NOK 262 million).

The Board of Directors will propose a dividend of NOK 2.00 per share for 2015, representing 60 per cent of diluted Earning per Share for 2015. Going forward the Board of Directors will target a pay-out ratio of 40-50 per cent of annual net income, and is to be considered as the dividend policy. However for 2015 the Board of Directors wishes to maintain the dividend per share on the same level as 2014 of NOK 2.00.

## 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 HQ and Logistics.

### Norway

The Norwegian operations delivered a growth of 10.6 per cent in the fourth quarter 2015 compared to the same quarter last year. Total operating revenues ended at NOK 1 007 million (NOK 911 million). The growth is driven by E-commerce and a like-for-like growth of 4.0 per cent. Like-for-like growth including E-commerce was 8.3 per cent. In addition XXL opened one new store, in Bodø on 12 November 2015.

Overall the Norwegian market experienced challenging weather conditions in the quarter with unseasonably high temperatures in the start of the winter season. However, sales volumes responded well to the XXL initiatives and campaigns in the market. Especially Black Friday activities in late November proved very successful and generated great sales volume but at lower margins. The gross margin was reduced from 46.2 per cent in Q4 2014 to 43.8 per cent in Q4 2015.

EBITDA increased to NOK 233 million (NOK 230 million) and the corresponding margin was 23.1 per cent (25.3 per cent). The decline in margin is due to the lower gross margin as described above. Operating expenses as percentage of sales improved from 21.0 per cent last year to 20.7 per cent this year despite higher spending on digital marketing in addition to existing print and TV marketing.

For 2015 XXL delivered a solid growth of 8.3 per cent in Norway, driven by the E-commerce offering and a sound like-for-like growth of 3.9 per cent. Like-for-like growth including E-commerce was 6.7 per cent. XXL has been active on campaigns in the market which has impacted the gross margin for the year negatively. On the other hand XXL is pleased with keeping the operating expenses percentage for 2015 on par with 2014 level of 21.2 per cent. The EBITDA-margin for 2015 came in at 21.1 per cent and was above the long term guidance of being above the 2013 level of 20.4 per cent.

### Sweden

Total operating revenues amounted to NOK 578 million, representing a growth rate of 24.2 per cent in the fourth quarter (14.9 per cent in local currency). The main drivers were growth from E-commerce, effects from stores that opened last year and new stores opened this year. XXL added two new stores in Sweden in the fourth quarter, Östersund on 25 November and XXL Outlet at Charlottenberg on 11 December. The XXL Outlet concept is showing a promising start.

The volumes in the quarter were negatively impacted by the lack of cold weather and snow. The market in Sweden is volatile and according to market figures from HUI Research the sale of sporting goods in Sweden increased by 5.4 per cent in October and 8.5 per cent in November but declined by 1.4 per cent in December 2015 compared to the same months last year.

In the fourth quarter 2014 XXL had aggressive marketing



campaigns which impacted the gross margin negatively. This year XXL had lower share of clearance sales which reduced the overall volume but returned higher gross margins. The gross margin improved to 38.9 per cent in the quarter compared to 37.6 per cent in the same quarter last year. However the like-for-like growth was down 2.6 per cent in local currency in Q4 2015. Like-for-like growth including E-commerce was up 3.6 per cent.

Operating expenses as percentage of sales were 29.8 per cent in the quarter (30.2 per cent). The improvement in the operating expenses is a result of scale in the organization and better store operations and is done despite negative like-for-like growth and effects of increased social security tax for younger employees. The latter equals 0.9 percentage points in operating expenses, and will remain as an increased cost going forward. Despite this the EBITDA-margin improved from 7.4 per cent in Q4 2014 to 9.1 per cent in Q4 2015. EBITDA amounted to NOK 53 million (NOK 34 million).

For the year 2015 the Swedish operation delivered total operating revenues of NOK 2 045 million, representing a growth of 29.2 per cent (24.2 per cent in local currency). The like-for-like growth for 2015 was 2.3 per cent in local currency. Like-for-like growth including E-commerce was up 5.5 per cent. The Swedish sporting goods market is volatile and impacted by many ongoing campaign activities. According to market figures from HUI Research for 2015 the sales of sporting goods in Sweden increased by 5.3 per cent and should be compared to 24.2 per cent growth for XXL (in local currency). Better store operations and reduced costs due to synergies across the organization improved the EBITDA-margin from 7.1 per cent in 2014 to 9.2 per cent in 2015.

### Finland

On 4 November XXL opened another store in the city of Turku (Mylly) and is now present in all the three major cities in Finland with in total eight stores. The challenging macro situation, combined with lack of snow and high temperatures for the season, impacted sales volumes negatively in the quarter. The retail sales of sporting goods in Finland declined by 1.9 per cent in December according to market figures from TMA. Total operating revenues for XXL in the quarter was NOK 246 million, representing a growth of 71.8 per cent (56.4 per cent in local currency). The E-commerce operation continued to deliver strong sales figures.

XXL continues to build brand awareness and taking market positions in Finland through low prices. Margins have been impacted by aggressive campaigns to capture the volume in the market. Gross margin in the quarter was 34.6 per cent compared to 35.1 per cent last year. Despite this, the Finnish operation delivered another quarter with positive EBITDA, totaling NOK 7 million.

In 2015 XXL doubled the store base from 4 stores to 8 stores in total, capturing the three most important cities in the country. This contributed to a growth of 182.6 per cent in total operating revenues (164.1 per cent in local currency)

for the year 2015. XXL experienced a solid omni-channel performance with a good sales growth also within E-commerce. The operation delivered positive EBITDA of NOK 19 million for 2015 which is the first full year of operation. This represents a solid achievement by an organization with a well developed XXL culture and a cost focused mindset.

### E-commerce

Please note that E-commerce is not a separate segment in the financial reporting but is reported under each country segment. Currently XXL has an online offering in Norway, Sweden and Finland through [xxl.no](http://xxl.no), [xxl.se](http://xxl.se) and [xxl.fi](http://xxl.fi) respectively.

The fourth quarter 2015 showed another quarter with strong growth and operating revenues increased by 71.4 per cent to NOK 189 million (NOK 110 million). E-commerce continues to be an increasing share of the Group and the revenue contribution this quarter corresponded to 10.3 per cent compared to 7.2 per cent for the same period last year. All three markets experienced high growth, in particular Sweden where a new organization is in place. The E-commerce organization has also introduced a new mobile check-out service with good conversion improvements, focused on building customer database and on digital marketing initiatives. Electronic receipt has been introduced as well as sale of gift cards online. Further a new search engine on the site was implemented and pick-up at store established in all stores in all countries.

E-commerce sales comprised 8.2 per cent of total Group operating revenues in 2015 compared to 6.0 per cent in 2014. Operating revenues from E-commerce totaled NOK 532 million in 2015 representing a growth of 70.5 per cent. Many new initiatives have been introduced during the year to improve the user experience and increase sales. The most important element has been to build a scalable organization and capacity that is ready for further expansion.

### HQ and Logistics

The HQ and Logistics segment consists of costs related to the Group's headquarter and logistics operations, as well as costs related to the centralized E-commerce management and all financial income and financial expenses. Operating expenses before one off cost were NOK 64 million (NOK 64 million) in the quarter. This equals 3.5 per cent of total Group operating revenue. The corresponding figure for the fourth quarter last year was 4.2 per cent. This is driven by scale in the logistics functions and the organization at large.

The expansion of the central warehouse in Sweden from 20 000 to 40 000 square meters was finalized and handed over in November 2015. The investment was NOK 36 million of which NOK 25 million is booked in Q4 2015 and NOK 11 million was booked in Q3 2015.

For 2015, the operating expenses amounted to NOK 244 million, up from NOK 210 million in 2014. This equaled 3.8

per cent of total operating revenues of the Group, a decrease of 0.2 percentage points from 2014. The improvement is driven by cost focus, scalability and "controlling the details".

## Financials

### Consolidated income statement

*(Figures in brackets = same quarter previous year, unless otherwise specified. Cash flow commented on year to date basis)*

**Operating revenues** totaled NOK 1 831 million (NOK 1 520 million). This represents a growth of 20.5 per cent, driven by new stores opened in 2015, stores that opened during 2014, E-commerce and like-for-like growth. At the end of the quarter, XXL operated 52 stores compared to 44 stores at the end of the fourth quarter 2014.

**Gross profit** was NOK 751 million (NOK 646 million) this quarter, an increase of 16.2 per cent compared to the same period last year. The gross margin for the Group decreased to 41.0 per cent (42.5 per cent) due to negative geographical mix effects and more aggressive campaigns in Norway and Finland in particular. Sweden delivered improvement in gross margin.

**Operating expenses** equaled NOK 522 million (NOK 441 million) in the fourth quarter. As percentage of total operating revenues of the Group, operating expenses decreased from 29.0 per cent last year to 28.5 per cent this year. This is due to improved store operations and cost focus.

**Net financial expenses** amounted to NOK 16 million for the fourth quarter (NOK 2 million). Gains from hedging instruments of NOK 7 million related to previous periods for 2015 from net financials to gross profit. Net interest expenses equaled NOK 4.4 million in the quarter.

**Tax expenses** for the fourth quarter were NOK 44 million and the effective tax rate was 23.3 per cent. For the year 2015, XXL ASA reported tax expenses of NOK 141 million and an effective tax rate of 23.2 per cent.

**Net profit** ended at NOK 144 million (NOK 124 million).

### Consolidated cash flow

Cash provided by operating activities ended at NOK 352 million in 2015 which is NOK 27 million higher than 2014. The main reason for the positive deviation is the increase in profit before income tax and the impact from repayment of a shareholder loan in October 2014.

The inventory increased from NOK 1 397 million in the end of 2014 to 1 928 million at the end of 2015 due to growth and currency effects. Inventory per store (including E-commerce) equaled NOK 35.7 million (NOK 30.4 million) by year end 2015. Currency equals NOK 3.0 million of the increase. The inventory is healthy. The lower than expected sales in December from challenging weather conditions has

to some extent also impacted inventory per store by year end.

Cash used by investing activities was NOK 169 million (NOK 152 million) in 2015. This is related to investments in new stores, increased capacity at central warehouses and purchase of own shares of NOK 8 million in Q1 2015.

Cash used by financing activities amounted to NOK 319 million (NOK 121 million). XXL paid dividends of NOK 277 million in July 2015 which represents the main deviation. No repayment of debt took place in 2015, but XXL paid down NOK 68 million in 2014. The draw down of NOK 100 million on the credit facility took place in late June 2015 but was paid back in Q4 2015.

### Financial position and liquidity

As of 31 December 2015, total assets amounted to NOK 5 825 million (NOK 5 333 million). Total equity was NOK 3 406 million (NOK 3 219 million), resulting in an equity ratio of 58.5 per cent (60.4 per cent). Net interest bearing debt increased to NOK 1 034 million (NOK 882 million) due to dividend payment of NOK 277 million in July 2015.

The Group had cash and cash equivalents of NOK 87 million (NOK 222 million) as of 31 December 2015, of which NOK 23 million was restricted cash. The Group's liquidity reserves include total credit facilities of NOK 700 million which was unused as of 31 December 2015. Available liquidity reserves as of 31 December 2015 were NOK 787 million.

### Change in the Management team

Managing Director Sweden, Marcus Wibergh, has decided to leave his position in April 2016. The second in command in Sweden, Janicke Blomsnes, will take up the position as acting Managing Director Sweden and be a member of the Management team of XXL ASA.

Anders Fjeld, former Managing Director Norway has been appointed Chief Operating Officer (COO) in XXL ASA. Leif Thoresen will be the new Managing Director Norway and be a member of the Management team of XXL ASA.

Lars Rugaas, Nordic Purchasing Director, will also be a new member of the Management team of XXL ASA.

### Outlook

Total operating revenue for the Group in January 2015 grew by 29.6 per cent to NOK 652 million. The start of the year was impacted by good winter conditions in most of Norway, Sweden and Finland. However, these conditions did not continue into February.

XXL has signed 9 new lease agreements for store openings for 2016 where of 6 in Norway. The aim for 2016 is 10-12 new stores in total.

In addition XXL will launch an e-commerce offering in Denmark in 2016. The launch will be colored by aggressive pricing and high marketing spending and will return negative profits the first years of operation. The business case has minor initial CAPEX but the total investment should be considered as a small store outside Norway with 4-5 years of pay-back.

It is necessary to invest in the central warehouse in Norway due to more stores and growth in e-commerce. The central warehouse will increase from approximately 24 000 square meters to 32 000 square meters. In addition XXL will increase the capacity of the autostore system in Sweden. Total infrastructure investments will be in the range of NOK 50-65 million in 2016.

The distribution channels for XXL marketing material is under substantial change where the existing print and TV marketing is under pressure. XXL will focus more on digital marketing channels in addition to the existing channels. The

new strategy will increase the marketing cost in per cent of sales in all countries in a transition period by approximately 0.5 percentage points.

The Group maintains the following long term objectives (as compared to 2013 figures):

- Like-for-like growth of mid-single digits over time including e-commerce
- E-commerce share of total revenues of low double digits
- Gross margins to be stable. For Norway maintained at the same level, increasing to high 30's in Sweden and Finland. Due to the demanding macro in Finland the lift to high 30's may take longer time than in Sweden
- EBITDA-margin stable as a result of stable gross margins and operating expenses. In Norway at low 20's, in Sweden low double digits and in Finland high single digits.

Oslo, 18 February 2016  
Board of Directors, XXL ASA

# Condensed consolidated financial statements

UNAUDITED, FOR THE PERIOD ENDED December 31, 2015

Condensed Consolidated Interim Income Statement

<i>(Amounts in NOK million)</i>	Q4 2015	Q4 2014	YTD 2015	FY 2014 Audited
<b>Total Operating Revenue</b>	<b>1 831</b>	<b>1 520</b>	<b>6 487</b>	<b>5 215</b>
Cost of goods sold	<b>1 080</b>	873	<b>3 908</b>	3 083
Personnel expenses	<b>276</b>	240	<b>991</b>	799
Depreciation	<b>26</b>	26	<b>91</b>	80
Other operating expenses	<b>247</b>	222	<b>863</b>	732
<b>Total Operating Expenses</b>	<b>1 628</b>	<b>1 361</b>	<b>5 853</b>	<b>4 695</b>
<b>Operating Income</b>	<b>203</b>	<b>158</b>	<b>634</b>	<b>521</b>
<b>Total Financial Income</b>	<b>27</b>	<b>59</b>	<b>142</b>	<b>101</b>
<b>Total Financial Expense</b>	<b>43</b>	<b>57</b>	<b>168</b>	<b>283</b>
<b>Net Financial Income (+) / Expense (-)</b>	<b>-16</b>	<b>2</b>	<b>-26</b>	<b>-182</b>
<b>Profit before income tax</b>	<b>187</b>	<b>160</b>	<b>608</b>	<b>339</b>
Income tax expense	<b>44</b>	31	<b>141</b>	77
<b>Profit for the period</b>	<b>144</b>	<b>129</b>	<b>467</b>	<b>262</b>
<b>Basic Earnings per share (NOK)</b>	<b>1,04</b>	<b>0,93</b>	<b>3,37</b>	<b>1,53</b>
<b>Diluted Earnings per share (NOK)</b>	<b>1,03</b>	<b>0,93</b>	<b>3,35</b>	<b>1,53</b>
<b>Other comprehensive income</b>				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Foreign currency rate changes	<b>0</b>	-5	<b>1</b>	-0
<b>Total Other Income and Expense</b>	<b>0</b>	<b>-5</b>	<b>1</b>	<b>-0</b>
<b>Total comprehensive income for the period</b>	<b>144</b>	<b>124</b>	<b>467</b>	<b>262</b>
<i>The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements</i>				



## Condensed Consolidated Interim Statement of Financial Position

	31.12.15	31.12.2014 Audited
<i>(Amounts in NOK million)</i>		
<b>NON CURRENT ASSETS</b>		
<b>Intangible Assets</b>		
Goodwill	2 734	2 734
Other intangible assets	225	221
<b>Total Intangible Assets</b>	<b>2 959</b>	<b>2 955</b>
Fixed Assets	569	474
<b>Total Non Current Assets</b>	<b>3 529</b>	<b>3 429</b>
<b>CURRENT ASSETS</b>		
Inventory	1 928	1 397
Trade and Other Receivables	282	285
Cash and Cash Equivalents	87	222
<b>Total Current Assets</b>	<b>2 296</b>	<b>1 904</b>
<b>TOTAL ASSETS</b>	<b>5 825</b>	<b>5 333</b>
<b>SHAREHOLDERS' EQUITY</b>		
Paid-in Capital	2 886	2 890
Retained Earnings	519	330
<b>Total Shareholders' Equity</b>	<b>3 406</b>	<b>3 219</b>
<b>LIABILITIES</b>		
Deferred tax liability	61	52
Other provisions	3	-
<b>Total Provisions</b>	<b>65</b>	<b>52</b>
<b>Other long-term debt</b>		
Interest bearing long-term debt	1 121	1 097
<b>Total other long-term debt</b>	<b>1 121</b>	<b>1 097</b>
<b>Total long-term debt</b>	<b>1 185</b>	<b>1 149</b>
<b>Short-term debt</b>		
Accounts payable	578	455
Short-term borrowings	-	6
Tax payable	141	75
Public duties payable	228	185
Other short-term debt	287	245
<b>Total short-term debt</b>	<b>1 234</b>	<b>966</b>
<b>TOTAL LIABILITIES</b>	<b>2 419</b>	<b>2 114</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5 825</b>	<b>5 333</b>

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

**Condensed consolidated interim statement of cash flows**

<i>(Amounts in NOK million)</i>	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>YTD 2015</b>	<b>FY 2014 Audited</b>
<b>Operating Activities</b>				
Profit before income tax	<b>187</b>	160	<b>608</b>	339
<i>Adjustments for:</i>				
Income tax paid	<b>-27</b>	-23	<b>-73</b>	-48
Depreciation	<b>26</b>	26	<b>91</b>	74
Impairment of non-current assets	<b>0</b>	0	<b>0</b>	6
Items classified as investments or financing	<b>6</b>	6	<b>42</b>	53
Interest expense on shareholder loan	<b>0</b>	0	<b>0</b>	125
Amortisation of capitalised transaction costs	<b>2</b>	2	<b>8</b>	8
Fair value movement of financial derivatives	<b>3</b>	0	<b>-1</b>	-4
<i>Changes in working capital:</i>				
Changes in inventory	<b>-178</b>	2	<b>-531</b>	-324
Changes in accounts receivable	<b>-46</b>	-13	<b>3</b>	60
Changes in accounts payable	<b>127</b>	-3	<b>124</b>	40
Prepayments of financial leases	<b>-4</b>	1	<b>-11</b>	-7
Changes in other assets and liabilities	<b>116</b>	80	<b>93</b>	4
<b>Cash provided (used) by operating activities</b>	<b>212</b>	<b>237</b>	<b>352</b>	325
<b>Investing Activities</b>				
Acquisition of fixed assets and intangible assets	<b>-71</b>	-59	<b>-162</b>	-147
Proceeds from disposal of financial assets	<b>0</b>	0	<b>1</b>	5
Purchase of own shares/other equity transactions	<b>0</b>	0	<b>-8</b>	-10
<b>Cash provided (used) by investing activities</b>	<b>-71</b>	<b>-59</b>	<b>-169</b>	-152
<b>Financing Activities</b>				
Payments on long/short term debt	<b>-100</b>	0	<b>0</b>	-68
Interest payments	<b>-6</b>	-6	<b>-42</b>	-53
Dividend	<b>0</b>	0	<b>-277</b>	0
Payment of shareholder loan	<b>0</b>	-1 794	<b>0</b>	-1 794
Proceeds from issuance of new shares	<b>0</b>	1 794	<b>0</b>	1 794
<b>Cash provided (used) by financing activities</b>	<b>-106</b>	<b>-6</b>	<b>-319</b>	-121
<b>Net Change in Cash and Cash Equivalents</b>	<b>35</b>	172	<b>-135</b>	52
Cash and cash equivalents - beginning of period	<b>52</b>	49	<b>222</b>	170
<b>Cash and Cash Equivalents - End of Period</b>	<b>87</b>	222	<b>87</b>	222

*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>	Paid-in Capital	Retained earnings	Foreign Currency Rate Changes	Total Shareholders' Equity
<b>Shareholders' Equity 01.01.14</b>	<b>1 096</b>	<b>77</b>	<b>1</b>	<b>1 173</b>
Net income YTD 2014		262		262
Equity transaction*		-10		-10
Reduction in share capital	-1 120			-1 120
Proceeds from shares issued (private placement)	1 120			1 120
Proceeds from shares issued (private placement)	600			600
Proceeds from shares issued (Initial public offering)	1 194			1 194
Foreign currency rate changes			0	0
<b>Shareholders' Equity 31.12.14</b>	<b>2 890</b>	<b>329</b>	<b>1</b>	<b>3 219</b>
<b>Shareholders' Equity 01.01.15</b>	<b>2 890</b>	<b>329</b>	<b>1</b>	<b>3 219</b>
Net income YTD 2015		467		467
Purchase own shares	-8			-8
Employee share incentive program	4			4
Dividend		-277		-277
Foreign currency rate changes			0	0
<b>Shareholders' Equity 31.12.15</b>	<b>2 886</b>	<b>519</b>	<b>1</b>	<b>3 406</b>

The share capital as of 31.12.2015 is 55.4 million NOK

\* Contribution to XXL Children Foundation

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

# Notes to the interim financial statements

## 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 2015 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 2014, 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 2014.

Gains from hedging instruments of NOK 7 million related to previous periods for 2015 have been reclassified in Q4 2015 from net financials to gross profit. The Group does not apply hedge accounting.

## 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 31.12.2014.

## Note 5 Earnings per share

	Q4 2015	Q4 2014	YTD 2015	YE 2014
Total profit (in NOK million)	144	129	467	262
Weighted average number of ordinary shares in issue	138 512 123	138 512 123	138 512 123	171 434 193
Adjustment for:				
Effect share options	625 665	0	625 665	0
Weighted number of ordinary shares in issue for diluted earnings per share	139 137 788	138 512 123	139 137 788	171 434 193
Basic Earnings per share (in NOK)	1,04	0,93	3,37	1,53
Diluted Earnings per share (in NOK)	1,03	0,93	3,35	1,53

## 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 2015

<i>Amounts in NOK million</i>	<b>Norway</b>	<b>Sweden</b>	<b>Finland</b>	<b>HQ &amp; Logistics</b>	<b>Total</b>
<b>Operating revenue</b>	<b>1 007</b>	<b>578</b>	<b>246</b>	<b>-</b>	<b>1 831</b>
Gross profit	442	225	85	-	751
<b>EBITDA<sup>2</sup></b>	<b>233</b>	<b>53</b>	<b>7</b>	<b>-64</b>	<b>229</b>
<b>Operating Income</b>	<b>225</b>	<b>45</b>	<b>5</b>	<b>-71</b>	<b>203</b>

### Q4 2014

<i>Amounts in NOK million</i>	<b>Norway</b>	<b>Sweden</b>	<b>Finland</b>	<b>HQ &amp; Logistics</b>	<b>Total</b>
<b>Operating revenue</b>	<b>911</b>	<b>466</b>	<b>143</b>	<b>-</b>	<b>1 520</b>
Gross profit	421	175	50	-	646
<b>EBITDA<sup>2</sup></b>	<b>215</b>	<b>34</b>	<b>5</b>	<b>-70</b>	<b>185</b>
<b>Operating Income</b>	<b>203</b>	<b>28</b>	<b>4</b>	<b>-76</b>	<b>158</b>

### 01.01.2015 - 31.12.2015

<i>Amounts in NOK million</i>	<b>Norway</b>	<b>Sweden</b>	<b>Finland</b>	<b>HQ &amp; Logistics</b>	<b>Total</b>
<b>Operating revenue</b>	<b>3 617</b>	<b>2 045</b>	<b>825</b>	<b>-</b>	<b>6 487</b>
Gross profit	1 529	783	268	-	2 579
<b>EBITDA<sup>2</sup></b>	<b>763</b>	<b>188</b>	<b>19</b>	<b>-244</b>	<b>725</b>
<b>Operating Income</b>	<b>735</b>	<b>161</b>	<b>10</b>	<b>-272</b>	<b>634</b>

### 01.01.2014 - 31.12.2014

<i>Amounts in NOK million</i>	<b>Norway</b>	<b>Sweden</b>	<b>Finland</b>	<b>HQ &amp; Logistics</b>	<b>Total</b>
<b>Operating revenue</b>	<b>3 341</b>	<b>1 582</b>	<b>292</b>	<b>-</b>	<b>5 215</b>
Gross profit	1 449	592	91	-	2 132
<b>EBITDA<sup>2</sup></b>	<b>726</b>	<b>112</b>	<b>-6</b>	<b>-231</b>	<b>601</b>
<b>Operating Income</b>	<b>693</b>	<b>89</b>	<b>-8</b>	<b>-252</b>	<b>521</b>



## Note 7 Related Party Transactions

The Group's related parties include its associates, key Management, members of the Board of Directors and majority shareholders.

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

## Note 8 Fixed Assets and intangible assets

### Property, plant and equipment and intangible assets

<i>(Amounts in NOK million)</i>	PPE	Goodwill	Other intangible assets
<b>Balance 01.01.2015</b>	<b>474</b>	<b>2 734</b>	<b>221</b>
Additions	148	0	14
Disposals and write-downs	-1	0	0
Depreciation and amortisation	-82	0	-10
Net exchange differences	29	0	0
<b>Balance 31.12.2015</b>	<b>569</b>	<b>2 734</b>	<b>225</b>

Additions mainly related to purchase of fixtures and fittings in new and existing stores.

<i>Amounts in NOK million</i>	PPE	Goodwill	Other intangible assets
<b>Balance 01.01.2014</b>	<b>413</b>	<b>2 734</b>	<b>214</b>
Additions	132	0	14
Disposals	-6	0	0
Depreciation and amortisation	-67	0	-7
Net exchange differences	1	0	0
<b>Balance 31.12.2014</b>	<b>474</b>	<b>2 734</b>	<b>221</b>

Additions mainly related to purchase of fixtures and fittings in new and existing stores.

## Note 9 Options and restricted share units

On 24 February 2015, The Board of Directors approved a share option program for the Management team and key employees. The Board issued 625 665 share options to employees. The share options are exercisable three years after the grant date (3 March 2015) subject to key performance criteria (EBITDA-target) being met and subject to the option holder being employed in XXL at the date of the exercise. The share options have an exercise price of NOK 76.08

On 24 February 2015, The Board of Directors approved a program of restricted share units (RSU) for employees. In total 105 000 restricted share units was granted. The strike price was set to NOK 76.08. The grant date was 3 March 2015.

The option- and restricted share program is expensed with NOK 1.3 million in Q4 2015.

The cost for both programs has been offset in other paid-in capital. For the option program, fair value calculations were conducted using the Black & Scholes option-pricing model.

The following estimates were used in calculating the fair value for options and restricted share units:

Expected volatility (%): 24.47  
 Risk free interest (%): 0.81  
 Expected lifetime (years): 3  
 Share price at grant date: NOK 76.08

For the Restricted Share Units program (RSU), fair value is calculated based on the closing price at grant date (NOK 75.5).

## 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.

### Footnotes/Definitions

#### Non – GAAP Measures

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.

#### <sup>1)</sup> **EBIT**

Our EBIT represents operating income.

#### <sup>2)</sup> **EBITDA**

Our EBITDA represents operating income plus depreciation.

#### <sup>3)</sup> **Like for Like**

Like for Like or 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.

#### <sup>4)</sup> **Gross profit**

Gross profit represents operating revenue less cost of goods sold.

#### <sup>5)</sup> **Working capital**

Working capital consists of accounts receivables, accounts payables, inventory, other receivables and other current liabilities.

#### <sup>6)</sup> **Net interest bearing debt**

Net interest bearing debt is defined as total other long-term debt and short-term borrowings less cash and cash equivalents

[www.xxlasa.com/investor](http://www.xxlasa.com/investor)

#### FINANCIAL CALENDAR

Q1 2016 results:	27.04.2016
Annual General Meeting:	03.06.2016
Q2 2016 results:	22.07.2016

#### INVESTOR CONTACT

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