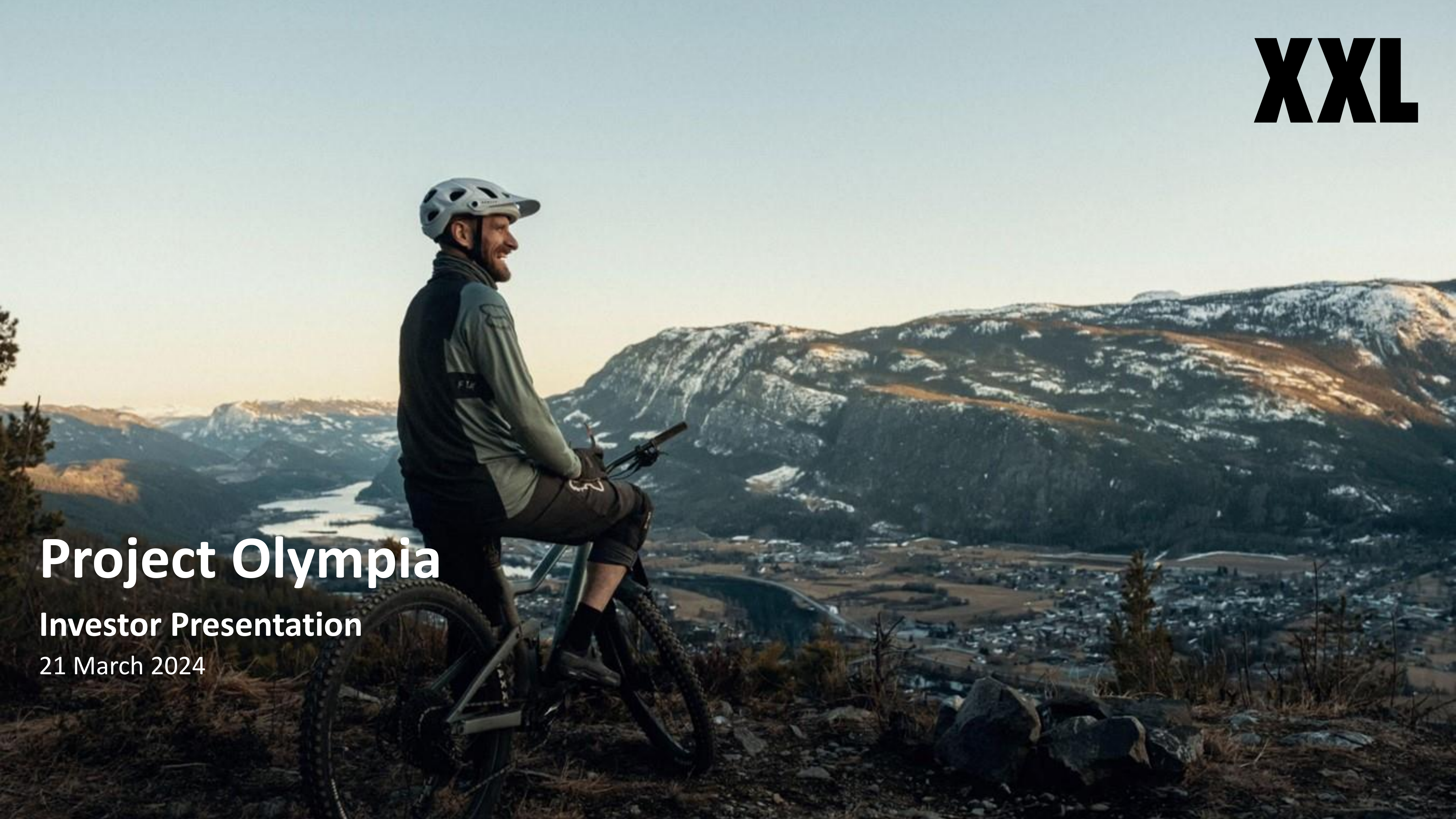

XXL

Project Olympia

Investor Presentation

21 March 2024

Important information and disclaimer (1/3)

XXL

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Agenda

Introduction to today's presenters

XXL

Freddy Sobin
Group Chief Executive Officer

- Joined XXL in May 2023 as Group CEO
- 19 years of experience in B2C e-commerce and retail
- CEO assignments during the last 13 years (Kicks Group and Consortio Fashion Group)
- Extensive board experience, incl. Bubbleroom, Sailing Group, Skincity and Svensk Handel
- M.Sc. with Major in Business Management and Minor in Entrepreneurship from Stockholm School of Economics

Stein Eriksen[1]
Group Chief Financial Officer

- Joined XXL in October 2018 as Group CFO, held the position as Interim CEO during July 2022 – May 2023
- 18 years of experience from retail
- Previously CFO in Orkla Care and Lilleborg, primary experience from retail in the Nordics
- M.Sc. in Economics and Business Administration (Siviløkonom) from Norwegian School of Economics

Tolle Grøterud
EVP HR, Comm., IR and Sustainability

- Joined XXL in October 2014 as Investor Relations and Business Development Director and has had several roles within XXL, including Interim CEO and Interim CFO
- 20 years of experience from investor relations and finance, of which 10 years in retail
- Previously VP Investor Relations in Telenor and Partner in Arctic Securities
- M.Sc. in Economics and Business Administration (Siviløkonom) from Norwegian School of Economics

[1]The Company's CFO, Mr. Stein Alexander Eriksen, has informed the Company that he will leave XXL this summer

Bank agreement

Key points in the agreement with the banks

1 More flexible covenants

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

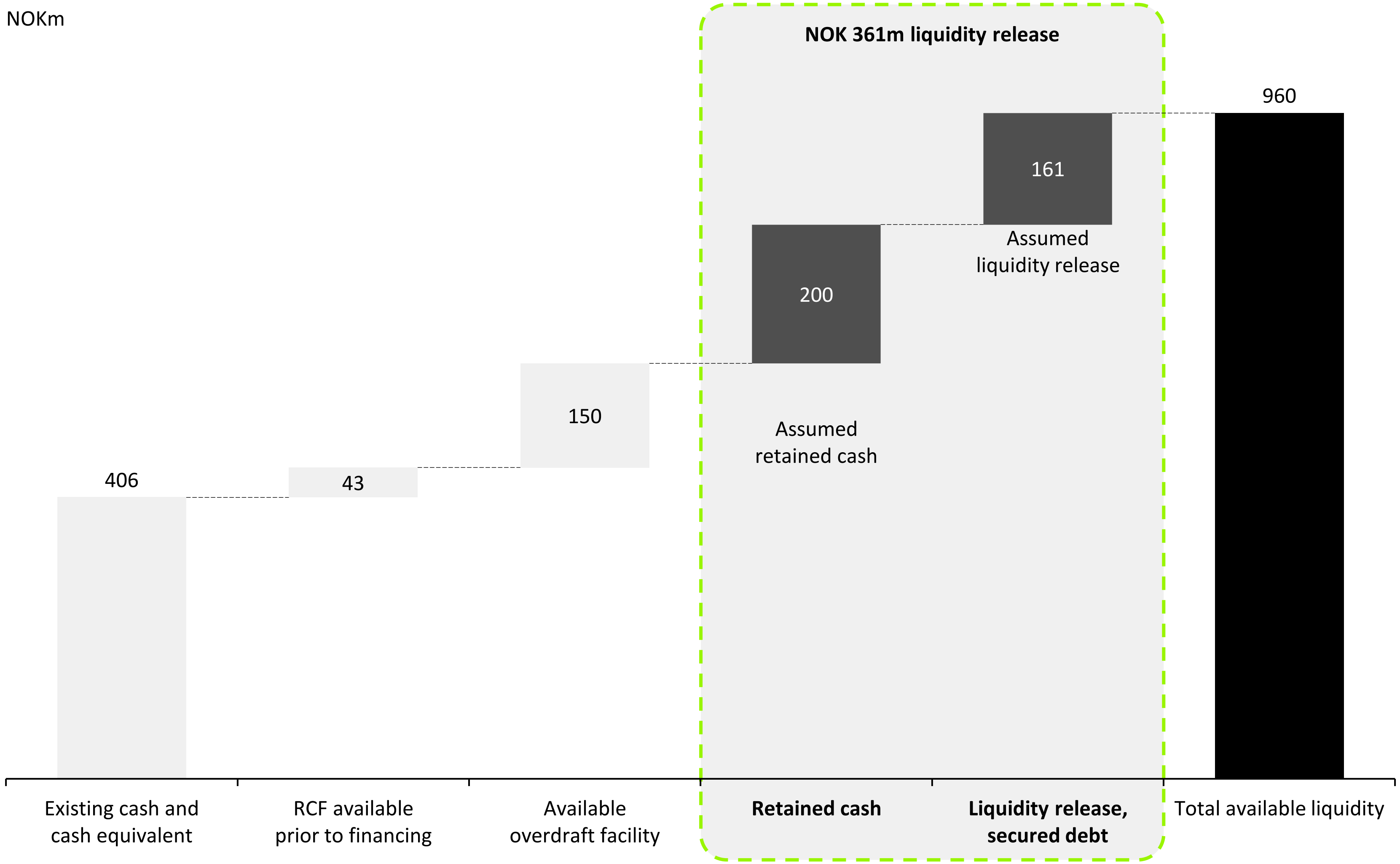
2 Increased available liquidity

- Gross equity proceeds of NOK 500m, of which NOK 300m will be used to repay bank debt
- Available liquidity increased by ~NOK 360m[(1)], of which:
  - ~NOK 200m in assumed retained cash
  - ~NOK 160m in assumed liquidity release

Note: (1) Please refer to slide 8 for further details

The contemplated financing will strengthen XXL's liquidity and ability to deliver on turnaround strategy

Liquidity bridge – pro-forma 2023 year-end



Comments

- The existing NOK 1,150m senior secured revolving credit facility (the "**RCF**"), *with DNB Bank ASA and Nordea Bank Abp as lenders*, prohibits drawings above 50% of the book value of inventories[1], as introduced in September 2023
- XXL had NOK 946m drawings under the RCF as per 31.12.2023
  - NOK 43m below the borrowing base threshold of NOK 989m
- As an example, if the company were to use parts of the proceeds from the contemplated financing to repay NOK 300m of the RCF, that would create additional headroom under the borrowing base covenant for additional NOK 161m of secured debt drawings (borrowing base measured on secured debt)
- Repaid amounts under the RCF would be cancelled
- In that scenario, any amounts above NOK 300m would be retained as cash for general corporate purposes, including to boost liquidity and ensure delivery under the turnaround strategy
- In sum, the contemplated financing will provide NOK 361m of additional liquidity

[1] Excluding supplier bonuses

Agenda

XXL at a glance

Leading sports and outdoor retailer with a dominant market position across the Nordics

XXL

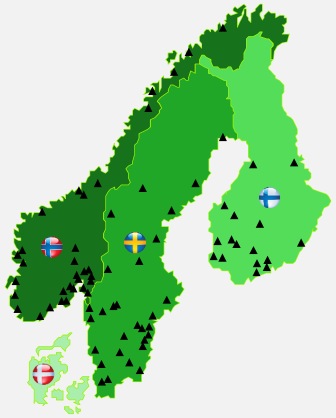
Introduction to XXL

- Leading sports retailer with stores and e-commerce in Norway, Sweden, Finland and Denmark[1]
- One the largest sports retailers in the Nordics
- XXL pursues a broad customer appeal, offering a one-stop-shop experience with a wide range of products
- The concept is to have the best prices and the widest assortment of products
- XXL focuses on branded goods, but aims to at least double the share of private label goods (currently ~12%)

Company snapshot

7,961m Operating revenue (2023, NOK)	**198m** Net operating cash flow (2023, NOK)	**3** # of geographies
86 # of stores active	**4,212** # of employees across Nordics	**960m** Pro forma available liquidity (NOK)

Geographical presence



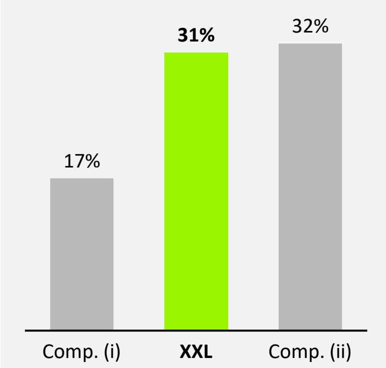
39 stores

30 stores

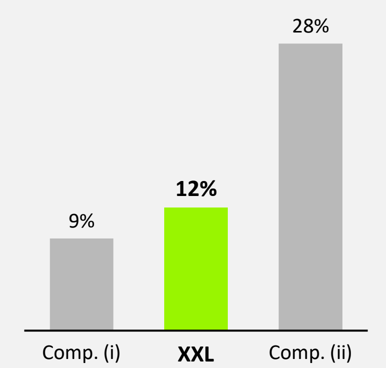
17 stores

Strong position and overall market share in all three core countries[2]…

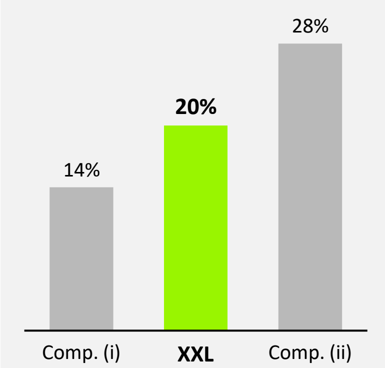
Norway (2023)



Sweden (2022)[4]

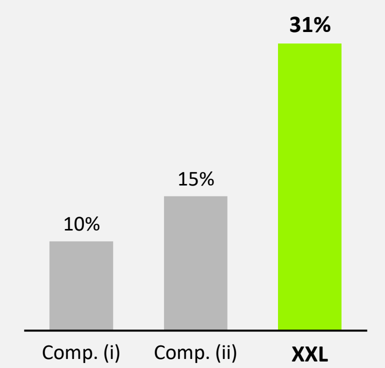


Finland (2022)[4]

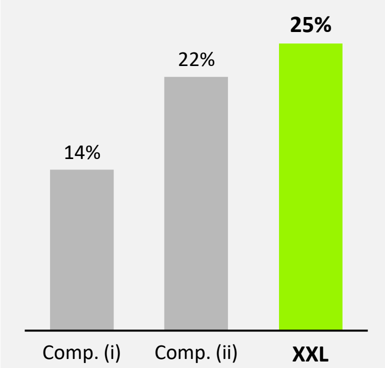


…also, the biggest online sports retailer in the Nordics (E-commerce market share)[3]

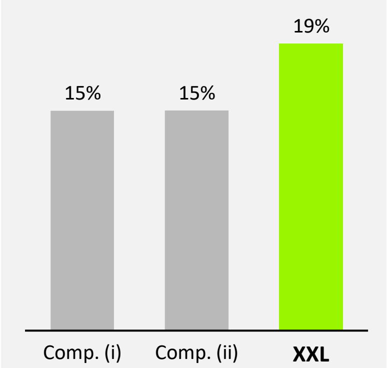
Norway (2023)



Sweden (2023)



Finland (2023)



[1] Denmark to be exited during Q1 2024; [2] Sources: Norway - Norske Sportsbransjeforening, Sweden – Bain, Finland – TMA, please be aware of different market definitions in each country; [3] Source: online traffic figures from Similarweb; [4] 2023 market share figures not yet published for Sweden and Finland

XXL has grown to be a leading distribution channel for sports, outdoors and wilderness in the Nordics

XXL

2000

XXL

Founded by Øivind Tidemandsen

- **2001** – The first XXL store was opened in central Oslo
- **2001** – Norwegian webpage launched
- **2007** – Reached a ten per cent market share in Norway with eight stores
- **2010** – Private equity company EQT acquired a majority stake in XXL
- **2010** – Opened the first three Swedish stores during a 3-month period
- **2011** – Opened central warehouse at Gardermoen, Norway
- **2012** – Swedish webpage was launched
- **2012** – XXL gained a 20 per cent market share in Norway with 18 stores
- **2013** – XXL became the market leader in Norway with a 24 per cent market share
- **2013** – Established a central warehouse in Sweden for distribution in the EU
- **2014** – Entered the Finnish market with one store and launch of Finnish website
- **2014** – Successful IPO of XXL ASA on Oslo Stock Exchange
- **2015** – XXL became the largest sports retailer in the Nordics
- **2017** – Crossed 30 per cent market share in Norway and above 15 per cent market share in both Sweden and Finland
- **2017** – Opened the first two stores in Austria and launched Austrian website
- **2019** – Acquisition of West System Norge AS – a niche player within the watersport segment (XXL's first acquisition)
- **2020** – Covid years ('20-'21) saw record high activity in sport goods, and XXL passed NOK 10bn in annual turnover for the first time
- **2021** – Opened central warehouse in Austria
- **2022** – Decision to exit Austria in 2023 in order to improve cost base and consolidate as the leading sports retailer in core Nordic markets
- **2023** – Initiated further turnaround measures and establishment of new foundation with Reset & Rethink

XXL is the leading sports retailer in the Nordics with a dominant footprint

XXL

Present and strategically located in all major cities across Norway, Sweden and Finland

The Norwegian market

- XXL opened the first store in Norway in 2001
- Since, XXL's Norwegian offering has grown to 39 stores and E-commerce at the end of 2023 generating total revenues of NOK 4.0bn[1]
- XXL's market share in Norway in 2023 was ~31%

39 stores

NOK 4.0bn
FY'23 revenue

~31%
market share[2]

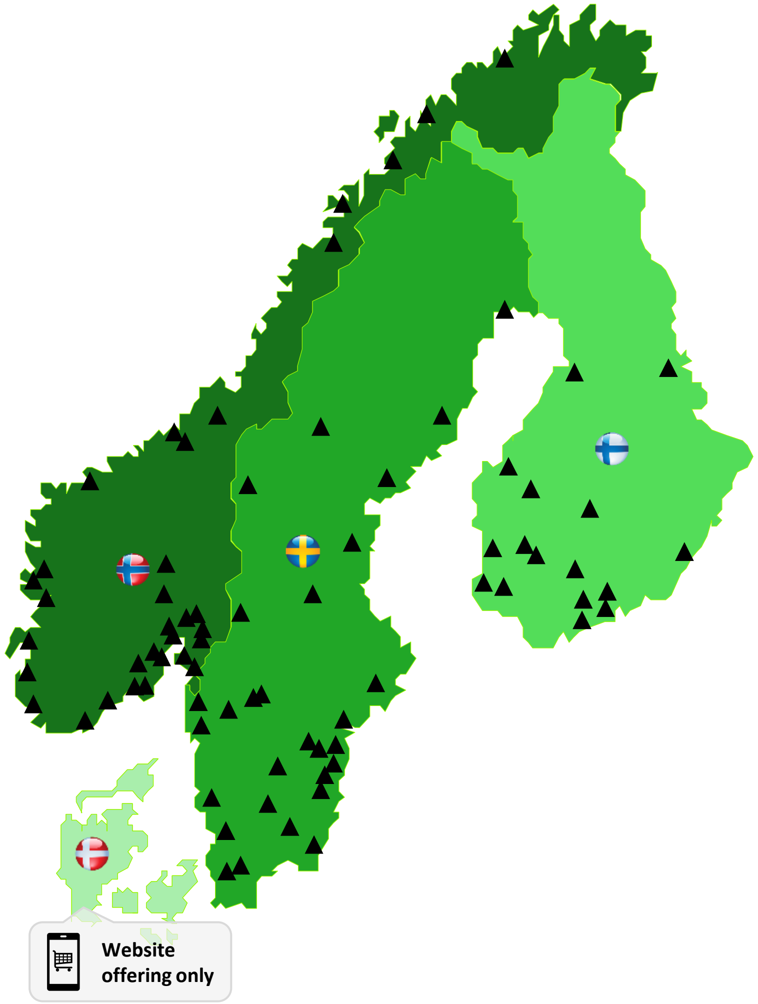
The Swedish market

- XXL's journey in Sweden started in 2010, and today XXL has a presence of 30 stores as well as E-commerce
- To date the Company has captured a significant share of the market and XXL's total revenues in Sweden for 2023 amounted to a total of NOK 2.4bn

30 stores

NOK 2.4bn
FY'23 revenue

~12%
market share[2]



The Finnish market

- XXL opened the first store in Tammisto, Helsinki, in April 2014 as part of the strategy to build on the successful entry into Sweden and extend the XXL concept into new markets
- XXL is developing a solid presence in the Finnish market with 17 stores and E-commerce, which in 2023 generated total sales of NOK 1.5bn

17 stores

NOK 1.5bn
FY'23 revenue

~20%
market share[2]

The Danish market

- As part of the repositioning, XXL will exit its website only presence in Denmark, which it has had since 2016
- The Danish market is very fragmented and has a high degree of pure online players
- The exit will have a non-material revenue impact and insignificant EBITDA effect
- Exit will take place in Q1 2024 and will allow XXL to increase its focus on the three core Nordic countries

XXL will exit Denmark in Q1 2024

[1] Including revenue from Denmark, which will be exited during Q1 2024; [2] 2023 figures for Norway, 2022 for Finland and Sweden as 2023 figures have not been published yet for these regions

XXL is a true omni-channel sport retailer, offering branded goods at competitive prices

Clear strategic ambition to increase share of private label products

XXL's current offering is dominated by branded goods at competitive prices

1 Product offering

- Product ranges are tailored to meet national brand preferences and local conditions at the best prices
- Primarily third-party supplied branded goods, in addition to a smaller, but growing range of XXL's own private labels

2 Product categories

- The products are organized in the following four categories:

1 Sports, running & training
2 Leisure & youth
3 Outdoor & hunting
4 Skis & bikes

3 Sourcing and purchasing

- XXL purchases goods from suppliers operating within and outside the EU
- The group has two purchasing vehicles, one supplying Norway and one for the remaining markets

4 Omni-channel retailing

- Mature and leading omni-channel fulfilment with both ship-from-store and Click&Collect capabilities fully rolled out, supported by RFID
- Seamless and flexible shopping experience by facilitating in-store shopping and online shopping, or a combination

88% Branded goods

- XXL offers a full assortment of third-party supplied branded goods from well-known international brands and strong national brands
- XXL strives to offer a full range of equipment, sportswear and shoes for almost all sports and outdoor activities
- The Group pays close attention to the performance of each product and product category and makes continuous adjustments to the product range

Selected branded goods

adidas, NIKE, DÆHLIE, HELLY HANSEN, swix, HAGLÖFS

12% Controlled brands

- Product range under private labels to complement the branded product range, mainly for brand insensitive products with relatively low price points
- Key products under controlled brands include bikes, smaller outdoor equipment and certain textile products
- XXL's controlled brands products are produced by manufacturers outside of the EU, primarily in China and Taiwan

Selected controlled brands

STORMBERG, WHITE, XXL ALL SPORTS UNITED, PHOXX, NEO MON DO

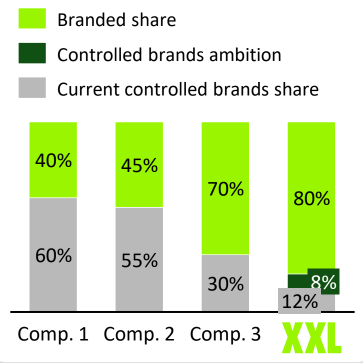
Increasing share of controlled brands is a strategic priority

Margin uplift

Controlled brand products have **materially higher gross margins**

Strategy to **increase share of controlled brand products** to **elevate group gross margins**

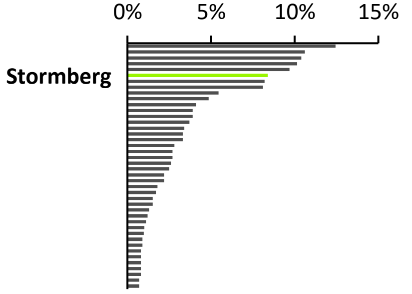
Stormberg, an important first step in the strategy with **strong brand preference** and **attractive margins**



Stormberg is the first move and will secure entry level price points

Broad product portfolio

Preferred outdoor brands 2022 Norway



XXL intends to lead the way in developing a more sustainable sports retailer industry

XXL

XXL's key sustainability commitments

Product and supply chain

- XXL is dedicated to offer sustainable and socially responsible products that minimize adverse environmental, social, and economic effects
- The group prioritizes the safeguarding of public health and the environment across the entire lifecycle of their products
- XXL strives to balance profitability with environmental and social accountability

12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH

Circular business model

- Dedicated to improving the quality, durability, and reparability of XXL's products, wherever possible
- The group is committed to promoting and expanding its repair services to ensure their products have a long lifespan, reducing waste and increasing sustainability
- Additionally, XXL is actively exploring new circular business models that align with changing consumer trends and behaviours

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Social responsibility

- XXL is dedicated to provide a safe and secure working environment, protecting labor rights and promoting equal opportunities for all employees
- Focused on fostering an organizational culture that promotes equality and prevents discrimination
- XXL will ensure that all genders have full and equal participation and leadership opportunities at all levels of the Company

8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY; 4 QUALITY EDUCATION

Climate and environment

- The Group is committed to taking decisive action to combat climate change and reduce its impact on the environment
- Focused on increasing share of renewable energy and implementing energy efficiency measures to reduce XXL's carbon footprint (LED lightning in all stores, solar panels on warehouses)
- Aim to reduce waste generation through various proactive prevention, reduction and recycling strategies

13 CLIMATE ACTION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Corporate governance

- XXL is dedicated to conducting its business with the utmost ethical standards, in compliance with local laws and regulations
- Committed to upholding and respecting human and labor rights, as well as protecting the environment
- The Group recognize the importance of ethical and sustainable practices in building long-term trust and stakeholder value

8 DECENT WORK AND ECONOMIC GROWTH

Sustainability highlights in 2022

67.74	*Total tCO_2e / FTE*
31.18	*Total tCO_2e / mNOK revenue*
267,953	*Total emissions tCO_2e*
100%	*Recycled materials in plastic bags*
79.5%	*Share of waste recycled*
31	*Internal control audits*

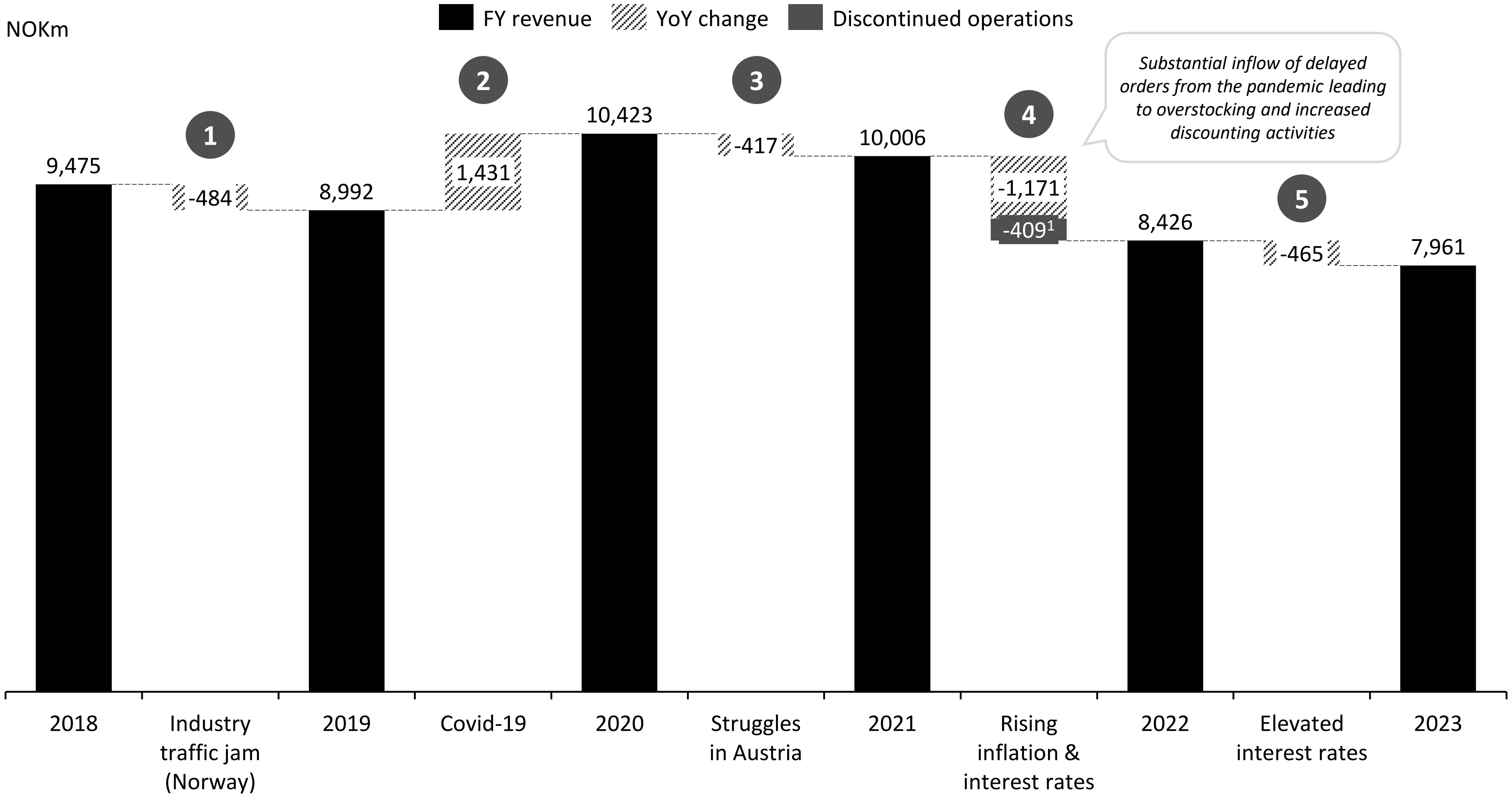
Agenda

What has happened?

Several external factors have affected XXL negatively over recent years

XXL

Development in XXL revenues



Expected interest rate cuts likely to boost consumer spending and reset demand picture for sports retail – XXL's leading market shares and tangible turnaround plan further strengthen its position to capitalize on the market recovery

Comments

1 **2019 - industry traffic jam**

Substantial build-up of inventories and the looming bankruptcy of Gresvig led to heavy discounting activities throughout the year, ultimately causing a decline in revenues on a full-year basis

2 **2020 – Covid-19**

Initially, lock-downs following Covid-19 created a full stop for sports retailers in general. However, a rapid decline in interest rates combined with a sharp reduction in general spending and travel restrictions led to an overconsumption ("bunkering effect") in several of XXL's core segments (e.g. outdoor). Although this led to a good year for XXL, the Company's overexposure to capital intensive goods (i.e. less frequent purchases) has meant that sales have suffered a "hangover" throughout 2021 – 2023 as products like tents, treadmills and skis require less frequent purchases

Additionally, during the year, Intersport Sweden initiated a court-led restructuring and Gresvig filed for bankruptcy

3 **2021 – Covid-19 continued, struggles in Austria**

Although XXL continued to perform well throughout the Nordics, struggles started to arise in Austria with five lock-downs over the last two years. Austria started to prove itself as a difficult market, leading to a declining overall topline despite record earnings in the Nordics

4/5 **2022 / 2023 – Inventory build-up, rising inflation and interest rates**

Rising inflation and interest rates starting to hurt consumer spending, impacting the retail industry as a whole. Rising challenges across European sports retail with sharp decline in demand and substantial inventory build-ups from previous years leading to widespread and heavy campaigning with discounting activities driving topline and margins down across the industry. Additionally, XXL experienced a substantial inflow of products during Q2 2022 which were ordered during the pandemic and delayed due to supply chain issues, leading to further discounting activities

[1] NOK 409m related to discontinuation of the Austria operations

XXL's inventory turnaround process during the 2019 market slow-down

Proven ability to successfully execute on required actions for improved inventory management and financial performance

XXL

Description

2019

Background and action plans put in place

- After several years of growth, the Nordic market for sporting goods saw challenges during 2019, particularly for Norwegian operations
- Slow market activity led to inventory build-up in the sports retailer industry across the Nordics as well as for XXL
- Adjustments of the cost base by rightsizing the organization and realizing significant cost reductions were needed
- Significant strengthening of forecasting processes, reduced purchasing volumes and the number of product variants were identified as key priorities to stabilize inventory levels

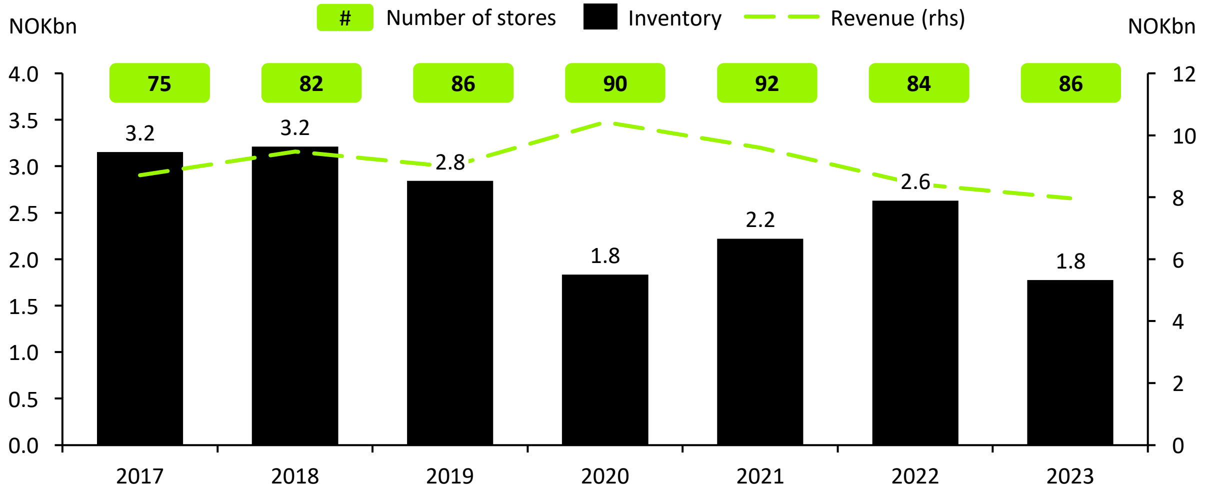
2019 - 2020

Successful turnaround execution

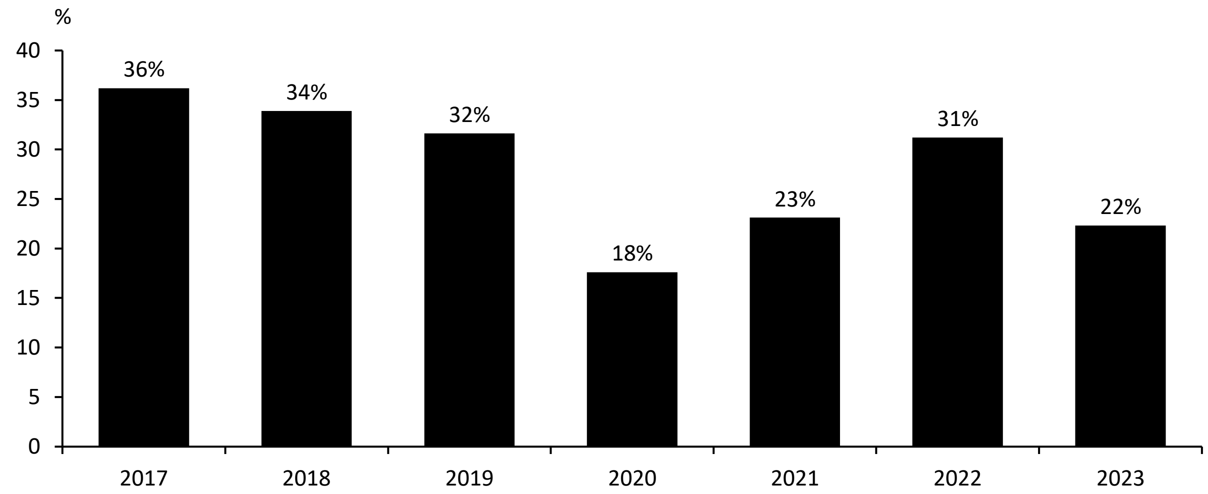
- Early on, XXL executed an inventory sell-down through a broad-based clearance campaign to support optimal inventory levels
- Focus on an efficient purchase & sales plan, involving lowering product purchases while increasing sales
- Replacement of the min/max replenishment system with a new data driven and algorithm-based system in 2019 to improve warehouse predictability, lower handling time and improving stock value accuracy and differentiated distribution
- Launched a new business analytics solution (PBI), providing significantly improved insight within supply chain, stock management, sales and pricing
- The solution had the advantage of one ERP system and significant number of dashboards developed in late 2019 to support correct decision-making for XXLs centralized stock management

During the first half year XXL had successfully improved its financial situation by strengthening its balance sheet through a well-executed turnaround process amidst inventory reductions

End of year inventory levels and development in revenues



End of year inventory / sales ratio development



XXL's journey ahead

Reset and rethink

XXL

RESET

Top line quick wins and cost control through MWBs[1]

0-12 months

RETHINK

Accelerate key top line levers

0-18 months

[1] Must win battles

Reset - Near term "must win battles"

Five must win battles have been identified, all progressing well

1 Category reset	• Higher price point goods (with less frequent purchases) were high in demand throughout 2019/2020, following i.a. the "staycation" trend, substantial interest rate cuts and high consumer purchasing power coming out of the pandemic when other spending was limited, leading to a "bunkering effect" • XXL is now shifting focus towards lower price point goods, more suited for an environment where spending power is impaired • Executing a category analysis to optimise product assortment and supplier consolidation to increase negotiation power and improve purchasing conditions	NOK ~300-350m EBITDA effect expected
2 Availability	• XXL has had a high share of inventory of higher price points and capital-intensive products, which has adversely affected product availability of lower price point products with working capital tied up in expensive and slow-moving goods, ultimately hampering sales • XXL will now focus on securing product availability by materially changing inventory composition towards lower price-point products	NOK ~50-100m EBITDA effect expected
3 Store operations	• XXL has identified several areas within its in-store operations that have substantial room for improvement. Key remains to maximise in-store value creation as this remains the main sales channel for XXL • Increased focus on sales staff performance and training as well as in-store optimisations including standardisation of store operations across the Nordics, electronic price tags and RFID tagging routines, data driven staffing routines, security & loss prevention and measures to increase in-store experiences	NOK ~50-100m EBITDA effect expected
4 Pricing	• XXL has historically been the clear price leader in the industry, however increased focus on high price point goods has led to a decline in the low price point segment market share • Imperative for XXL to regain its market leading position in the low-price point segment through inventory rebalancing and market leading prices with data-driven pricing routines supported by RFID tagging systems balanced by strict price controls to ensure underlying gross margin performance	NOK ~50-100m EBITDA effect expected
5 E-commerce profitability	• E-commerce remains an important sales channel for XXL, which is expected to grow substantially going forward and increasingly become a competitor to in-store purchases • Reduction in returns and unprofitable "ship-from-store" orders expected to boost profitability substantially • Substantial improvements in online user experience aimed to both increase conversion rate and AOV[1] through increased attachment rate	NOK ~50-100m EBITDA effect expected

Identified "must win battles" are expected to deliver an EBITDA run-rate uplift of NOK 500-750 million during the next 0-12 months

[1] Average order value

1 + 2 Category reset and improved availability (1/2)

XXL

An increased focus towards lower price points expected to improve availability significantly

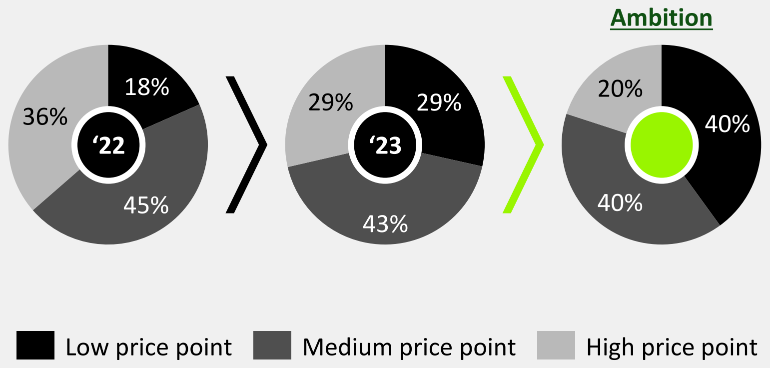
Clear shift in consumer demand observed

Sales development per price point, Q4'23 vs Q4'22

- There has been a clear shift in XXL sales throughout 2023, with a rising amount of low price point products as share of revenues
- This is likely to be driven by decreased consumer spending power in a heightened interest rate environment, but also due to lack of availability of medium – to high price point products
- XXL is working on shifting inventories towards "in demand" categories to remain relevant amongst the consumer base

Increased availability, lower inventory tie up

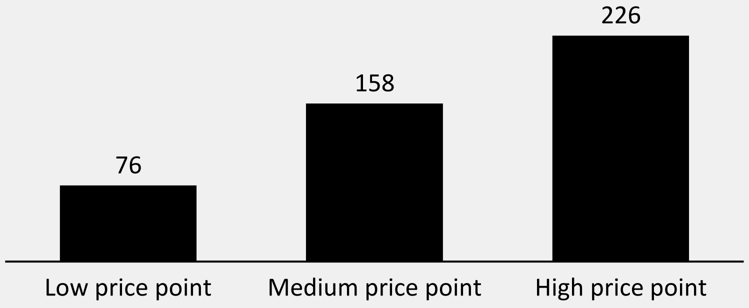
Inventory composition



- XXL has historically been a market leader in the low price point category and is now shifting focus to recapture this market by recalibrating inventories
- The ambition going forward will be to increase stock of low price point products to approximately 40% of inventory, increasing availability of goods with decreased working capital tie up
- A healthy balance of 40% medium price point products and 20% high price point products will be retained to remain relevant in these categories

Category reset driving increased availability

Average stock days (# days)



- Current inventory split has hampered the general availability of products in XXL stores, with availability for top 1,000 selling products at 82% (2023) for majority of product categories
- This has led to a loss of market shares as goods available for purchase have been limited due to long order lead times
- Rebalancing towards the low price point categories will allow XXL to maintain a healthy stock of products whilst optimising its inventory churn rate

Rebalancing inventories to improve in-store product availability, optimising XXL's inventory churn rate and relevance in the market

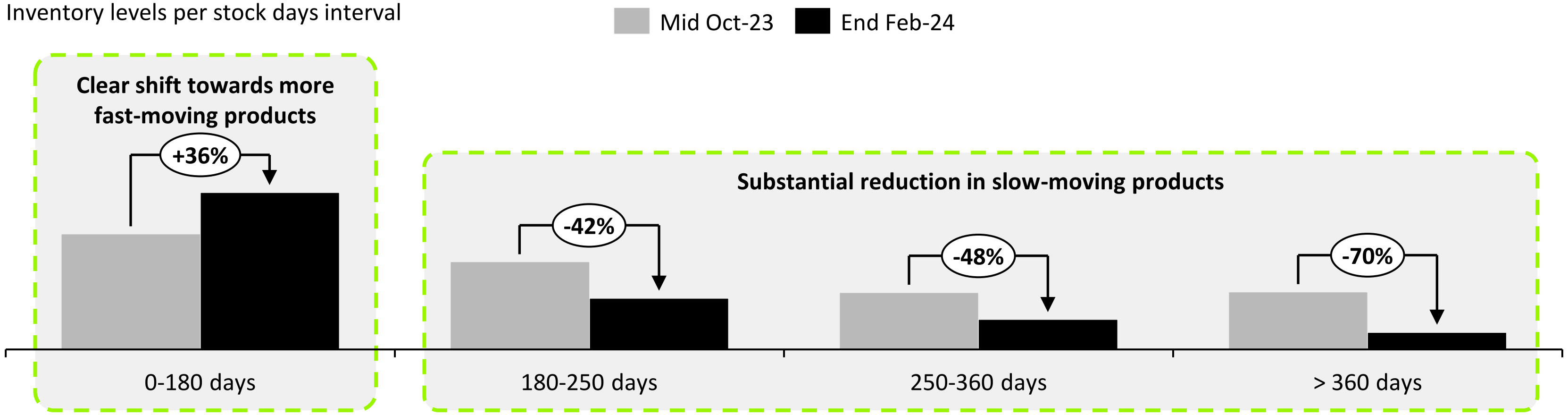
1 + 2 Category reset and improved availability (2/2)

XXL

Strict capital and buying discipline has already given effects with clear shift towards low price point fast-moving products

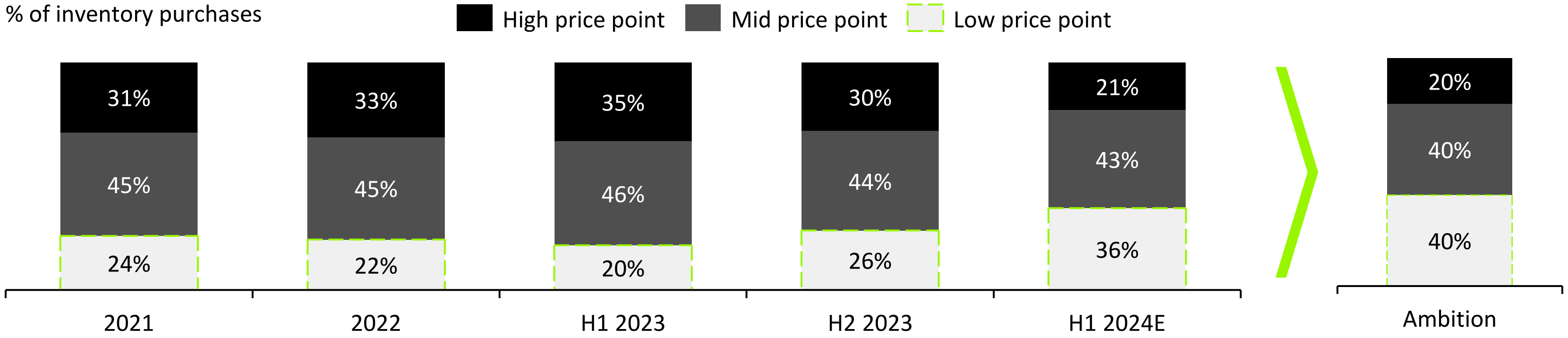
Strategy change materially affecting inventory composition

Inventory levels per stock days interval



Substantial shift in purchasing routines

% of inventory purchases



Comments

- XXL implemented several measures throughout 2023 to ensure improved availability of products going forward, including the launch of a new stock forecasting model (April 2023) and reorganization of the Supply division which is now part of the Category division
- Overarching goal is to reset and rebalance the inventory composition towards greater value for money goods with lower average stock turnover days
- Primarily, this implies a shift away from inter alia slow-moving, capital-intensive hardware products and ultimately shifting towards low-price goods with substantially faster turnover
- XXL has started the process of rebalancing its inventories towards low price point faster-moving products and has since mid-October 2023 seen a 36% increase in products with average turnover of 0–180 days
- The effects of these changes are expected to materialize throughout 2024

Strategic shift toward fast-moving, low-price goods and away from capital-intensive hardware products that typically have 3x higher stock days and ~180-500 avg. turnover days

Reset

Rethink

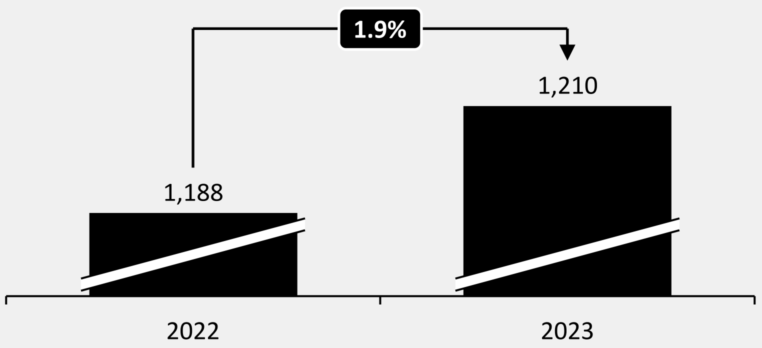
3 + 4 + 5 Store operations, pricing and e-commerce profitability

XXL

An increased focus on lower price points is also expected to greatly improve availability and profitability

Improved store operations

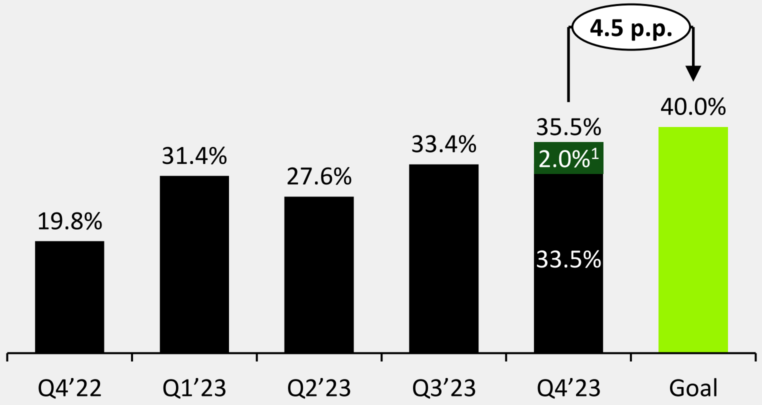
Development in revenue per working hour (NOK) and YoY △ (%)



- Substantial opportunities within in-store operations have been identified to maximise in-store value creation, including:
  - Heightened focus on sales performance amongst staff including local sales trainings, optimisation of product selection lists, improved routines for product displaying, sales competitions etc.
  - Optimisation of staffing started, but material potential remains
  - Optimisation of in-store operations including electronic price tags, identification of in-store hot spots, RFID tagging routines, improved in-store signage, optimisation of in-store routes to maximise product exposure

Stricter price controls

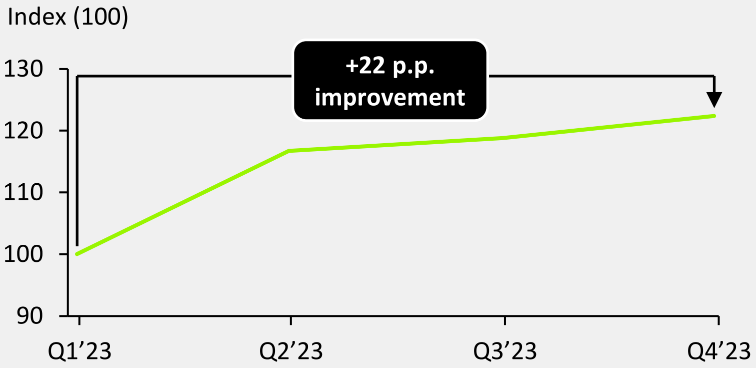
Development in group gross margins



- Shift towards lower price-point products with increased purchasing quantities creates stronger purchasing power towards distributors
- Implemented stronger price control which led to improved gross margins throughout 2023, well on-route to stated goal of 40%
- Although currently hampered by turmoil in the Red Sea, freight rates have improved since the pandemic
- Cost-out programme established to reduce other operational cost lines

Improve E-commerce platform profitability

Pct. point growth in E-commerce gross margins (before supplier bonus)



- Although return rates are on par with competitors, XXL sees substantial room for improvement as 40% (2023) of returns are due to wrong fit
- 40% of ship-from-store orders are unprofitable, introduction of gross profit thresholds and increased focus on shipping from central warehouses will greatly improve profitability of the e-commerce channel
- Improvements in online user experience starting to materialize through improved conversion rates[2]

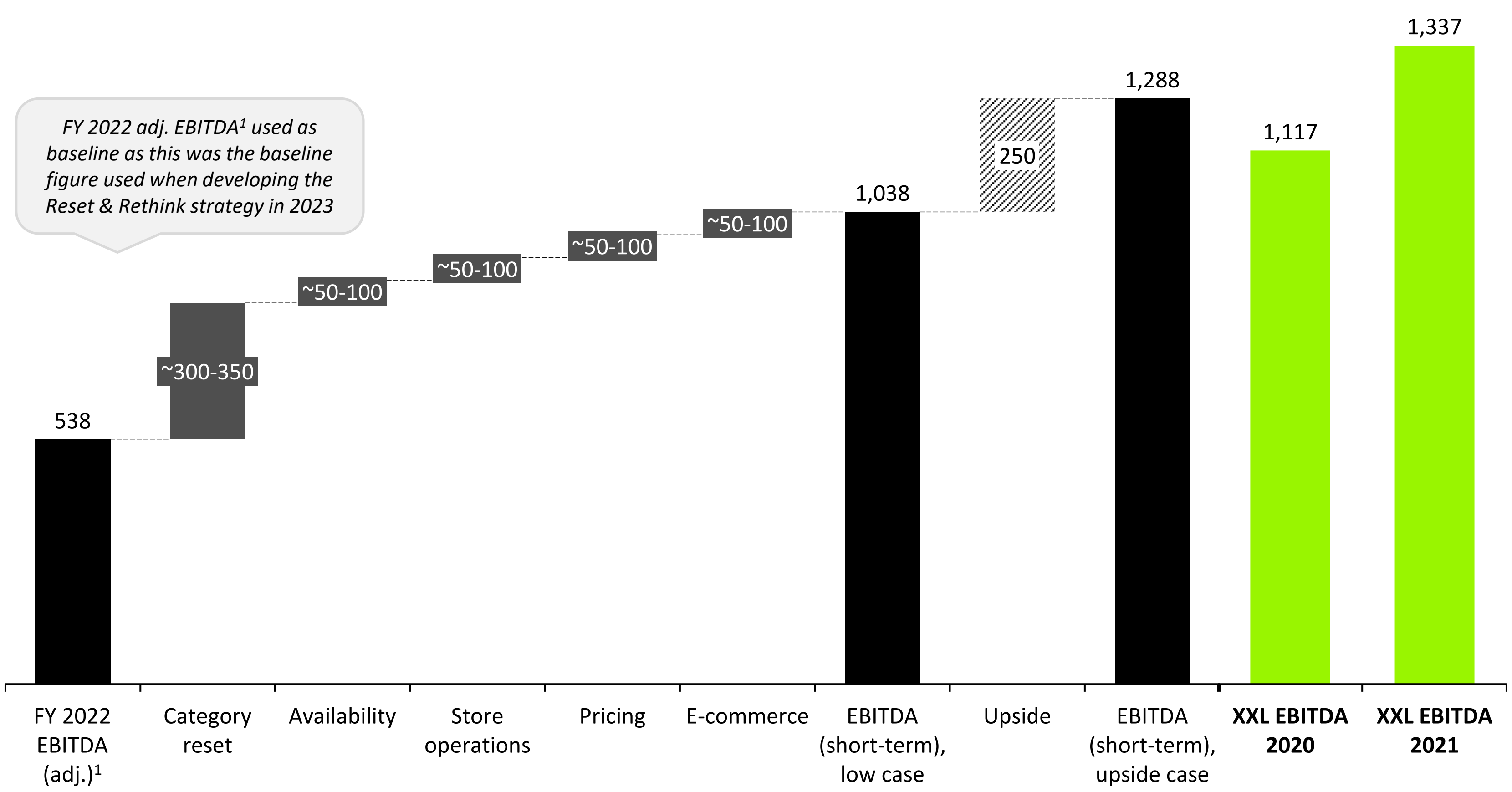
Substantial efficiency gains identified to improve overall XXL profitability and regain market leading position as price leader in the industry

[1] Extra provision of NOK 70m related to XXL Reward (loyalty program); [2] +0.5 p.p. in Norway, +0.4 p.p. in Sweden and +0.3 p.p in Finland seen in Q4 2023

The Reset strategy is well underway

Expected EBITDA improvement of NOK 500 – 750 million over the next 0 – 12 months

Expected run-rate EBITDA bridge (IFRS 16, NOKm) – "*Reset" only*



Comments

Category reset
The category reset strategy is currently being implemented with substantial rebalancing of inventories already having been executed. Currently seeing positive effect from private label goods (Stormberg) and in the process of clearing slow-moving high price-point products through clearance sales, making room for new fast-moving low price-point products. Expected positive EBITDA effect of NOK ~300-350m

Availability
Improved availability of goods on the back of the category reset strategy is expected to yield a positive EBITDA effect of NOK ~50-100m

Store operations
Measures to improve in-store efficiency and re-ignite the "XXL spirit" are currently being taken. XXL is currently in the process of testing new floor / space plannings with several other actions in the pipeline. Expected positive EBITDA effect of NOK ~50-100m

Pricing
Stronger price controls and increased share of low-price goods and controlled brands to further drive the improvement in underlying gross margins. XXL will continue focusing on pricing going forward and expects a positive EBITDA effect of NOK ~50-100m

E-commerce
Clear positive shifts being observed in online conversion rates across the Nordics. Continued focus on e-commerce expected to yield positive EBITDA effect of NOK ~50-100m

Concrete measures are being taken to return XXL "back to form" by 2024 / 2025

[1] Adjusted for extraordinary additional write-down of inventory of NOK 301 million

Rethink – Four long-term strategic pillars

XXL

1 Restructure physical stores

- Relocate and resize stores
- Rethink store concept
- Localise assortment

STRENGTHEN STORE EBIT

2 Accelerate e-com

- Scale personalisation
- Develop a leading CX
- Expand online assortment

INCREASE E-COM SHARE

3 Double down on controlled brands

- Increase private label share
- Accelerate strategic partnerships
- Develop a new private label strategy

IMPROVE GROSS MARGIN

4 Leverage service offering

- Develop & expand service offering
- Strengthen instore workshops
- Launch circular C2C business model

ELEVATE BRAND PREFERENCE

Restructuring sales channels and markets while renewing senior management team

XXL

Decisive measures to strengthen focus on the core business and operational performance, to enable increased efficiency and profitability

1 Optimise store square meters

- XXL has historically operated with large stores, naturally inducing substantial store rent costs
- Focus going forward will be to optimize store layouts, allowing for smaller footprint and ultimately reducing store rent cost, personnel cost and the amount of tied up capital
- Key will be to build more modern, efficient and customer friendly stores whilst still delivering the full range of sports and outdoor products
- As a direct result of this measure, store relocations and downsizing of select stores will occur throughout 2024

2 Exit unprofitable geographies

- After several years of losses in Austria, XXL successfully exited its Austrian operations in 2023
- XXL will continue to consolidate markets and sales channels by also exiting its operations in Denmark during Q1 2024
- The exits will remove non-performing assets from XXL's accounts whilst also allowing the organisation to remain focused on profitable business areas to reassert XXL's dominant position in core markets

3 Close mobile application

- XXL's mobile application was introduced in year-end 2020 and has since then required substantial development resources
- However, the application has received limited customer usage and never managed to become a relevant sales channel for XXL
- As a result, XXL has decided to close the application and refocus development resources on other, more important, strategic initiatives
- XXL's website, which is accessible on all smart phones through the internet browser, will still offer the same functionality as the app

4 Cost-out programme

- Cost cutting ambitions were accelerated in Q3 2023 with the introduction of the "cost-out programme" that aims to reduce operating costs by NOK 300m
- Scope includes all cost lines excluding COGS, i.e. inter alia costs related to personnel, HQ & logistics, marketing, freight and rent
- Initiatives include reducing number of transport providers, renegotiation and/or relocation of rentals and cost efficiencies related to both HQ (reorganization and scaling) and store staffing

5 Renewal and optimisation of senior management team

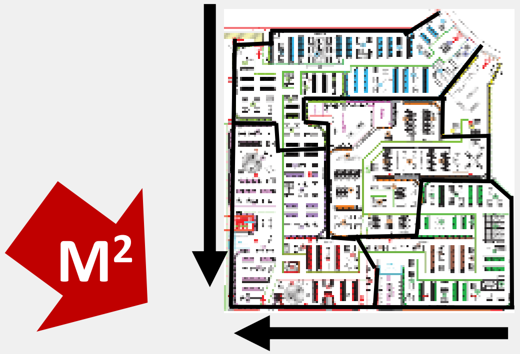
- Several highly experienced professionals have been hired to ensure delivery on the Reset & Rethink action plan
- Notably, Freddy Sobin was hired as the new Group CEO during Q2 2023. Mr. Sobin has 19 years of experience from B2C e-commerce and retail, including experience from turn arounds, restructurings, transformations and corporate growth
- New Chairman in Håkan Lundstedt, who has more than 25 years of experience with consumer-oriented business, including 8 years as President and CEO of Synsam

Key objective is to reduce the organisational complexity of XXL, increase focus on core business and markets and remain true to cost cutting initiative

1 + 2 + 3 Store optimisation, focus on key geographies and markets, closure of app

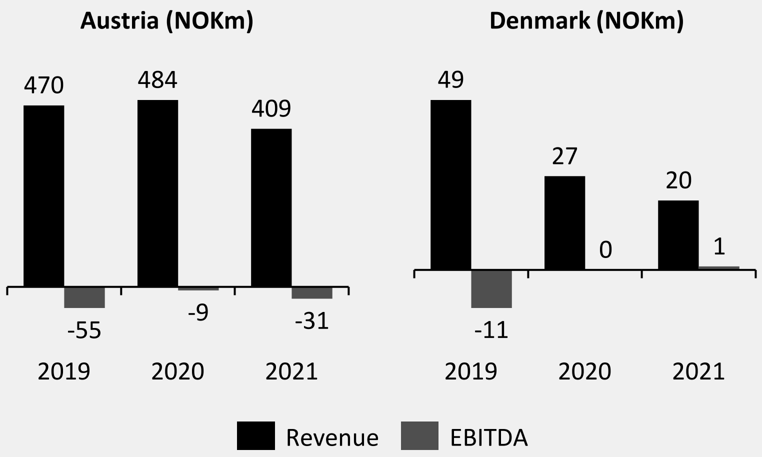
Continuing to consolidated and optimize markets and sales channels

Optimisation of store planning



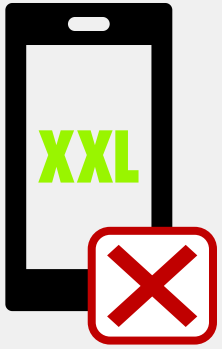
- Part of XXL's strategy to optimise sales channels is to reshape stores into more efficient layouts, e.g. routes to increase time-in-store and product exposure
- Goal to reduce store footprint with ~15k m², making stores more efficient whilst reducing store rent costs
- Stores will become more modern, efficient and customer friendly, whilst maintaining the full offering
- Downsizing, renegotiating and relocating rental to provide NOK ~20m cost reduction annually in '24-'25

Exiting unprofitable geographies



- Following several years of poor operational performance, XXL's Austrian operations were successfully closed down in 2023
- A decision has also been made to close down the Danish operations in Q1 2024 with a non-material revenue impact and insignificant EBITDA effect
- The closures will allow XXL to refocus on its three core geographies; Norway, Sweden and Finland

Closure of XXL App



- Rolled out in year-end 2020, the XXL App saw limited customer usage and minimal customer impact on spending – resulting in a full closure of the app
- Development resources are now allowed to refocus into other strategic initiatives
- The same functionality will still be available to mobile users through the mobile internet browser

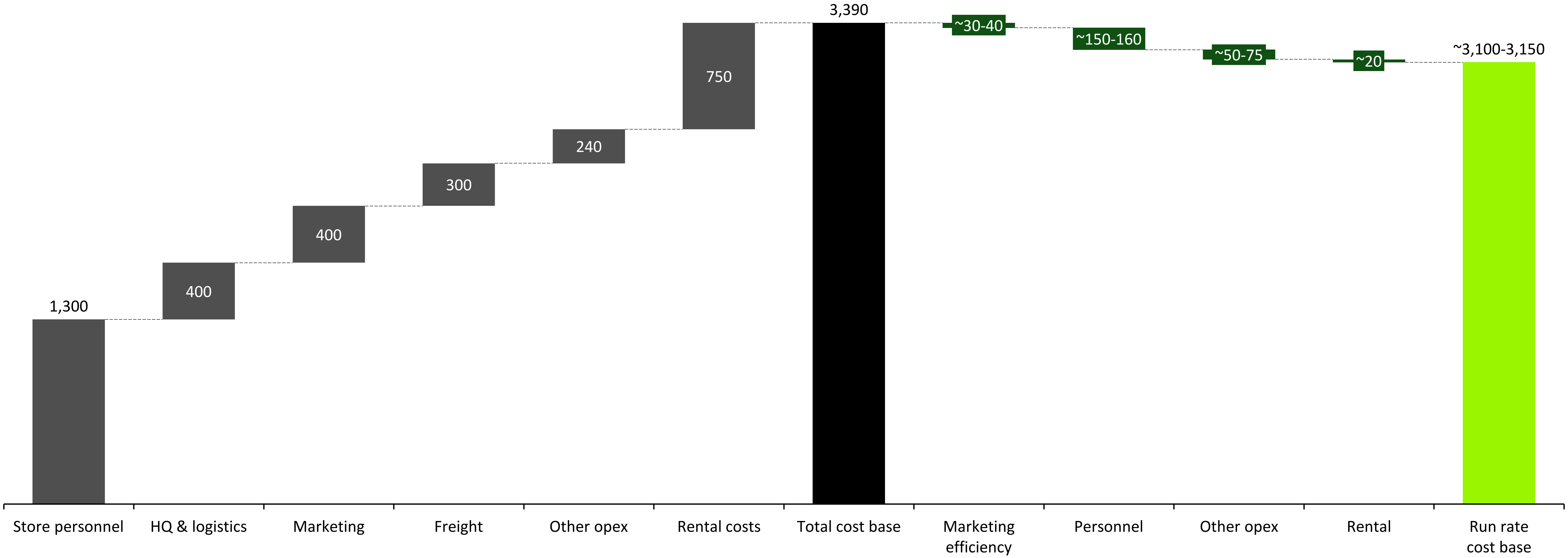
Reducing operational complexity with increased focus on core business and core markets

Reset Rethink

❹ Cost-out programme

Implementations during 2024 with gross run-rate end of year and full effect in 2025

Cost saving initiatives (NOKm)



Implementation of initiatives expected to generate cost reductions by at least NOK ~300m throughout 2024

5 Renewal of senior management team

XXL

Strong senior management team in place to ensure successful execution of the XXL turnaround

Senior management team ("SMT")

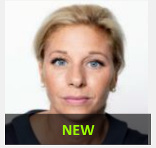
Group CEO
Freddy Sobin
Mr. Sobin joined XXL in May 2023. Brings 19 year of experience from sports retailing with strong track-record from turnarounds

Group CFO
Stein Eriksen[1]
Mr. Eriksen joined XXL in October 2018. Held the position as interim CEO during July 2022 – May 2023. Has over 18 years of experience from retail

Group COO
Dawid Gosciniak
Mr. Gosciniak will join XXL in April 2024. Brings over 20 years of retail experience within fashion & lifestyle, mainly with several leading positions within H&M

EVP Staff
Tolle Grøterud
Mr. Grøterud joined XXL in 2014, and has held several roles within XXL including Interim CEO and Interim CFO. Over 20 years experience within investor relations and finance, 10 of them in retail

SVP IT Dev. & Support
Peter Jansson
Mr. Jansson joined XXL in 2014. Assumed his current role in IT & Technology in November 2023. Has up until now acted as SVP Tech Development (~CTO)



EVP Marketing & Growth
Emelie Friis
Mrs. Friis joined XXL in August 2023. Has more than 25 years of experience from marketing with focus on FMCG, retail and consumer brands

EVP Category, Buying & Sup.
Simen Helly-Hansen
Mr. Helly-Hansen joined XXL in November 2023. He brings over 20 years with diverse international experience from category management

New SMT structure

CEO *Freddy Sobin*

- **EVP Category, Buying & Supply** *Simen H.-Hansen*
- **CFO** *Stein Eriksen*
- **EVP Marketing & Growth** *Emelie Friis*
- **EVP Staff** *Tolle Grøterud*
- **COO** *Dawid Gosciniak*
- **SVP IT dev. & sup.** *Peter Jansson*

New centralized roles and key new SVPs successfully recruited

Store staffing and productivity
Improve staff schedule planning, - enhanced customer experience

Security, loss prevention & internal audit
New role, responsible for store safety and loss mitigation

Category & Buying controlling
Enforcing 40-40-20 principle and timely correct pricing of goods

Transformation management office
Ensuring execution of the must-win battles

Own and controlled brands
Quality products at entry price point, key initative in the assortment reset

Category process & system optimization
Increased quality control in buying processes and category steering

SVP Group Accounting
Replacement

SVP Group Controlling
Replacement

SVP E-com
Further develop and propel growth in segment

XXL has been focusing on changes that can deliver quick and material value and also enable step change in efficiency, quality and control

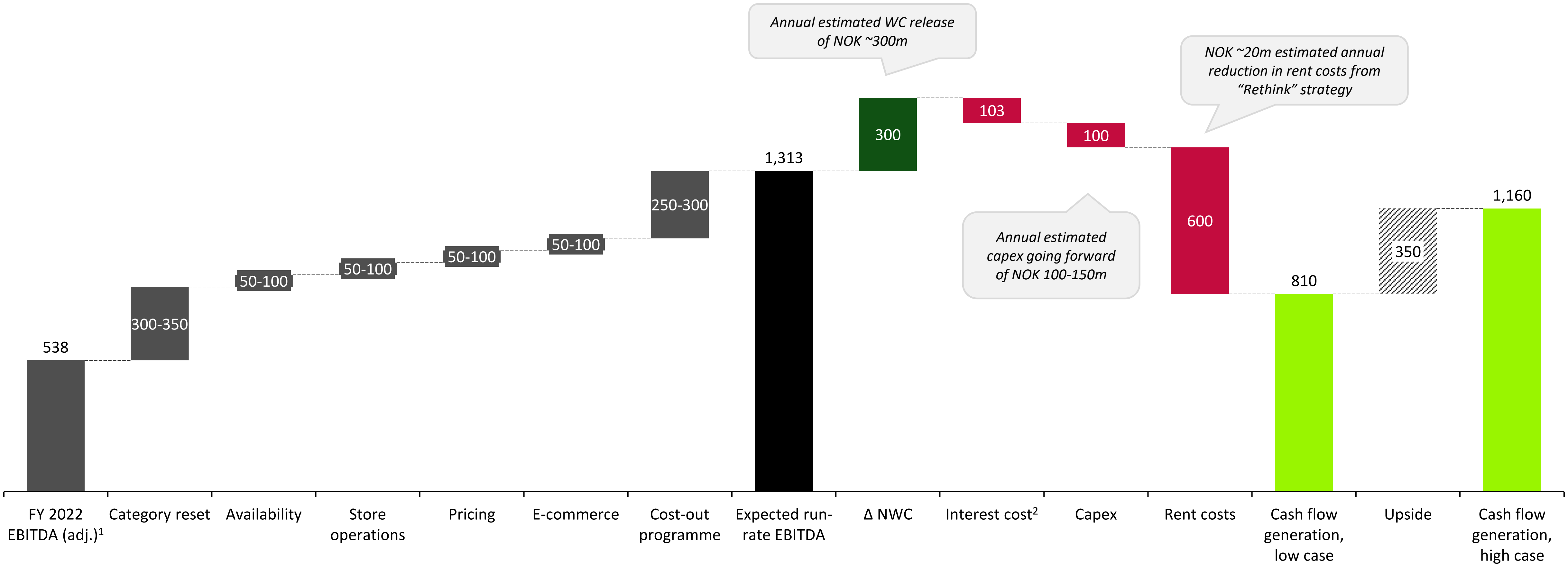
[1]The Company's CFO, Mr. Stein Alexander Eriksen, has informed the Company that he will leave XXL this summer

Reset | Rethink

Reset & Rethink - summary

Clear strategy in place to return XXL "back to form" and re-establish a resilient and cash flow generating business

Illustrative cash flow bridge (IFRS 16, NOKm)



Clear pathway to a cash flow positive business within 2024 / 2025

[1] Adjusted for extraordinary additional write-down of inventory of NOK 301 million; [2] Including Swedish tax liability, RCF and overdraft.

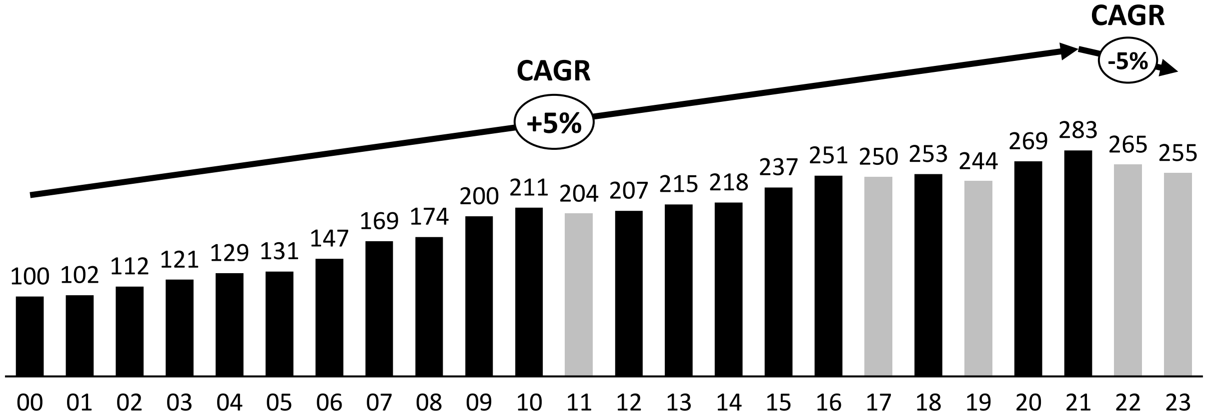
Agenda

Market backdrop: the sporting goods market has been through a challenging period

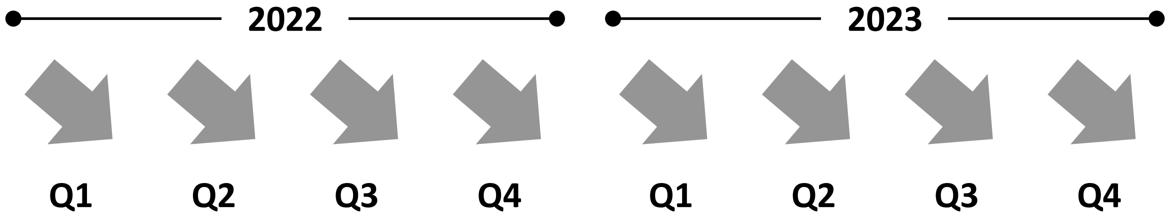
XXL

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

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



2 ..however, Nordic markets have experienced 8 consecutive quarters of negative growth



Lingering bunkering effect from the pandemic

Capital intensive goods sub-categories more adversely affected

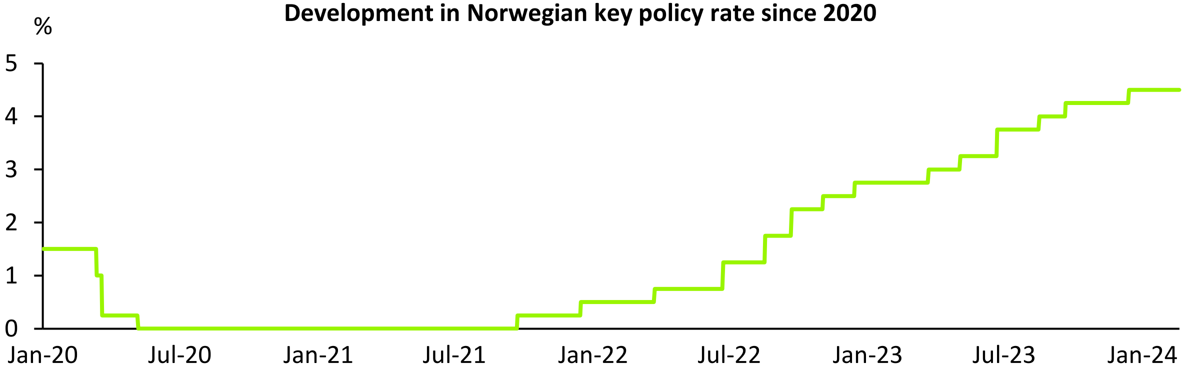
Continued high campaign pressure in the market

3 Challenging end to 2023..

Christmas shopping down in NO, SE & FI, and "funflation" negatively affecting discretionary spend

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

Development in Norwegian key policy rate since 2020



Aggressive rate hike cycle has brought interest rates back to 15-year highs globally

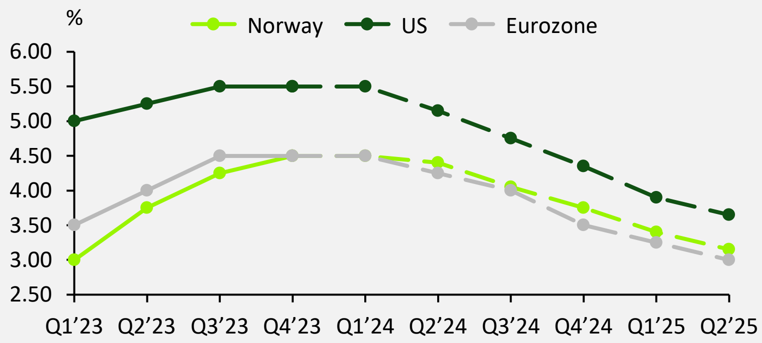
Key market indicators are shifting in a positive direction

XXL

1 Rate cuts on the horizon

- Global central banks indicating that the current rate hiking cycle is coming to an end, with guidance of several rate cuts H2 2024 and 2025
- Rates expected to remain higher, but stable, relative to '20-'21 levels for a prolonged period
- Rate cuts have traditionally been used by central banks as a measure to trigger increased consumer and business activity

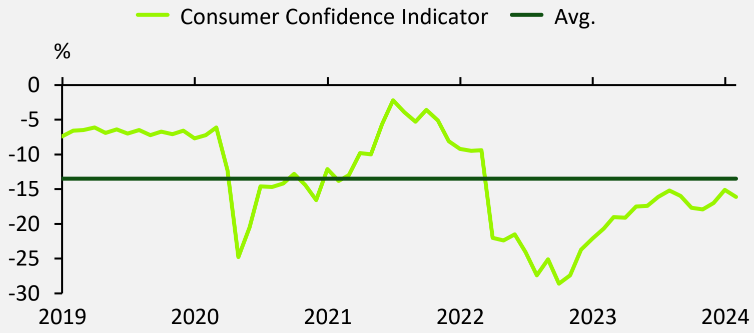
Forecast of key central bank rates[1]



2 Increasing consumer confidence

- Consumer confidence fell to record low levels during 2022, but has come back markedly in recent months
- Robust job figures, income gains and strong household balance sheet are among the fundamentals that has been driving this trend
- Interest rate cuts and moderating inflation rates may further bolster consumer sentiment

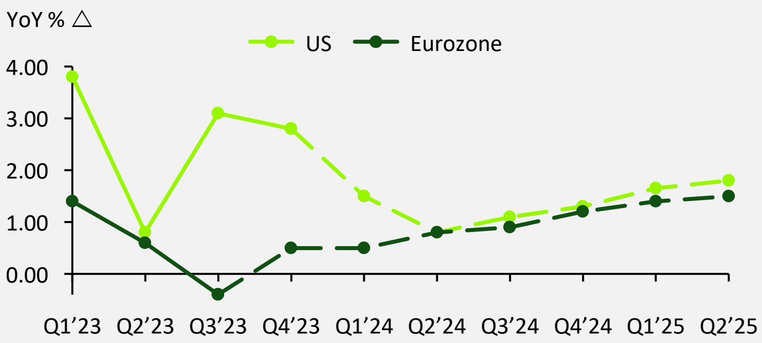
Consumer confidence indicator (Balances %)



3 Consumption expected to bounce back

- Following subdued growth in the last year, household consumption expected to bounce back in 2024 and 2025 as the monetary tightening decreases in strength
- Real wage growth and a resilient labour market supportive of a rebound in consumption
- Particularly strong wage growth in Norway

Forecast of key global consumption indicators[2]



[1] Source: Bloomberg economic forecasts (contributor composite); [2] Household consumption figures (YoY % change) for the Eurozone and consumer spending figures (YoY % change) for United States

Resilient long-term outlook supported by global megatrends

XXL

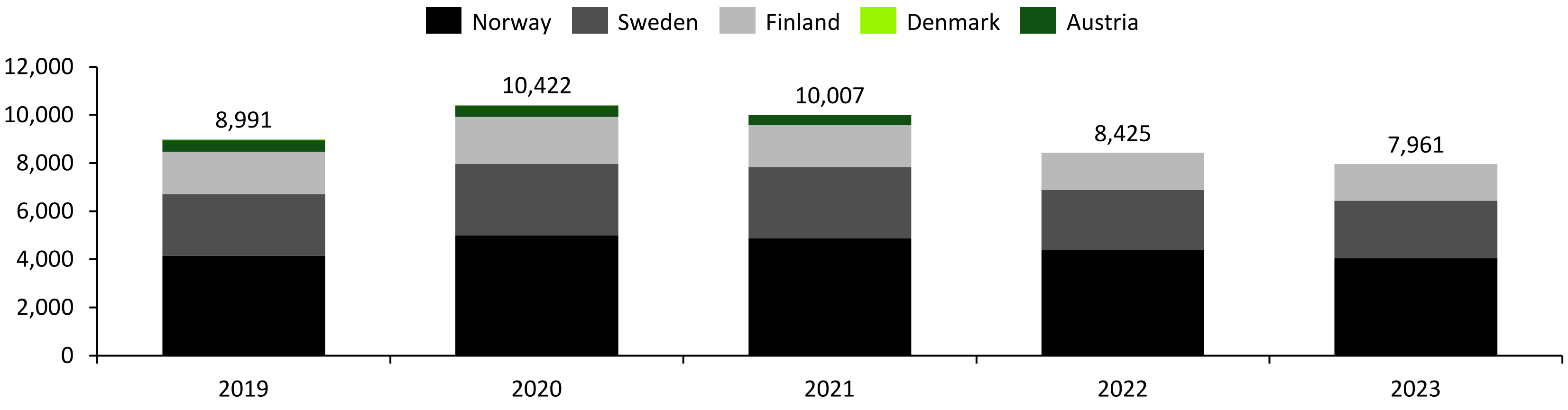
Key trends supporting long-term demand for sporting goods	
Consumer price sensitivity	• XXL offers attractive value to consumers, which has to some extent made the business resilient in the face of adverse macroeconomic conditions • As consumers become more price-sensitive, XXL has strengthened its position relative to its higher-priced competitors and continues to focus on re-asserting its market leading position in the low price-point categories
Health & wellness trends	• Health, wellness, and identifying oneself with an active lifestyle are key trends among the consumers • Strong public promotion of, and a positive attitude towards, health and fitness is observable in all of XXL's markets
Increase in equipment-focused sports	• More sophisticated demand for a wider range of specialized products, across both amateur and professional sports • Increased use of technology such as GPS and watches
Weather and seasonal patterns	• Seasonal pattern affecting the sporting goods market, depending on the weather and time of year • Longer-term and more intense weather changes may increase consumers demand for durable quality goods
Fashion and life-style trends	• Several of the categories XXL provides are heavily influenced by fashion trends • Sporting goods increasingly becoming lifestyle products for the consumers beyond the traditional sporting use-case
Growth in e-commerce	• The E-commerce retail trade is steadily growing • As the clear online market leader in the Nordics with a robust e-commerce platform, XXL is well positioned for further growth • Omni-channel retailers tend to win the bid for customers across most geographies and categories, and this offering is at the core of XXL's strategy

Agenda

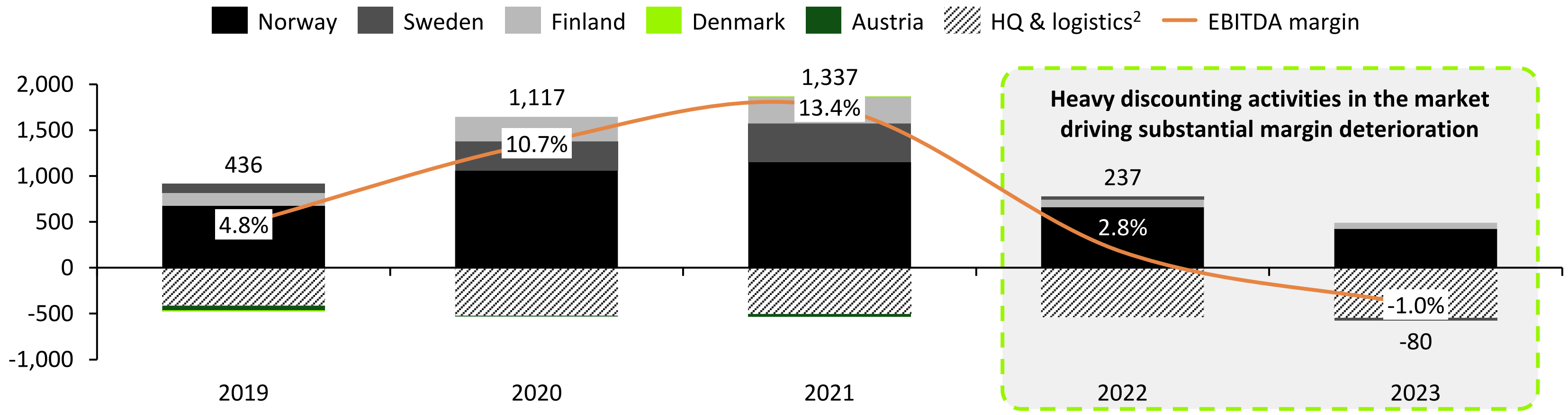
Revenues and EBITDA - consolidated

Recent years impacted by increased discounting activities and intensified price competition

Development in revenues (NOKm)[1]



Development in EBITDA (NOKm)[1]



Comments

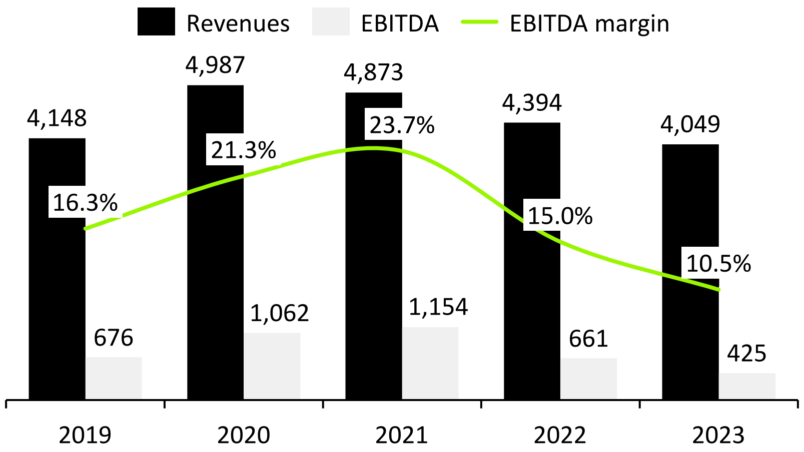
- XXL reached record high earnings in 2020 and 2021 with covid-19 "bunkering effect" leading to record high domestic sporting goods consumption, showing an EBITDA potential above NOK 1.3bn (13.4% EBITDA margin) and revenues above NOK 10bn
- 2022 proved a more challenging year for the Nordic sports retail industry with weak consumer sentiment leading to reduced demand for sports and outdoor equipment in all markets where XXL is present
- Sentiment remained poor going into 2023, largely driven by a continued challenging sentiment in the sports and outdoor retail market in the Nordics (eight consecutive quarters of negative growth) leading to widespread and heavy campaigning with discounting activities driving margins down in all markets
- Consequently, 2023 was one of the most challenging years for XXL with negative sales development and negative EBITDA
- Going forward, XXL will focus on delivering on the "Reset & Rethink" plan with underlying positive indicators and clear objectives to reach an EBITDA improvement of NOK 500-750 million over the next 0-18 months

[1] As of Q1 2022, Denmark is incorporated under the Norway segment; [2] Consists of costs related to the group's headquarter and logistics operations including two central warehouses

Revenues and EBITDA – geographical distribution[1]

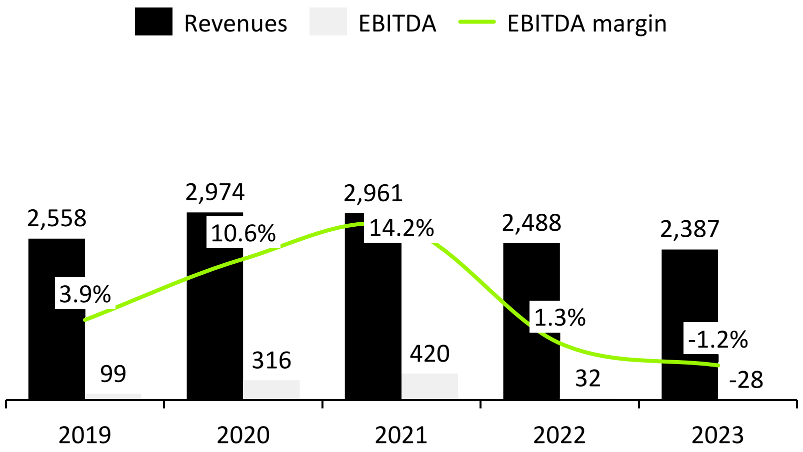
Room for operational improvements across all three geographies, however Norway remains resilient

Norway (NOKm)[2]



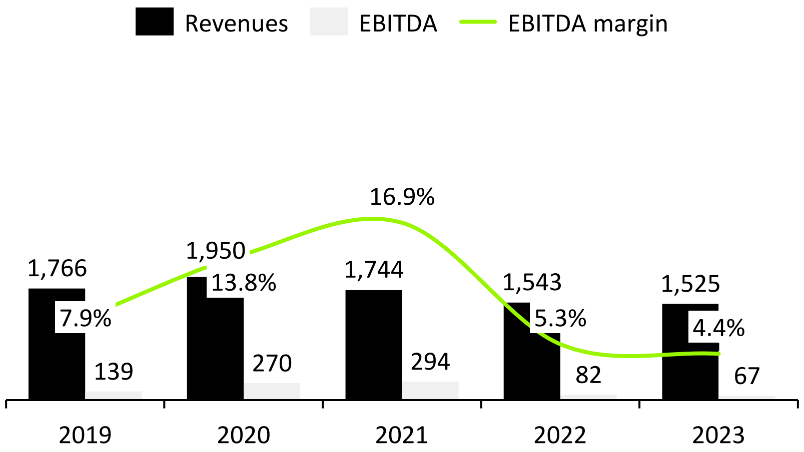
- Norway is XXL's core market, with 39 stores operational accounting for ~50% of XXL's total revenue base
- Historically, Norway has operated with margins between 16 - 24% - strongest across all geographies
- As in most European countries, Norway has also experienced a downturn in the sports and outdoor retail market, as evident by recent operational performance
- However, Norway remains relatively resilient with margins above 10% in 2023 and limited decline in revenues YoY – supported by strong Norwegian purchasing power and megatrend within outdoor activities and health

Sweden (NOKm)



- XXL entered Sweden in 2010, which has since then established itself as XXL's second strongest market with 30 stores operational accounting for ~30% of XXL's total revenue base
- Historically, Sweden has operated with margins between 4 - 10%
- Margins have, however, been heavily affected by high campaigning activities amongst Swedish sports retailers – ultimately resulting in a negative EBITDA contribution for 2023
- Room for substantial improvements have been identified and measures are being taken to improve profitability

Finland (NOKm)



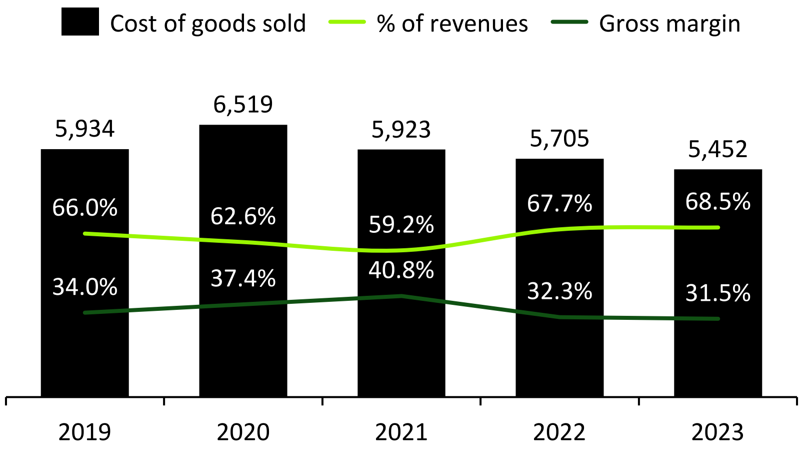
- XXL entered Finland in 2014 which is XXL's third largest market with 17 stores operational accounting for ~20% of XXL's total revenue base
- XXL has managed to take out higher margins in Finland compared to Sweden, historically ranging from 8 – 17%
- As with Sweden, Finland has been heavily affected by high campaigning activities and elevated price competition
- However, XXL managed to retain profitability in the market with an EBITDA contribution of NOK 67m for 2023

[1] Not accounting for group HQ & logistics related costs, as illustrated on previous page; [2] As of Q1 2022, Denmark is incorporated under the Norway segment

Cost structure

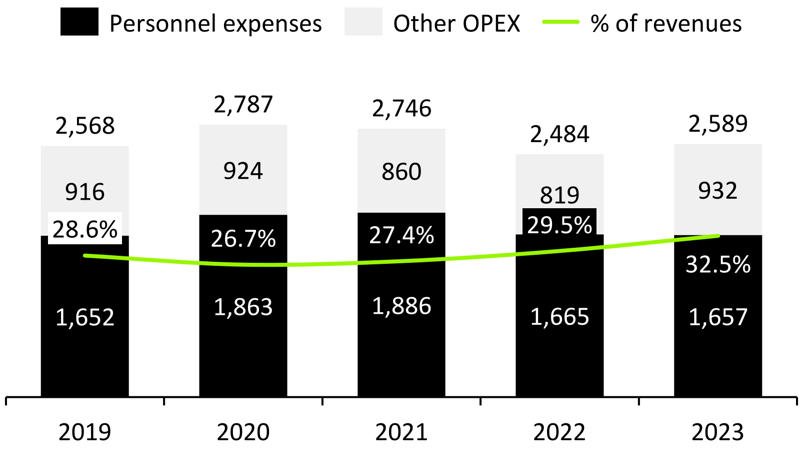
XXL operates with a relatively stable cost base, some inflationary impact seen throughout 2022 and 2023

Cost of goods sold (NOKm)



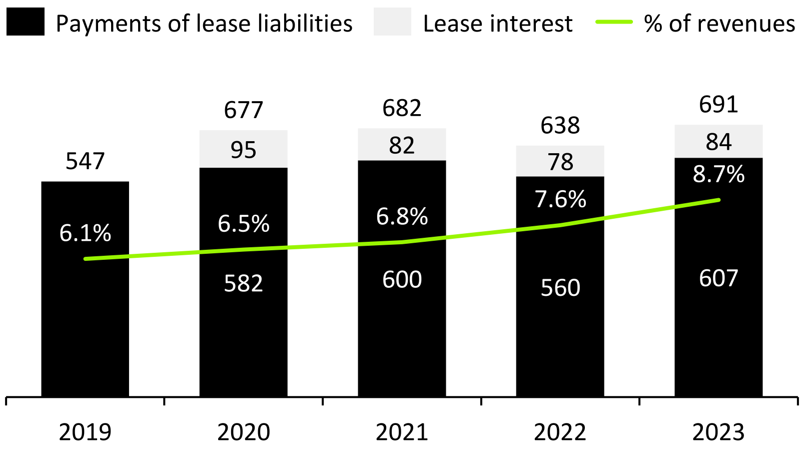
- Cost of goods sold have averaged at ~65% of revenues over the last 6 years
- Remained relatively stable over time, however some increases seen throughout 2022 and 2023 due to substantial increases in freight costs and NOK depreciation[2]
- Clearance sale in Q1 and introduction of the Reward Program in Q4 negatively affected gross profit in 2023 by ~3.5 p.p. and ~0.6 p.p., respectively
- COGS expected to reduce with increased sales of controlled brands, enforcement of price discipline, increased entry price point assortment, and cash discounts

Operating expenses (NOKm)



- General operating expenses have averaged at ~29% of revenues over the last 6 years
- XXL has seen increased inflation on personnel costs and IT-licenses, however this has partly been offset by reduced personnel costs at the central HQ
- Heavy campaigning activity throughout 2023, partly to offload slow-moving high price-point goods in line with "Reset & Rethink" strategy, has driven an increase in marketing costs in 2023 vs. 2022
- More efficient campaigning activities, select reduction of headcount in non-performing stores and efficiency gains in other cost lines expected to reduce operating expenses going forward

Rental costs (NOKm)[1]



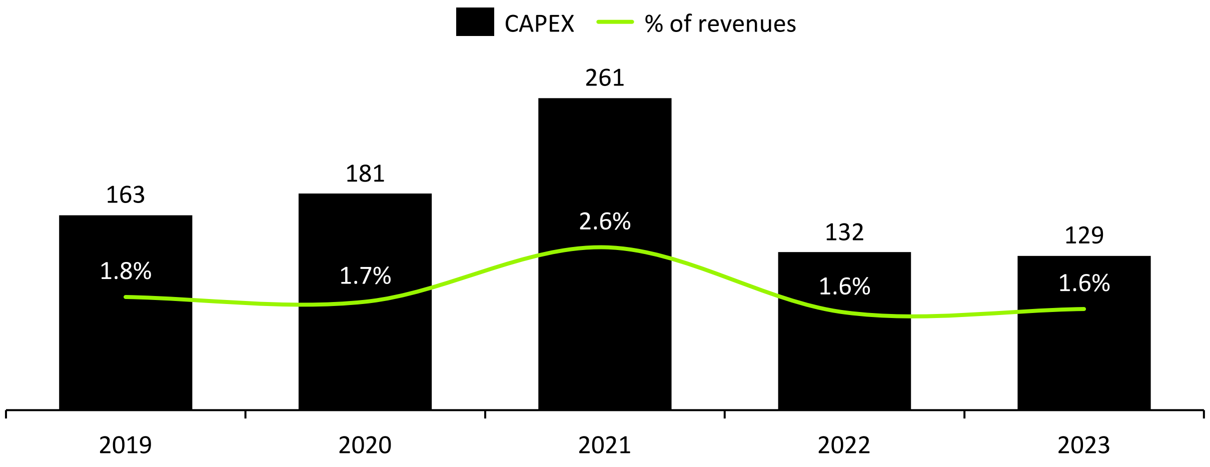
- All XXL premises, including warehouses and stores, are rented – naturally translating to a substantial rental cost component in the cash flow statement
- Nominal cost remains relatively stable over time, typically affected as XXL opens new stores or closes down existing stores
- Rental cost expected to be reduced with shift towards smaller stores, more efficient square meter usage and near-term contract renegotiations

[1] Cash cost. Not included in EBITDA calculation, as per IFRS 16 accounting standards; [2] A 10% NOK depreciation against USD translates into a NOK ~90m negative effect on gross margin

Capital expenditures and cash conversion

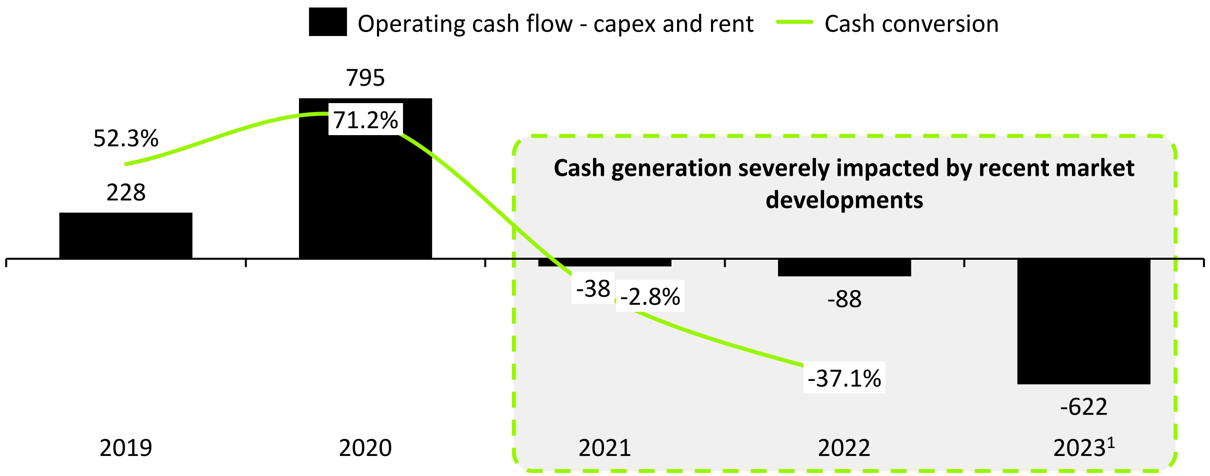
Strong cash flow generation in normalized markets, limited capex needs primarily tied to store openings

Capital expenditures (NOKm)



- CAPEX mainly consists of investments in store operational efficiency, footprint optimization, customer experience enhancing projects in both stores and in the E-commerce platform, as well as in IT and tech
- Flexible CAPEX light model with limited maintenance capex
- New store opened in Lillehammer in 2023 at a net investment of NOK ~7m[2]
- No new store openings have been signed for 2024. Mid-to long-term, XXL expects the pace of the store roll-outs to be 2-3 new stores per year, including relocations of existing stores
- Total CAPEX for 2024 expected to be around NOK 100 – 150m, primarily in relation to optimization of existing store portfolio, including potential closures of selective low performing stores with limited suitability for turnaround

Cash conversion (NOKm)



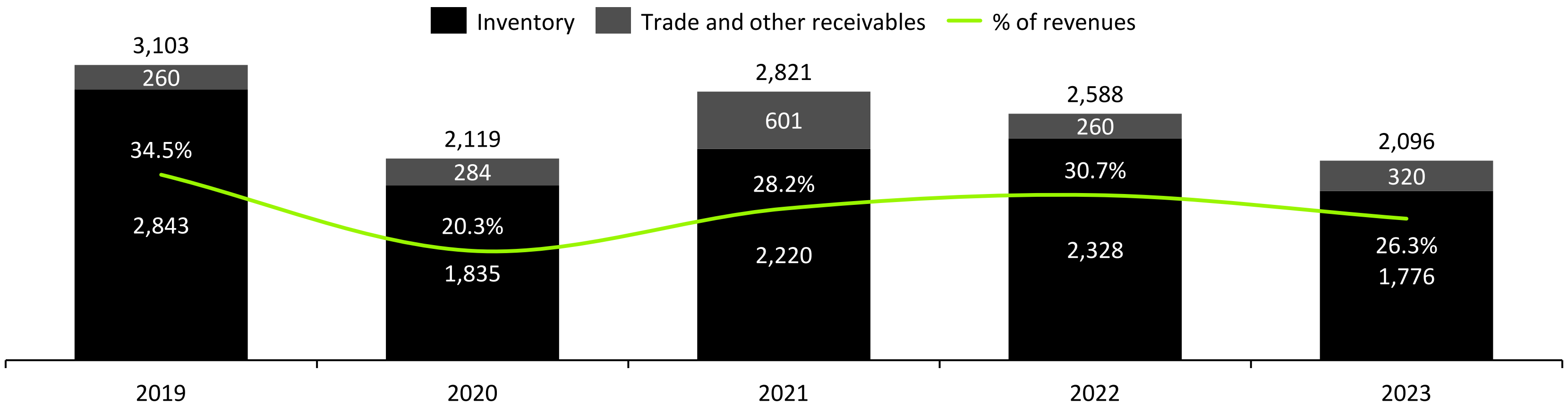
- XXL has a strong underlying cash flow generation ability. Measured excluding rental costs, XXL has on average delivered a cash conversion ratio of 136% throughout 2019 – 2022
- However, since rental costs are sticky and independent of sales revenues, the recent market downturn has affected XXL's cash flow generation negatively
- Despite this, XXL's liquidity buffer remains solid at NOK 760m going into 2024. XXL considers the existing liquidity buffer, together with the added liquidity from the contemplated financing, as sufficient to execute on the "Reset & Rethink" strategy
- Additionally, XXL is in the process of reducing store footprint with ~15,000 square meters to reduce rent costs going forward – further helped by potential store closures

[1] Cash conversion not measured due to negative EBITDA and negative cash flow; [2] Relatively low capex due to re-use of some materials from Austria

Working capital decomposition

XXL has steadily been scaling down inventories since 2021 with a tilt towards lower price-point goods

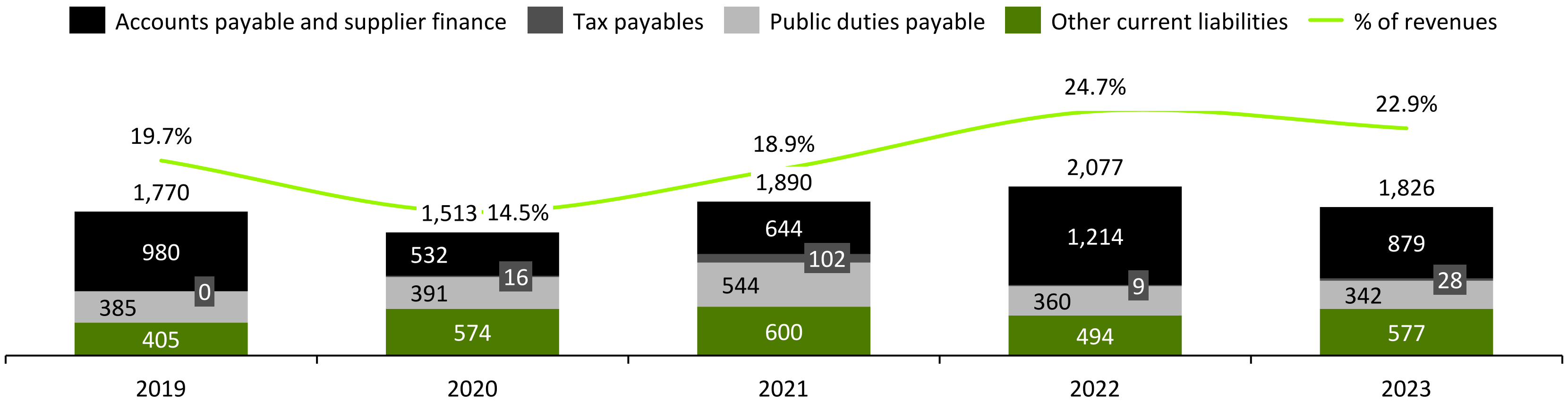
Working capital assets (NOKm)



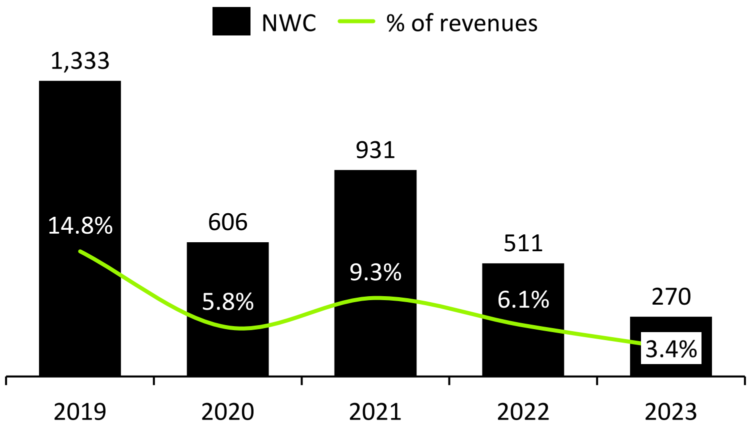
Comments

- Payment terms from suppliers are on average 60 days
- XXL has worked to reduce inventory levels throughout 2023, now considered to be at normalised levels, continued to work to rebalance towards less capital intensive products
- Strict inventory control going forward with larger share of low-price point fast moving goods increasing inventory churn without need for further discounting and consequent margin deterioration

Working capital liabilities (NOKm)



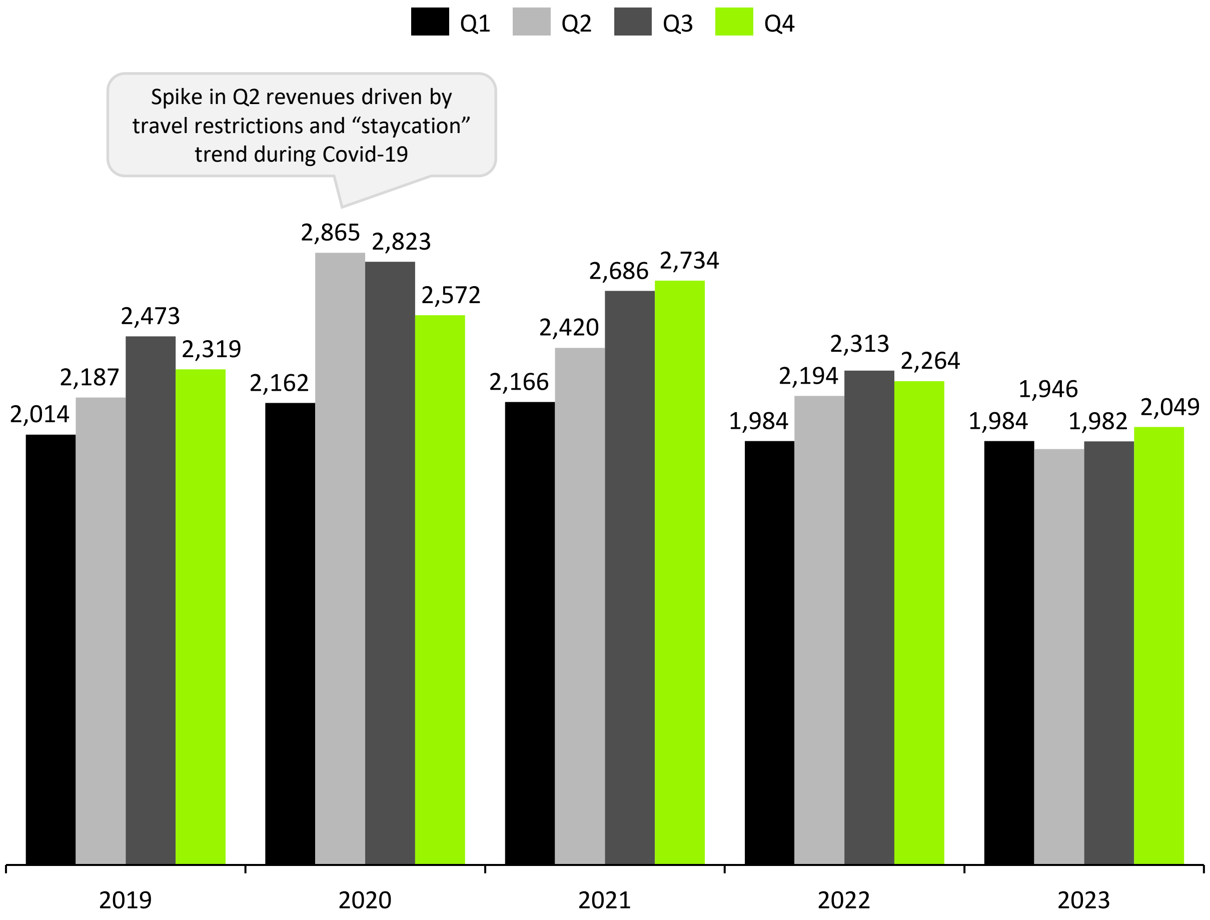
Net working capital (NOKm)



Seasonality of revenue and operating cash flow

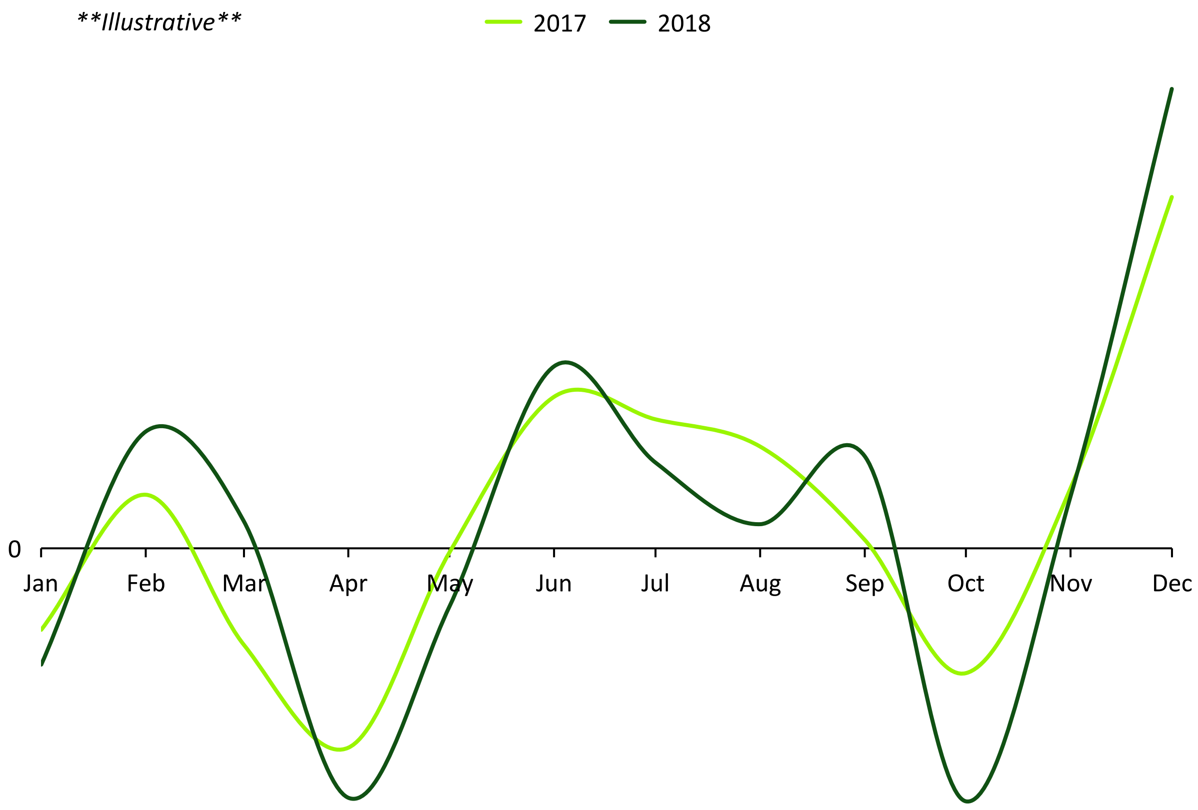
XXL

Seasonality in revenues (NOKm)



Q3 and Q4 typically the most active months within sports retail

Illustrative normalised seasonality in operating cash flow, 2017-2018 figures (NOKm)[1]



Operating cash flow seasonality driven by inventory build-up towards end of April and October

[1] Operating cash flow excl. IFRS 16 effects

Current trading and outlook

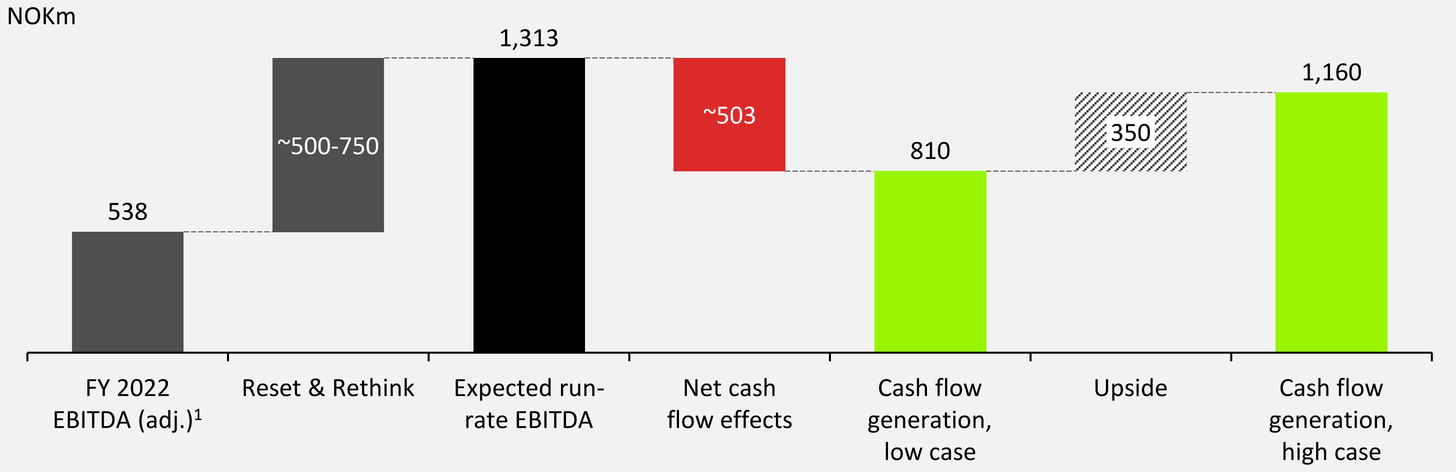
XXL

Full focus ahead on executing on the "Reset & Rethink" turnaround plan…

RESET
Top line quick wins and cost control through MWBs
0-12 months

RETHINK
Accelerate key top line levers
0-18 months

…which is expected to deliver EBITDA run-rate uplift of NOK 500-750 million during the next 0-18 months



Current trading

- ✓ Favourable winter conditions leading to double digit growth in main winter categories such as cross country and alpine skiing
- ✓ Gross margin materially strengthened
- × Before comparing to extraordinary clearance campaign ("Prisskred") launched later January 2023, sales were down 8% compared to January last year. XXL now expects total operating revenues for the Group in Q1 2024 to be in the range of NOK 1.5-1.6 billion
- × January sales decreased to NOK ~550m, driven by challenges described below
- × Non-seasonal products and capital-intensive products in general remain challenging (home gym, outdoor equipment ect.), however focus on shifting towards lower price-point products will alleviate this issue going forward
- × Limited availability of low price point products holding back sales

Q1 2024

Adverse market conditions and massive clearance campaign launched in late January 2023 with strong sales will impact the comparable figures on a year-over-year basis

Q2 2024 and onwards

Progress on strategic initiatives and must win battles expected to show first material effect from Q2 2024 and onwards

[1] Adjusted for extraordinary additional write-down of inventory of NOK 301 million

Agenda

1. Risk Factors

*An investment in the company and the shares (the "**Shares**") involves inherent risk. Prospective investors should carefully consider the risk factors and all information contained in this Presentation, and which is otherwise available.*

*These risks include, but are not limited to, risks attributable to XXL ASA (the "**Issuer**") and its subsidiaries (together with the Issuer, the "**Group**"), as well as the Group's operations, regulatory and financial risks and risks linked to the Shares themselves. The risks and uncertainties described in this Presentation provides a brief summary of the material known risks and uncertainties faced by the Group as of the date hereof, and represents those risk factors that the Issuer believes to represent the most material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.*

The risk factors included in this Presentation are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Group, taking into account their potential negative effect for the Issuer and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares.

Additional factors of which the Issuer is unaware, or which it currently deems not to be risks, may also have corresponding negative effects. The information provided herein, and the risk factors and uncertainties presented below, are as at the date hereof and is subject to change, completion or amendment without notice. The risks mentioned herein could materialize individually or cumulatively.

1.1 Risks related to the industry in which the Group operates

1.1.1 The sports retail industry is highly competitive, and failure to compete effectively may result in reduction of the Group's ability to attract customers and thus affect its ability to generate sufficient sales volumes and profits.

The Group faces substantial competition in the sports retail industry, which consist of a number of larger and smaller players. The Group seeks to be a "one-stop-shop", offering a broad range of sports and outdoor products, to meet the needs of all customers, from first-time participants to the seasoned sporting enthusiast. As a result of the Group's business model, it faces competition not only from large and medium sized sports and outdoor retailers, but also specialist retailers who offer products and expertise within specific niche segments, for example for climbing, skiing or biking activities. The Group competes on the basis of a combination of several factors, including price, quality and style of merchandise offered, in-store experience, level of customer service, ability to identify and offer new and emerging sport trends and brand image. The Group competes not only for customers, but also attractive store locations and skilled personnel at the national and local levels. Actions taken by the Group's competitors, as well as those taken by the Group to maintain its competitiveness and reputation as a sport retailer, have placed and will continue to put pressure on its pricing strategy, marketing expenses, net sales growth and profitability. Most consumers have smart phones, which makes it easy to compare prices while at the physical store, enabling fierce price competition among sport retailers. If the XXL stores do not offer competitive prices for its products, the consumer is likely to shop in one of its competitors' stores or online. As a result of consumers' availability to prices, the Group is subject to margin pressure and needs to maintain low prices to attract customers. In this regard, the Group has a "lowest price" profile, and may undertake losses if local, competing stores in cities where there is an XXL store and/or other online stores in the countries where the Group has an XXL website offer lower prices for the same products the Group is selling. As such, the Group's profitability is much affected by actions taken by its competitors when it comes to campaigns and pricing.

1. Risk Factors (cont’d)

XXL

1.1.2 Changes in consumer behaviour, especially with regard to more restrictive consumerism and the emergence of consumer shaming, may result in reduced sales volumes and lower profitability for the Group.

Many consumers have in recent years become more focused on environmental issues and sustainability within the apparel industry, and their own consumer footprint. Climate change and increased focus on the effects consumerism have on the global environment are reshaping consumer behaviour, especially in Sweden and the other Scandinavian countries. The Group has a revenue model that facilitates low prices and high sales volumes, whereas more restrictive consumerism and the emergence of consumer shaming may result in lower sales volumes for the Group. Lower sales volumes will not only lead to a reduction in the Group's revenue, but may also result in lower profitability per product sold and higher inventory levels if the Group does not properly factor in the rapid changes in consumer habits when administrating its purchasing strategy and inventory management. Moreover, there has been an emergence of second hand options in the retail market in recent years, and many consumers who would prefer the Group's product offering and pricing strategy are instead purchasing second hand sport equipment and clothing or even borrowing from friends and family. An increase in second hand options, either online (through websites and smart phone applications) or through physical second hand stores, is likely to result in lower sales volumes for the Group. Further, there have in the past few years been an increase in companies specializing in the market for rental of sports equipment, in particular for more expensive sports equipment. An increasing amount of consumers now prefer to rent the relevant sports equipment, particularly for special events and occasions, rather than purchasing such sports equipment. The Group's revenues and purchasing costs may be severely affected by these changes in consumers shopping habits if the Group is not successful in adapting its business model and pricing strategy in accordance with the developments in consumer behaviour.

1.1.3 Consumer demand for the Group's products is affected by seasonal factors, where abnormal, severe and unseasonal weather conditions could materially affect the Group's sales and thereby results of operations.

In comparison with certain other retailers, sports retailers are to some extent affected by periods of abnormal, severe and unseasonal weather conditions, such as unfavourable snow conditions in the winter months or rapid changes in seasons that result in an early switch from one season to the next. If weather conditions deviate from average weather conditions in previous years, it may lead to reduced revenue due to lower sales than anticipated. In situations of deviating weather conditions, the Group may retain greater volumes of seasonal merchandise than budgeted, thus resulting in high inventory and stock levels and increased costs related to storing unsold seasonal sports and outdoors merchandise. Moreover, it could be difficult for the Group to sell merchandise from the previous season the following year. Prolonged unseasonal weather or temporary severe weather, such as unfavourable snow conditions, in particular the absence of snow in the winter months, or other localised conditions such as heavy rain or warmth, could reduce sale of, and increase costs related to storage of, certain products related to specific seasons, which could have a material adverse effect on the Group's business, operating profit and overall financial condition.

1.1.4 Global economic conditions, including economic downturns and supply chain disruptions, may negatively affect the Group's sales volumes and inventory levels.

The Group's operations are affected by the global economic conditions of the markets in which it operates, and the global economy has been highly influenced by supply chain disruptions in 2020 through 2023, and high inflation and increased interest rates in 2022 and 2023, which is expected to continue going forward. Downturns in economic conditions or uncertainties regarding future economic prospects (such as high inflation) might impact the Group's operative markets negatively, as well as its suppliers. In this respect, increases in the price for raw materials and components used in the Group's sports equipment may negatively affect the Group's profitability if the cost increase for sourcing the raw materials and components cannot be passed on to its consumers. Further, if sales volumes decreases due to higher prices, the same applies to cost increase caused by higher transportation and logistics fees. The Group operates in the sports retail industry, which means that its results of operations are directly linked to developments in consumer preferences and discretionary spending. As a result of the current economic conditions, in particular in connection with increased interest rates and inflation, which has led to reduced consumer spending, the Group has experienced a decrease in sale of products across several product categories. The Group has experienced reduced margins on products sold due to increased supply chain and operational costs. For 2024, the Issuer expects that the Group's revenues and operations will be impacted by limited growth and challenging markets in the sports retail industry, making it particularly important to avoid excess volumes of inventory.

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1.2 Risks related to the business of the Group

1.2.1 The Group is subject to risks in connection with its ability to succeed with its improvement initiatives.

The Group is currently working on several short-term actions and a longer-term strategic plan, called "Reset&Rethink", in order to improve the profitability and liquidity of the Group. The short-term actions are reliant on the successful implementation of a reset in the operating model and way of working, encompassing (i) resetting category strategies, (ii) ensuring product availability, (iii) optimizing sales strategies and store operations, (iv) improvement of pricing, and (v) enhancing the profitability of E-commerce. Additionally, the Group has initiated a longer-term strategic plan, comprising four pillars: (i) restructuring of physical stores, (ii) accelerating E-commerce, (iii) intensifying focus on private label products, and (iv) leveraging service offerings. However, if the Group fails to achieve the desired outcome of the improvement initiatives, this may have a detrimental effect on the Group's profitability, thus having an adverse effect on the Group's overall business performance.

1.2.2 Large amounts of tied up capital in inventory and failure to properly manage inventory levels may have an adverse effect on the Group's business and profitability.

The Group's booked value of inventory as of 31 December 2023 was lower compared to the previous year (representing 22.3% of total operating revenue for the year ended 31 December 2022 (unaudited), compared to 27.6% of total operating revenue for the year ended 31 December 2022 (audited) and 22.2% of total operating revenue in the year ended 31 December 2021 (audited)). The Group is, however, vulnerable to the risk of improper orders and poor inventory management, which may result in the Group having an oversupply, or insufficient supply, of certain goods. Unpredictable market trends, abrupt seasonal changes and abnormal weather conditions make it challenging for the Group to match their orders with consumers' demand. In addition, the lead time from ordering goods until the goods are available in the stores is significant. In particular during the Covid-19 pandemic, there were significant disruptions in the global trade and significant delays in the Group's supply chain as a result of restrictions implemented to combat the Covid-19 pandemic. Further, the Russian invasion of Ukraine has caused, and may continue to cause, disruptions in the global trade and delays in the Group's supply chain. Also, the Group currently experience delays in its supply chain due to the blockage of the Suez canal. Further, high inventory levels imply high working capital and higher debt levels than the Group would have had with lower inventory levels. This, in combination with low earnings, have resulted, and may continue to result in, the Group struggling to meet the financial covenants under its Senior Facility Agreement (as defined below).

1.2.3 The Group's business model and competitive position is subject to the risk of weak sales prior to and during peak sales seasons.

As an operator within the sports retail industry, the Group is subject to seasonal peaks, and as a result, must actively manage its purchases, inventory levels and have sound stock control. Historically, the Group's most important peak selling months have been in the lead up to, and during, the summer holiday (June, July and August), late November (Black Friday) and December (Christmas). If the Group's pricing strategy fails, and especially prior to peak seasons, it may cause a significant reduction in the Group's revenues and lead to increased costs related to storage of unsold merchandise. The Group also incurs additional expenses in advance of these peak seasons in anticipation of higher sales during such periods, including the cost of higher inventory levels than usual. If the Group's future net sales during peak seasons are significantly lower than budgeted, for any given reason, it may be unable to adjust its inventory in a timely fashion and therefore be left with a substantial amount of unsold merchandise. In such event, the Group may be forced to rely on markdowns or promotional sales to dispose of excess inventory, which is likely to result in reduced revenues and may as a result have a material adverse effect on the Group's business, operating profit and overall financial condition. Conversely, if the Group fails to purchase a sufficient quantity of merchandise in advance of a peak selling season, it may not have adequate supply of products to meet customer demand, which may have a negative impact on customer loyalty in the medium or long term and could cause the Group to lose potential future sales as well as supplementary sales due to temporarily low stock.

1. Risk Factors (cont'd)

XXL

1.2.4 The Group's business is highly dependent on strong brand value in order to be perceived as an attractive retailer for consumers.

The Group is heavily reliant on market recognition of its brand to continue to attract customers in the markets where it operates. Management believes that the Group's brand recognition is especially strong in Norway, Sweden and Finland, where it has built its brand over several years. In the past years, there has been bad press about the Group's operations, especially in the Norwegian newspapers and media. The bad press has inter alia been related to the discovery of fictitious sales volumes in certain of the Group's Norwegian retail stores, violations of the Norwegian Working Environment Act and inadequate payment of employees, which could affect consumers impression of the Group and thereby weaken its brand image, primarily in the Norwegian market. The Group has also experienced negative media focus in relation to a statement about the Swedish environmental activist Greta Thunberg from the former XXL Sweden manager's personal social media account. The Group's ability to promote its brand, maintain or enhance its brand recognition and awareness among consumers and maintain a positive reputation in the markets where it operates is critical to maintain or increase its sales volumes. Substantial and continuous marketing efforts and campaigns are required in order to establish and maintain the XXL brand, meaning that the marketing risk – both in terms of brand success and associated costs – is high for the Group. If the Group's reputation is severely harmed due to negative publicity or otherwise, it would require significant additional resources to rebuild its reputation and consumer confidence and customer loyalty. It could also result in reduced profit due to lower sales volumes if consumers as a result find the Group and its product offering less attractive.

1.2.5 The Group depends on retaining and attracting qualified persons for key positions within the Group, and the failure of such could harm the Group's business going forward.

The Group is dependent on the leadership and experience of its key personnel, especially in its top management team, as well as attracting new talents who know the Group's business and the sports retail market. As example, and due to the high inventory risk in the sports retail industry, it is especially important that the Group has qualified people for positions within purchasing and inventory management. However, over the past years, several employees of the Issuer's executive management, including the CEO, and other employees with key positions within the Group have resigned. Loss of the services of any members of the Group's executive management team could have a material adverse effect on its business and prospects, as it may not be able to find suitable individuals to replace such personnel on a timely basis, or at all, without incurring increased costs for the Group. If the Group is not able to meet its staffing requirements this could impair its growth potential and profitability levels, thus resulting in an adverse effect on the Group's business, operating income and overall financial condition.

1.2.6 The Group relies significantly on information systems to operate its business.

The Group relies heavily on the uninterrupted operation of its computer systems for the efficient running of its business and operations, including, but not limited to, the monitoring of stock levels. Further, the Group's ability to effectively manage and maintain its inventory levels, and to ship products to its stores and customers on a timely basis, depends significantly on the functionality of the Group's information systems. Any significant disruption to the Group's computer systems and information technology could have an adverse effect on the proper functioning of the Group's stores, particularly with regard to store replenishment and distribution activities, which can be negatively impacted even by short-term system failures, and on the Group's ability to manage its operations, which could in turn have a material adverse effect on the Group's business, operating income and overall financial condition. The Group's insurance to cover the risk of business disruption will not cover all significant business disruptions, such as disruptions caused by cyberattacks.

1. Risk Factors (cont'd)

1.2.7 If the Group fails to maintain good relationships with its suppliers or is unable to obtain sufficient quantities of merchandise at acceptable prices, the Group's business and operating income may be adversely affected.

The Group's 25 largest third party suppliers accounted for approximately 48% of the Group's sales in 2022 and 50% in 2023. A significant portion of the Group's revenues is therefore derived from sale of third party products. The Group's business and maintenance of its current product offering at profitable prices is dependent on the Group's continued good relations with its third party suppliers, including vendors for its third-party branded products. Moreover, the manufacturing and sale of the Group's proprietary branded products is also dependent on the Group maintaining good relationships with its manufacturers. The sporting industry is highly competitive, with well-known global manufacturers with strong market presence and negotiation power. The Group operates on a purchase order basis for its proprietary branded and third-party branded merchandise, with framework agreements typically governing rights and responsibilities, order process, deliveries and payments, as well as bonuses and discounts. The Group's suppliers can terminate or amend their current agreements with the Group, and thereby limit the Group's possibility to sell attractive products and brands. If the Group loses key suppliers or the right to sell key merchandise, such being suppliers and/or merchandise that have the ability to attract customers to the Group's retail stores or online sales points, or is unable to find alternative suppliers to provide the Group with substitute merchandise for lost products, its business may be adversely affected, which may in turn result in a material adverse effect on the Group's operating income and overall financial condition.

1.2.8 The interruption of the flow of merchandise from international manufacturers could disrupt the Group's supply chain.

The Group had approximately 225 suppliers in 2022 (with annual sales exceeding NOK 5,000,000 (excluding VAT)) and 205 suppliers in 2023 (with annual sales exceeding NOK 5,000,000 (excluding VAT)), and the Group purchases the majority of its merchandise within the European Union (the "**EU**"). However, most of the Group's merchandise has been produced in manufactures located outside the EU, primarily in Asia where China is the largest manufacturer. Any future political, social or economic instability in Asia, including in relation to Covid-19, or in other regions in which the Group's or its suppliers' manufacturers are located, or the imposition of additional trade law provisions, regulations, duties, tariffs and other charges affecting imports and exports, could cause disruptions in trade or increase costs, including with regard to exports to Norway and the EU, which could affect the Group's ability to obtain sufficient sports and outdoors merchandise from its suppliers to supply the current markets demand. This may ultimately cause the Group to lose potential sales, which could have a material adverse effect on its business and growth, and its operating revenues.

1.2.9 The Group relies on certain key third party brands, and discontinued supply of such brands could have a material adverse effect on its competitiveness and revenues.

A significant portion of the Group's net sales is derived from sale of certain third-party products. In 2023, approximately 13% of the Group's total revenues was derived from sale of sports and outdoors merchandise from Adidas® Helly Hansen® and BRAV®. The market demand for these products is in general high, and the Group is therefore dependent on being able to offer sports and outdoors merchandise from these brands to attract customers. The Group cannot guarantee that the suppliers of these brands will continue to provide the Group with these brands going forward, nor that the Group will be able to retain and renew their current supply agreements with the relevant suppliers on similar terms and conditions. Many customers are engaged and knowledgeable, and as a result brand and product conscious. If any supplier of the Group's key brands limits the product assortment or ceases their supply to the Group, it would not be able to maintain its current offer of products from these brands, which could result in customers choosing to shop with the Group's competitors and ultimately reduce the Group's revenues, thus having an adverse effect on the Group's overall business.

1. Risk Factors (cont'd)

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1.2.10 The Group may be unable to invest in net new store openings in the future and successfully implement its business and growth strategy going forward.

Expansion into new markets or opening new stores requires significant upfront capital, and any such activities may not be profitable even if the Group's business and growth strategy is successfully implemented. The Group primarily relies on cash flow generated from existing stores to fund current operations and growth plans. It takes several months and a significant amount of cash to open a new store. Opening new stores has a negative impact on the Group's cash position. An increase in the Group's net cash outflow for new stores could adversely affect its operations by reducing the amount of cash available to address other aspects of the Group's business. Under the Senior Facility Agreement, the Group needs acceptance from the lenders to open net new stores in 2024 unless the rental agreement for such store was signed prior to 31 January 2023. Becoming a strong player in any other new markets, will require a significant amount of capital investment by the Group, especially in relation to costs related to opening new stores and investments in e-commerce platforms in such markets. Further, the Group's ambition in the long-term is to become the leading omni-channel sports retailer in the Nordics. This will also require further investments, both in the Group's in-store systems and technology (like automated pick up solutions, Radio-frequency identification ("**RFiD**") technology and digital price tags), and on e-commerce solutions and systems (like personalized customer segmentation and communication and upgraded e-commerce platform). If the Group is unable to generate sufficient cash flow from its operations to fund these activities, or, if such even available on favourable terms, additional external financing or equity contributions from shareholders, it may not be able to fully implement its growth strategy.

1.2.11 The Group does not own or operate any manufacturing facilities and is dependent on independent third parties for the manufacture of its own merchandise.

Approximately 11% of the Group's total operating revenue was related to merchandise sold by the Group under its controlled brands in 2022 and 13% in 2023. The Group does not own or operate any manufacturing facilities to manufacture its private label merchandise. As a result, the Group is dependent upon its timely receipt of quality merchandise from third-party manufacturers, who are primarily located in China. A manufacturer's inability to produce and ship orders to the Group in a timely manner or meet its quality standards could cause delays in responding to consumer demands and negatively affect consumer confidence in the quality and value of the XXL brand or negatively impact the Group's competitive position, all of which could have a material adverse effect on the Group's business, operating income and overall financial condition. Furthermore, the Group's costs may increase as a result of increases in sourcing costs or changes in payment terms from manufacturers, and the Group may not be able to pass such costs on to customers and must, in such events, bear the costs itself. This could adversely affect the Group's operating income and therefore its financial condition.

1.2.12 The Group's profitability is dependent on its logistics and distribution infrastructure.

An important part of the Group's strategy is to achieve cost efficiencies while maintaining turnover growth. The Group's cost efficiencies depend on its continued ability to identify and implement improvements to its logistics and distribution infrastructure. Since 2010, the Group has made significant investments and improvements to its logistics and distribution infrastructure by establishing two central warehouses. The central warehouse outside Oslo, Norway, serves the Norwegian market, while the Group's central warehouse in Örebro, Sweden, serves the Swedish and Finnish market. To maintain a cost efficient distribution of sports goods and equipment from the Group's warehouses to its local markets, the Group is dependent on accurate supply of such merchandise to its physical stores that are located across a broad geographic area with many local and seasonal differences. The Group is therefore vulnerable to errors and misconceptions in its systems when calculating which merchandise to ship to its physical stores. If the Group fails to ship merchandise that match consumer demand in the local markets, such could result in increased transportation costs, lower sales in that area due to inadequate supply, and ultimately result in reduced profitability for the Group.

1. Risk Factors (cont'd)

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1.2.13 The Group is subject to risks associated with leasing substantial amounts of space, including future increases on occupancy costs.

The Group does not, nor does it intend to, own any of the properties where its retail stores, warehouses or office spaces are located, and therefore depends on its ability to operate its retail stores and warehouses under lease agreements entered into with property owners. In the event of new store openings, the Group is required to enter into the relevant lease agreement between 6 to 24 months prior to the opening date. If the Group is unable to secure a favourable lease contract for the new store, such could result in delays or termination of the new store opening. Moreover, the Group's existing leases are typically medium-term (5 to 10 years), if a store under a lease contract is closed, the Group may nonetheless be committed to perform its obligations under the applicable lease agreement or pay a fee to terminate the agreement, if such is allowed under the relevant lease agreement. The Group's ability to negotiate or renegotiate favourable lease terms for its new and existing retail stores may be adversely affected by factors beyond its control, such as fluctuations in the commercial real estate market due to a decrease in available sites, increase in market rent or competition for attractive sites. As a result, the Group may experience increase occupancy costs to maintain certain locations or lose some of its prime locations, which could affect not only its sales volumes in that store but also reduce online sales as the in-store pick-up point is moved for customers residing near the relevant location.

1.3 Risks related to financing and market risk

1.3.1 Financial covenants of the Senior Facility Agreement may negatively impact the Group's business.

The Group is subject to certain affirmative and negative covenants contained in the senior multicurrency revolving facility agreement originally dated 27 May 2020 and made between, inter alia, the Issuer as borrower and DNB Bank and Nordea as original lenders (as amended and restated, the "**Senior Facility Agreement**"). In particular, the Senior Facility Agreement requires the Group to maintain a minimum amount of liquidity reserve of NOK 200 million, a Leverage Ratio not exceeding 5.50:1 in Q2 2025, 4.75:1 in Q3 2025 and 4.00:1 from Q4 2025 and forward, no more than 50% of the book value of the inventory in outstanding gross loan facilities (excluding the value of supplier bonuses) and certain restrictions on the size of the inventory of XXL Sport & Vildmark AB without providing additional floating charges over its assets. The Group's ability to meet those financial conditions can be affected by events beyond the Group's control, and the Group cannot assure that the Group will meet them. Some of the covenants and restrictions in the Senior Facility Agreement could limit the Group's ability to finance future operations and capital needs and its ability to pursue activities that may be in the Issuer's and/or the Group's interest. The Group may also be subject to affirmative, negative and other covenants contained in other agreements for financial indebtedness. The financial year ended 31 December 2023 proved to be a challenging year for the Group. The Issuer is closely monitoring the Group's compliance with applicable financial covenants and other covenants under the Senior Facility Agreement. Any breaches of financial or other covenants of the Senior Facility Agreement could result in an event of default. Upon the occurrence of any event of default under the Senior Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Senior Facility Agreement and elect to declare all amounts outstanding under the Senior Facility Agreement, together with accrued interest, immediately due and payable. This could have a material adverse effect on the Group and its ability to carry on its business and operations and, in turn, the Issuer's ability to fulfil its obligations under the Senior Facility Agreement, including paying all or parts of the interest or principal amount. In addition, any default or acceleration under the Senior Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the overdraft facility agreement entered into between XXL Sport & Villmark AS and Nordea Bank Abp, filial i Sverige in respect of the overdraft loan facility (the **"Overdraft Facility Agreement"**).

1. Risk Factors (cont'd)

1.3.2 The Group is exposed to liquidity risk

The Issuer has over the last years delivered weaker financial performance driven by a softening in the market and tough competition putting pressure on gross margins. Consequently, the Issuer has previously been required to raise equity to secure sufficient liquidity and to secure amendments of the covenants in its senior bank financing to avoid breaches. The Issuer's current business plan assumes, inter alia, positive effects from the ongoing improvement initiatives and gradual improvement of market conditions. In an event that the market conditions do not develop as expected by the Issuer and/or the Issuer is not successfully achieving the planned benefits from the ongoing improvement initiatives, there is a risk that the Group do not have sufficient liquidity to, for example, repay a deferred Swedish tax payment falling due on 12 September 2024, which could have a material adverse effect on the financial condition of the Group.

1.3.3 The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Issuer's ability to declare dividends to its shareholders.

The Group's main financing arrangements are the Senior Facility Agreement and the Overdraft Facility Agreement. In addition, the Group may incur additional indebtedness in the future, subject to the terms of the Senior Facility Agreement. The Group's ability to service its future debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all.

1.3.4 Interest rate fluctuations could affect the Group's cash flow and financial condition.

The Group has significant amounts of debt. During 2022 and 2023, the global, and the Norwegian, economy has seen an increase in interest rates and inflation, which has caused economic uncertainty. The Group has a floating interest under the Senior Facility Agreement, and is thereby exposed to interest rate risk. Any hedging arrangements entered into by the Group will only combat fluctuations in interest rates in the short term. The longer term cost effects of fluctuations in the floating interest rate will be carried by the Group. As such, the recent, and any future, movements in interest rates could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and prospects.

1.3.5 Fluctuations in exchange rates could affect the Group's cash flow and financial condition.

The Group operates in Norway, Sweden, Denmark and Finland and the Group's customers pay for products in NOK, SEK, DKK and EUR and the Group pays a number of its suppliers in NOK, SEK, DKK, USD and EUR, which leads to sensitivity to exchange rates in these currencies. The Group bears certain risks of disadvantageous changes in exchange rates, whereas any hedging arrangements entered into by the Group will only combat the short term effects of currency fluctuations. If prices for the Group's products are not adjusted in accordance with increased cost due to disadvantageous exchange rates, the Group will not be able to move any such increased costs on to its customers. Given the Group's "lowest price" profile, it will not be able to increase its prices if its competitors maintain a lower price. As a result, fluctuations in exchange rates may result in higher costs and lower gross margins for the Group, and may ultimately have a negative effect on its business, result of operations, cash flows, financial condition and prospects.

1. Risk Factors (cont'd)

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1.4 Risks related to laws and regulations

1.4.1 The Norwegian tax authorities disagree with the Group's transfer pricing model, which may result in higher taxable income and thus higher tax costs for the Group.

Challenges by tax authorities related to the Group's transfer pricing model may lead to an increased tax cost for the Group. The Group has received a reassessment by the Norwegian tax authorities related to its transfer pricing model and the impact this model has on XXL Sport & Villmark AS' taxable income, resulting in additional tax payable in Norway in the total amount of NOK 138,908,976 for the years 2015, 2016, 2017 and 2018 exclusive reassessment interest. On 3 October 2023, the Group received a payment claim of the net balance of NOK 90 million between the claim from the Norwegian tax authorities and the estimated additional tax to Switzerland of approximately NOK 49 million which has been paid accordingly. The Group does not agree with the reassessment and seeks to mitigate the net tax effects by adjustments to taxable income in another jurisdiction through mechanisms in relevant double taxation treaties between Norway and such jurisdiction, which could lead to a refund from that jurisdiction. The Issuer is also in dialogue with the Norwegian tax authorities regarding postponed payment of the Norwegian tax amount until the tax amount has been finally determined and the payment is put on hold until a potential postponement is concluded. However, no assurance can be made that such adjustments will be accepted, that any such mechanisms will reduce the net tax amount payable by the Group or the Norwegian tax authorities agreeing to postponed payment of the reassessed tax amount. The payment of the Norwegian tax amount was originally scheduled for July 2023 and the finally determined amount will be charged with at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 no. 100, currently 12.5% per annum. The Group's tax costs can have an adverse effect on the Group's business, results of operation and financial condition. The Group may also incur substantial costs defending any claims for unpaid taxes from the Norwegian tax authorities.

1.4.2 The Group has received a temporary deferral of tax payments of 2021 which will be payable on 12 September 2024 unless a further deferral is granted.

The Group has received a temporary deferral of tax payments for 2021 which has resulted in a tax repayment for that year in the amount of SEK 345 million. On 14 August 2023 the Issuer was granted a further deferral which means that the tax payments for 2021 in the amount of SEK 345 million will become due and payable on 12 September 2024, unless a further deferral is being granted. The repayment of the deferred tax costs in September 2024 may have an adverse effect on the Group's business, results of operation and overall financial condition.

1.4.3 The Group sells firearms that may represent risk of incurred costs.

The Group sells firearms and ammunition. These products are associated with an increased risk of the Group being complicit in personal injury and/or property damage. As a result, the Group may incur losses due to compensations, lawsuits, and negative public exposure. In the future, there may also be increased regulatory demands relating to the sale, ownership and use of firearms and ammunitions in the countries where the Group currently operates as well as countries in which it may operate in the future. Lawsuits against the Group or the establishment of new regulations could reduce the Group's net sales of firearms and ammunition, which could have a material adverse effect on the Group's operating income and overall financial conditions.

1. Risk Factors (cont'd)

XXL

1.5 Risks related to the Shares

1.5.1 Large shareholders may enjoy significant voting power and influence matters requiring shareholder approval.

Altor Equity Partners holds approximately 33% of the A-shares in the Issuer, representing 33% of the votes, and are expected to continue to hold a significant number of A-shares in the Issuer following the Private Placement. A concentration of ownership may have the effect of delaying, deterring or preventing a change of control of the Issuer, and impact mergers, consolidations, acquisitions or other forms of combinations which may not be desired by other investors. The interests of shareholders exerting a significant influence over the Issuer may not in all matters be aligned with the interests of the Issuer and the other shareholders of the Issuer. Further, larger share sales (block sales) by large shareholders who wish to significantly reduce their shareholding in the Issuer could affect the market price of the Shares and make it more difficult for shareholders to sell their Shares at a time and price deemed appropriate.

1.5.2 The Share price could fluctuate significantly.

An investment in the Shares is associated with a high degree of risk, and the price of the Shares may not develop favourably. Investors may not be in a position to sell their shares quickly at the market price or at all if there is no active trading in the Shares.

The share prices of companies admitted to trading on the Oslo Stock Exchange can be highly volatile, and the trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Issuer's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Issuer's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Issuer operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Issuer, and such fluctuations may materially affect the price of the Shares.

Agenda

Senior management

Highly experienced management team with significant consumer and retail knowledge

Overview

							
Name	**Freddy Sobin**	**Stein Eriksen[1]**	**Tolle Grøterud**	**Emelie Friis**	**Simen Helly-Hansen**	**Peter Jansson**	**Dawid Gosciniak**
Role	Chief Executive Officer	Chief Financial Officer	EVP HR, Communications, IR and Sustainability	Executive Vice President – Marketing & growth	Executive Vice President – Category, buying & supply	Senior Vice President – IT development & support	Chief Operating Officer
Experience	• 19 years of experience in B2C e-commerce and retail • Experience from start-ups and scale ups as well as turn arounds/restructuring • CEO assignments during the last 13 years	• Long-standing CFO in XXL • Previous CFO experience from Orkla Care and Lilleborg • Other roles includes SVP Finance at Orkla ASA and auditor at Arthur Anderson	• Previous experience as Partner at Arctic Securities and VP investor relations at Telenor ASA • Had several roles within XXL, including CEO	• Over 25 years of experience in marketing with focus on FMCG, retail and consumer brands	• Over 20 years with strong and diverse international experience • Coming in with proper and relevant category management competence	• A previous IT consultant that joined XXL in 2014 • Has up until now acted as SVP tech development (~CTO)	• Over 20 years retail experience within fashion & lifestyle, mainly within H&M • Earlier roles includes head of global construction, global leasing, store development in global expansion and more
XXL tenure length	Joined XXL May 2023	Joined XXL October 2018	Joined XXL October 2014	Joined XXL August 2023	Joined XXL November 2023	Joined XXL November 2023	Joins XXL April 2024
Education	MSc., Major in Business Management & Minor in Entrepreneurship from Stockholm School of Eocnomics	M.Sc. in Economics and Business Administration (Siviløkonom) from Norwegian School of Economics	M.Sc. in Finance from the Norwegian School of Economics	Executive education in Strategic Marketing Management from Harvard Business School	B.Sc. of Business from Auckland University of Technology, M.Sc. Marketing Management from KEDGE Business School and M.Sc. In Economics from BI Norwegian Business School	M.Sc. In Computer Science from Kungliga Tekniska Högskola and B.Sc in Computer Science from Blekinge Tekniska Högskola	M.Sc in International Relations and Affairs from Collegium Da Vinci

[1]The Company's CFO, Mr. Stein Alexander Eriksen, has informed the Company that he will leave XXL this summer

Board of directors

Seasoned industry experts and governance leaders

XXL

Overview









Name	**Håkan Lundstedt**	**Kjersti Hobøl**	**Ronny Blomseth**	**Kari Ekelund Thørud**	**Tom Jovik**	**Helena Henriksen**	**Tor Andrin Jacobsen**	**Kjell Arne Fikerud**	**Kine Ludvigsen**
Role	Chairman of the board	Vice chairman	Board member	Board member	Board member	Board member – employee representative	Board member – employee representative	Board member – employee representative	Board member – employee representative
Experience	• More than 25 years of experience within consumer-oriented businesses • President and CEO of Synsam-Gruppen for over 9 years • Previous experience as CEO of Mekonomen Group and CEO in Lantmännen AXA • Board member of Clas Ohlson AB	• Currently CEO of Nille after being CEO of Kid Interiør for >8 years • She is also board member of Orkla Foods, Elektroimportøren and Aspolin Ramm • Various roles within finance in COOP and DNB early in her career	• CEO of Power International • He is also member of the board in Ark Bokhandel • Previously been in the board of Elektroimportøren and Europris	• Vice President of Ownership and Governance, Business Unit Energy in Norsk Hydro • Previously been the CEO of NordPool • Previous experience from the board in Sval Energi, Eidsiva Energi and Energi Norge	• Principal at Altor Equity Partner and has been in the company since 2011 • Management consultant at Arkwright prior to joining Altor • Holds an MBA from Wharton and a master degree from the Norwegian School of Economics	• VP category in Leisure & Youth since 2016 • Responsible buyer for various categories within sports and outdoor • Started working in the company in 2010 as a sales manager • To be replaced by Kine Ludvigsen in May 2024	• Store manager, Sartor • Former sales leader in one of XXL's stores • Responsible for education of all outdoor departments in new stores in Norway • Educated nutritionist and currently studies business economics	• Working at the central warehouse facility in Norway with the fulfilment system Autostore • Long experience within logistics serving for several industrial and retail companies before joining XXL	• New board member as of May 2024 replacing Helena Henriksen • Over 13 years of experience in XXL, as store sales leader, store manager and currently operations manager in XXL Norway

Tax liabilities

XXL

SEK 345m liability to Swedish tax authorities

- In the second quarter 2023 XXL received a temporary deferral of Swedish tax payments for 2021, which has resulted in a tax repayment for that year in the amount of SEK 345 million that improved the liquidity reserves accordingly
- The deferred tax amount will become payable on 12 September 2024, provided that a standard extended 36 months payment plan is not accepted by Swedish authorities
- The deferred tax payment is booked at net interest-bearing debt in XXL's accounts as of 31.12.2023
- The deferred tax liabilities carries an interest rate of 5%
- The deferred tax liability is owed by XXL Sport & Vildmark AB
- The 36-month payment plan will be done in monthly instalments and currently carry an interest of 5%

Reassessment and dispute with Norwegian tax authorities

- In 2018, Norwegian Tax Authorities ("**NTA**") investigated and consequently indicated that it believed that IWE was not a fully-fledged wholesaler and as such was taxable in Norway, rather than in Switzerland
- On June 2023, XXL Sport & Villmark AS received the final decision regarding a tax payable affect of NOK 139m following the reassessment of taxable income for the subsidiary XXL Sport & Villmark AS relating to XXL group's international transfer pricing model
- Despite applying for a delay of payment, the company was not granted an extension, and was in stead ordered to pay NTA the net balance of NOK 90m between the claim from NTA of NOK 139m and the estimated additional tax to Switzerland of NOK 49m
- On 3 October 2023 XXL paid NOK 90 million to the Norwegian tax authorities
- XXL does not agree with the reassessment. The amount is not based on a qualitative assessment of what is the expected outcome of the case. XXL has asked for MAP/APA negotiations between competent authorities in order to mitigate the net tax effects for the XXL group, by adjustments to taxable income in another jurisdiction through mechanisms in relevant double taxation treaties between Norway and such jurisdiction and which could lead to a refund from that jurisdiction
- The amount is not based on a qualitative assessment of what is the expected outcome of the case. XXL has asked for MAP/APA negotiations between competent authorities in order to mitigate net tax effects for the XXL group by adjustments to taxable income in another jurisdiction through mechanisms in relevant double taxation treaties between Norway and such jurisdiction and which could lead to a refund from that jurisdiction
- XXL has also appealed the reassessment to the tax appeal board. The appeals process is put on hold pending MAP/APA negotiations

Profit and loss statement

XXL

Amounts in NOKm	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023[1]
Operating revenue	**9,475**	**8,993**	**10,423**	**9,597**	**8,426**	**7,961**
Cost of goods sold	5,938	5,887	6,519	5,649	5,705	5,452
Personnel expenses	1,615	1,652	1,863	1,787	1,665	1,657
Depreciation and amortization	189	691	753	771	703	754
Impairment losses	-	-	-	13	1	576
Other operating expenses	1,380	916	924	776	819	932
Operating income	**352**	**(153)**	**364**	**602**	**(467)**	**(1,409)**
Net financial income (expense)	(57)	(183)	(172)	(136)	(64)	(157)
Income before tax	**295**	**(336)**	**191**	**466**	**(531)**	**(1,566)**
Income tax expense	58	(47)	66	25	(120)	63
Net income from continuing operations	-	-	-	440	(411)	(1,629)
Net income discontinued operations	-	-	-	(246)	(130)	(138)
Net income	**237**	**(290)**	**126**	**194**	**(542)**	**(1,766)**

[1] Unaudited numbers

Balance sheet (1/2)
Assets

XXL

Amounts in NOKm	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023[1]
Non-current assets						
Intangible assets						
Trademarks	198	194	194	193	192	-
Proprietary software	41	47	50	50	53	-
Software	12	12	14	18	19	-
Deferred tax asset	0	73	18	64	166	253
Goodwill	2,734	2,744	2,744	2,744	2,744	2,222
Other intangible assets	-	-	-	-	-	270
Total intangible assets	**2,985**	**3,070**	**3,019**	**3,069**	**3,175**	**2,745**
Property, plant and equipment						
Construction in progress	4	15	18	17	6	-
Machinery and equipment	75	62	59	49	31	-
Land and buildings	24	23	22	21	19	-
Transport and vehicles	1	1	1	0	0	-
Fixtures and fittings	804	755	739	738	556	-
Rights of use assets	-	2,827	2,569	2,126	1,842	1,804
Fixed assets	-	-	-	-	-	490
Total property, plant and equipment	**909**	**3,683**	**3,408**	**2,952**	**2,455**	**2,294**
Total financial assets	**9**	**(0)**	**-**	**-**	**-**	**-**
Total non-current assets	**3,903**	**6,753**	**6,427**	**6,020**	**5,630**	**5,039**
Current assets						
Inventory	3,211	2,604	1,835	2,220	2,328	1,776
Trade receivables	258	153	166	161	136	320
Other receivables	96	107	118	440	124	-
Cash and cash equivalents	194	433	830	173	552	406
Total current assets	**3,760**	**3,297**	**2,949**	**2,994**	**3,140**	**2,503**
Total assets of disposal group held for sale	-	-	-	0	263	-
Total assets	**7,662**	**10,050**	**9,375**	**9,015**	**9,034**	**7,542**

[1] Unaudited numbers

Balance sheet (2/2)

Equity and liabilities

Amounts in NOKm	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023[1]
Equity						
Share capital	56	67	102	101	101	-
Share premium	2,697	3,264	3,609	3,049	2,900	4,064
Other paid-in equity	37	29	31	36	40	-
Non-controlling interest	-	-	26	30	10	-
Other equity (retained earnings)	920	275	417	537	14	(1,725)
Total equity	**3,710**	**3,635**	**4,185**	**3,753**	**3,066**	**2,339**
Non-current liabilities						
Deferred tax liability	41	9	3	-	-	-
Non-current interest bearing debt	1,081	767	483	485	494	276
Non-current lease liabilities	-	2,428	2,180	1,925	1,568	1,528
Total non-current liabilities	**1,122**	**3,204**	**2,665**	**2,410**	**2,062**	**1,786**
Current liabilities						
Accounts payable and supplier finance	861	980	532	644	1,214	879
Current lease liabilities	-	553	593	567	533	585
Current interest bearing debt	994	889	418	395	1,135	1,006
Tax payable	53	0	16	102	9	28
Public duties payable	385	385	391	544	360	342
Other current liabilities	538	405	574	600	494	577
Total current liabilities	**2,831**	**3,212**	**2,524**	**2,852**	**3,745**	**3,416**
Total liabilities	**3,953**	**6,416**	**5,190**	**5,262**	**5,808**	**5,203**
Total liabilities of disposal group held for sale	-	-	-	0	160	-
Total equity and liabilities	**7,662**	**10,050**	**9,375**	**9,015**	**9,034**	**7,542**

[1] Unaudited numbers

Cash flow statement

XXL

Amounts in NOKm	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023[1]
Income before tax	**295**	**(336)**	**191**	**466**	**(531)**	**(1,566)**
Income tax paid	(113)	(75)	-	(16)	(38)	-
Depreciation and amortization	189	692	753	754	703	1,330
Impairment	-	-	-	13	1	-
Net financial expense	57	183	172	137	64	138
Changes in inventory	(89)	291	789	(323)	(374)	552
Changes in accounts receivable	21	119	(19)	(327)	337	(44)
Changes in accounts payable and supplier financing	32	111	(462)	112	572	(340)
Other changes	68	(47)	229	(7)	(96)	100
Cash provided (used) by operating activities from discontinuing operations	.	-	-	97	44	28
Cash provided (used) by operating activities	**460**	**938**	**1,653**	**905**	**682**	**198**
Cash flow from investing activities						
Investment in fixed assets	(243)	(163)	(181)	(219)	(132)	(129)
Payments/proceeds from acquisitions/disposals	0	(4)	22	(43)	(7)	-
Cash provided (used) by investing activities	**(243)**	**(168)**	**(159)**	**(261)**	**(139)**	**(129)**
Cash flow from financing activities						
Sales/(purchase) of own shares	(109)	477	(100)	(77)	(8)	-
Proceeds from share issue	-	-	500	(483)	(145)	-
Proceeds from share capital increase	-	-	-	-	-	1,001
Transaction costs	-	-	-	-	-	(35)
Extraordinary dividends	-	-	-	(1,006)	(150)	-
Payment on debt	86	-	(2,366)	993	883	342
Proceed on debt	-	(387)	1,546	(29)	(61)	-
Interest payments	(36)	(69)	3	(79)	(78)	(84)
Interest on lease liabilities	-	-	(95)	558	(560)	(607)
Total leasing payments for the lease liability	-	(547)	(582)	(45)	(45)	(33)
Dividend	(276)	-	-	-	-	-
Cash provided (used) by financing activities	**(335)**	**(526)**	**(1,094)**	**(1,284)**	**(164)**	**(285)**
Net change in cash and cash equivalents	(117)	244	400	(640)	379	(216)
Cash and cash equivalents – beginning of year	314	194	433	830	173	575
Effect of foreign currency rate changes on cash and cash equivalents	(2)	(6)	(3)	(16)	-	24
Cash and cash equivalents – assets held for sale – end of period	-	-	-	-	23	23
Cash and cash equivalents total group – end of year	194	433	830	173	575	406

[1] Unaudited numbers

Alternative performance measures (APM) – 1/2

As included in Q4'23

XXL

Definitions

Alternative Performance Measures (APM)
Certain financial measures and ratios related thereto in this quarterly report, including growth, gross profit, gross margin, EBIT, EBIT margin, EBITDA, EBITDA margin, working capital and Net Interest-Bearing Debt (collectively, the "Non-GAAP Measures"), are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this quarterly report because they are among the measures used by Management to evaluate the cash available to fund ongoing, long-term obligations and they are frequently used by other interested parties for valuation purposes or as a common measure of the ability of a company to incur and meet debt service obligations. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, and you should not consider such items as alternatives to profit for the year, total operating revenues, operating income, or any other performance measures derived in accordance with IFRS, and they may be different from similarly titled measures used by other companies. All amounts in tables below are in NOK million.

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

EBIT
Our EBIT represents operating income.

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

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

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

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

Reconciliation

	Q4'23	Q4'22	FY23	FY22
Net Income	-1 017	-373	-1 629	-411
+ Impairment Losses	576	0	576	0
= Net Income adj	**-441**	**-373**	**-1 053**	**-411**

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

Reconciliation

	Q4'23	Q4'22	FY23	FY22
Operating Income	-767	-408	-1 409	-467
+ Depreciation	178	172	754	703
+ Impairment losses	576	0	576	0
= EBITDA	-13	-236	-80	237

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

Gross profit / Gross margin
Gross profit represents operating revenue less cost of goods sold. Gross margin is gross profit in per cent of revenue.

Reconciliation

	Q4'23	Q4'22	FY23	FY22
Operating revenue	2 049	2 264	7 961	8 426
+ Cost of goods sold	1 362	1 816	5 452	5 705
= Gross profit	**687**	**448**	**2 508**	**2 721**
Gross margin	**33.5%**	**19.8%**	**31.5%**	**32.3%**

Working capital
Working capital consists of trade and other receivables, accounts payables, inventory, public duties payable and other current liabilities.

OPEX
OPEX is defined as other operating expenses including personnel expenses, but excluding depreciation and amortization.

Reconciliation

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

Net interest-bearing debt (NIBD)

Net interest-bearing liabilities is defined as non-current interest-bearing debt and current interest-bearing liabilities less cash and cash equivalents. NIBD does not include lease liabilities due to IFRS 16. Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

Reconciliation

	FY23	FY22
Non-Current Interest-Bearing liabilities	276	494
+ Current Interest-Bearing liabilities	1 006	1 135
+ Cash and Cash Equivalents	406	575
= Net Interest-Bearing Debt	**876**	**1 054**

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

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

Reconciliation

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

Ecommerce
Ecommerce is sales through online sales channels in comparison to sales through retail stores that are physical stores.
Inventory per store
Total inventory divided on number of stores and number of E-commerce markets at end of period.

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

Alternative performance measures (APM) – 2/2

As included in Q4'23

XXL

IFRS 16 effects affecting EBITDA and EBIT

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

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

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

All sports united.
Sports unite all.