

XXL ASA

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES ANNUAL GENERAL MEETING 2021

Approved by the board of directors 12 May 2021

1. General

These guidelines for remuneration of senior executives are prepared by the board of directors of XXL ASA ("XXL" or the "Company" and together with its subsidiaries the "Group") in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act (the "Companies Act"), for consideration at the annual general meeting on 3 June 2021, according to the Companies Act section 5-6 (3).

The guidelines apply to the CEO, CFO and other members of the management who report directly to the CEO, currently a total of 10 employees ("Senior Executives"). The guidelines furthermore shall apply to any employee elected board member, which the Company is in the process of establishing, but only with respect to remuneration received in the capacity as board members. The guidelines apply to the financial year 2021 and will remain in effect until new guidelines are adopted by the general meeting.

2. How the guidelines advance XXL's business strategy, long-term interests and sustainability

XXL is a leading sports retailer with stores and e-commerce in Norway, Sweden, Finland, Denmark and Austria. Our vision is to be the preferred destination for the sports and outdoor enthusiasts.

XXL is in the sports and outdoor segments of the market. In this part of the market, we target the active people – the enthusiasts. Those who already find joy in sports and outdoor activities, and those who have just started. For our target group, we want to become a complete destination for sports and outdoor gear—a place they actively want to visit. In order to achieve that, we also need to become preferred in two other important dimensions - by our suppliers and by our employees. XXL's overall strategic program is based on 5 strategic pillars to facilitate growth in both short and long-term perspective.

Strategic pillars

1. **Strengthen our offering to support our target position as "a complete destination"**

At XXL we offer great brands at great prices. Our broad assortment is truly one of our key differentiators. We are constantly optimizing our assortment finding the balance between providing a product range from novice to the trained enthusiasts. Close cooperation and strong relationships with our suppliers are important realizing this ambition

2. **Enhance our marketing approach and build the XXL brand**

XXL is a strong brand in the Nordic markets but we will revitalize our brand platform to modernize our communication and marketing. We target to be more segmented and personal in our customer communication to optimize relevance to our customer base. In parallel also differentiate our communication more to give customers inspiration and see the width of our value propositions

3. **Establish XXL as omni-channel champion**

We are investing to both improve customer experience online as well as improving the customer journey across our online and physical retail. As a part of this ambition, we are investing on RFID and ESL technology to provide a flexible and robust omni-channel infrastructure. Flexible and efficient delivery options must be a given when shopping at XXL

4. ***Improve in-store experience, concept and service offering***

Our highly accessible stores are a key asset to XXL and we will update and modernize the concept to improve the customer experience even further.

5. ***Strengthen operational efficiency and our customer orientation***

To succeed going forward we need to maintain our high efficiency but make it even more easy to do so. We need to standardize our way of working and that we have the best toolbox and systems for daily operations so that we all can maximize efforts spent towards our customers

Strategic targets

Our strategic targets are:

- Our ambition is long-term market share gains in all markets and continue the growth within the e-com channel, a cornerstone of our strategy
- We target to strengthen and improve our gross margin further from the stabilized 2020-levels
- We continue to invest in improved operational efficiency to decrease the cost ratio and increase quality

More information regarding XXL's strategic priorities can be found in XXL's annual report and on XXL's website <http://xxlasa.com/corporate/about/strategy/>.

To successfully implement XXL's strategy and safeguard the long-term interests of the Group, the Group must be able to recruit, develop and retain Senior Executives with relevant competence, expertise and advanced leadership skills. It is therefore important that the Group offers its Senior Executives terms that provide motivation and are in line with the market level, and that are also well balanced and reasonably based on the Senior Executives' competence, responsibility and performance. At the same time, it is fundamental for XXL that the policies for the executive payment ensures financial sustainability and that the overall level of remuneration does not entail an unreasonable burden on XXL's liquidity and equity.

The remuneration guidelines seek to provide a clear framework for remuneration for Senior Executives, so that an environment that promote XXL's strategy and long-term goals can be developed and contribute to increased shareholder value.

3. The main principles of XXL's remuneration policy for Senior Executives

Senior Executives' remuneration in XXL and group companies shall be determined on the basis of the following main principles.

3.1 Management remuneration shall be competitive, but not leading

Senior Executives' remuneration shall, as a general guideline, be tailored to attract and retain skilled leaders. Remuneration (the sum of all salary and benefits received) should normally be in line with remuneration in comparable senior executives' positions in similar businesses. When determining management remuneration, proper consideration shall be given to XXL's financial position, and the level chosen shall be defensible from XXL's perspective.

3.2 Management remuneration should be motivational

Remuneration for the Senior Executives should be structured to motivate employees to strive to improve operations and XXL's results. The main element in management remuneration should be regular pay, although additional variable incentives should be available to motivate the Senior Executives' efforts on behalf of XXL. Clear connections must exist between the goals determining variable pay and the objectives of XXL. Variable pay must be based on mainly objective, definable and measurable criteria. For the Senior Executives, variable pay (bonus) may not exceed 100% of fixed base salary. The criteria will be based on circumstances which are possible for management to influence, and specify a distinct period for which variable pay will be determined. The system for variable pay shall be transparent and easily comprehensible.

In addition, XXL has implemented a program for restricted share units and an equity-based long term investment, as further described below, to further align the interests of the company and the employees and its shareholders, and to motivate the employees to contribute materially to the success and profitability of XXL.

3.3 The remuneration system should be flexible, permitting adjustments as needs change

To be able to offer competitive remuneration, XXL must have a flexible pay system which can accommodate special solutions.

4. Types of remuneration and principles for benefits which can be offered in addition to regular pay

The basis for fixing Senior Executives' pay is the aggregate level of a Senior Executive's regular salary and other benefits. This level is to be competitive, but not leading. Regular pay should normally be the main element of the Senior Executive's remuneration. Except for share based incentives, where any variable remuneration is concerned, specific maximum amounts for the relevant recipient should be fixed at the time the remuneration is determined.

In general, the remuneration consists of five elements:

- regular pay,
- bonus scheme,
- Program for restricted share units,
- Equity-based long term investment program,
- pension benefits, and
- other benefits.

XXL has sought to structure a plan combining base salary, short term bonuses and share incentives to (i) motivate the Senior Executives to strive to realise XXL's strategic goals including financial results, (ii) be suitable to attract and retain skilled leaders taking into account the market XXL participates in, and (iii) that the plan is in line with the management salaries for comparable executive management in similar businesses.

4.1 Regular pay

The regular pay is the main element of the Senior Executives' remuneration. Additional cash bonuses are, at time of grant, subject to a maximum of 50% of the respective employee's gross base salary, however such that the Group will honor existing bonus agreements with Senior Executives to the extent any such agreements deviates from the aforementioned bonus threshold.

The following refers to the individual benefits which may be granted in addition to regular pay. Unless specifically mentioned, no special terms, conditions or allocation criteria apply to the benefits mentioned.

4.2 Variable remuneration

Skilled employees are XXL's most important resource for success. XXL is dependent on recruiting competent employees, motivate each employee to perform their very best and retaining valuable employees to promote XXL's business strategy, long-term interests and sustainability. XXL has implemented and may implement variable remuneration as a key contribution to achieve this. The variable remuneration as described below is linked to value generation for shareholders over time and are structured to create an ownership culture to ensure alignment between shareholders and the Senior Executives.

The variable remuneration is determined both by the achievement of individual and companywide key performance indicators and goals. It is instrumental that Senior Executives, both individually and as a team, can influence achievement of the key performance indicators and goals.

4.2.1 Bonus scheme

The Group has established a bonus scheme for the Senior Executives, which is based on elements such as the Group's results before tax exceeding the budget and certain KPIs. Under the bonus scheme, Senior Executives may be awarded an annual bonus of up to 50% of the respective employee's gross base salary. The annual bonus for the Senior Executives will be communicated by the Board of Directors each year. The Group does not include bonus payments in the basis for calculation of holiday pay and pension.

The Group bonus scheme intends to incentivize behavior and a selection of major components that directly impact the overall business goals. The following factors are important in the design of the Group bonus scheme:

- Bonus components should be limited in number to ensure maximum efforts put on the key business goals
- Components that can be directly impacted by the individual should be the main portion of the scheme
- The scheme must be regarded as "fair" and have a clear correlation to value creation
- Continuity - easy to understand and easy to communicate

The bonus scheme focuses on the key business priorities:

- Continue market shares and top line growth
- EBITDA
- Continued control over the balance sheet and inventory

It is important that a high percentage of the bonus is associated with measures that the Senior Executives can directly impact. "Own Segment" and "individual goals" therefore constitutes 70 % of the maximum bonus (50% and 20%, respectively), while "Group" (XXL ASA-level) constitutes 30%.

Financial component

For 2021 the main financial component is EBITDA level vs. budget (excluding IFRS 16 effects). This criteria will be the main bonus component and used both in "Own segment", with a weight of 80% of the possible bonus from "Own segment", and as the only criteria for the "Group" part of the bonus.

The Senior Executives (excluding segment directors) is measured on XXL ASA level, including HQ / unallocated. The segment directors are measured on own segment level and in local currency, and on "level above" (XXL ASA level). The thresholds for bonus will be the same as above but divided on both "own segment" and "Group". The bonus, with respect to both "Own segment" and "Group" will be decided based on the percentage difference between the budgeted EBITDA and the actual EBITDA, so that the EBITDA must not be less than X% of the budgeted EBITDA and that the maximum bonus is obtained at an Y% increase. The percentage may vary from year to year, but will be within a range of negative 10% to positive 20% for both the threshold for bonus and the maximum level.

Austria is in a build-up phase and XXL ASA has therefore applied a different scale for this segment. The bonus scheme will be a function where achieving MEURO EBITDA improvements vs. budget above certain thresholds will result in obtaining a predetermined percentage of the possible bonus. The maximum bonus will, as for the other segments, constitute up to 50% of the bonus.

Growth component

Like for Like growth is highly important to succeed with long term value creation, and especially for XXL where the whole value chain is rigged for top line. Also a top line goal will give the necessary incentives to keep the inventory levels under control. Measurement will only apply to "own segment", and follows the like for like definition in XXL. The improvement is measured in % for the whole year vs previous years, and in local currency. The thresholds for bonus shall be within the range of 0% to 10% growth and the maximum bonus shall be obtained at levels between 2% and 20% growth, depending on the relevant segment and the previous year.

Individual bonus / personal goals

The 2021 individual bonus component is discretionary decided by the CEO, and will vary between the different members of the senior management team. The intention to increase the opportunity to reward in line with XXL goals and strategic initiatives.

4.2.2 Program for restricted share units

In order to further align the interests of the Company and the employees and its shareholders, and to motivate the employees to contribute materially to the success and profitability of XXL, the Board of Directors has resolved to implement a program of Restricted Share Units ("**RSUs**"). This program will also enable the Company to attract and retain such employees. RSUs were granted to employees in 2017, 2018, 2019 but there was no allocation in 2020.

The grant of RSU is related to individual contributions to XXL, position in the organization, competence, employment duration and the importance for XXL. Allocations are based on individual accomplishments. XXL has developed allocation levels according to different positions within the Group, with some flexibility on individual adjustments and with the possibility of internal benchmarking. Each Senior Executive proposes their recommendations to the CEO who commence the final allocation. The allocation price will be equal to the volume weighted average price in the market the five trading days after the Q4 report preceding the grant.

The RSUs are exercisable after three years subject to the holder at the time of exercise is employed in XXL.

The RSU-program is discontinued with new allotments for the Senior Executives who will instead participate in the investment program described in clause 4.2.3 below. In total NOK 10 million worth of RSU could be distributed to the employees under the plan each year.

4.2.3 Equity-based long term investment program

The Group has established an equity-based long term investment program (the "**Investment Program**") for Senior Executives and other key employees. The main objective of the Investment Program is to align the long-term interests of the Senior Executives and other key employees with those of the shareholders of XXL. Such alignment of interest is considered to be an important factor to fulfil the Group's strategic pillars set out in section 2 above.

In the annual general meeting held on 4 June 2020, the Company's shareholders resolved to approve the Investment Program. Pursuant to the Investment Program, the participants are offered to invest in shares in the investment company XXL Management Invest AS ("**XMI**"), which own shares in XXL Sport & Villmark AS, a wholly-owned subsidiary of XXL ASA. Shares held by participants in the Investment Programs, through XMI, will be subject to a three year lock-up period (the "**Lock-up**") from the date of respective participant has paid its invested amount. The shares in XMI will be offered at market price, reflecting the Lock-up obligation (based on a Black & Scholes model) and a calculated market price for XXL Sport & Villmark AS. Following expiration of the Lock-up period, the participants under the Investment Program may under certain conditions for a period of 24

months demand that XXL acquires or exchanges their shares in XMI for shares in XXL at market price. For a period of 12 months thereafter, XXL will be entitled to acquire the participants' shares in XMI at market price.

The shares in XXL Sport & Villmark AS which are reserved for the Investment Program shall not exceed 5 per cent of the issued share capital of that company from time to time. XXL may provide a loan to XMI of up to 50% of the full market price for XMI's shares in XXL Sport & Villmark AS.

XXL shall enter into agreements with the participants in the Investment Program which will set out the terms and conditions for their participation in the Investment Program, including with regard to dividend distribution and changes in the share capital, termination of employment, takeover situations and more.

4.3 Pension plans and insurance

XXL has established an occupational pension scheme in accordance with the Norwegian Occupational Pensions Act. The Senior Executives are members of XXL's ordinary pension scheme.

XXL may sign individual pension schemes or early retirement agreements for Senior Executives, but there are currently no such agreements in place.

4.4 Benefits in kind

Senior Executives may be offered benefits in kind which are common for comparable positions, such as free use of phone, PC, broadband, newspapers, company car/car scheme and parking.

5. Conditions for dismissal and severance schemes

The CEO has waived his period of notice. Other Senior Executives has a period of notice of 6 months. The CEO currently has a severance scheme which entitles the CEO to receive 18 months' salary upon dismissal. The background for this is XXL's possible need to ask the CEO to leave immediately if this is considered to be in XXL's best interest. Consequently, the severance scheme must be attractive enough for the CEO to accept an agreement involving a reduction in their protection against dismissal.

Agreements may be signed regarding severance pay with other Senior Executives in order to meet XXL's need to ensure at all times that the selection of Senior Executives is in line with its requirements. Efforts will be made to establish severance schemes in such a way that they are acceptable both internally and externally. In addition to pay and other benefits during the period of notice, such schemes shall in any event not provide any entitlement to severance pay for a period exceeding 12 months.

6. Employee appointed board members and deputies

The Company is in the process of establishing employee elected board members on the XXL ASA level. These guidelines shall also include remuneration to any employee appointed board members and deputies in their capacity as board members / deputies, i.e. not their normal remuneration in capacity as employees. In XXL, the remuneration to employee appointed board members and deputies in that capacity will be proposed by the nomination committee and resolved by XXL's general meeting in the same manner as for shareholder elected board members.

7. Preparation and decision-making process for establishing, reviewing and implementing the guidelines

The board of directors has established a compensation committee. The compensation committee shall monitor and evaluate the application of the guidelines, variable remuneration programmes for Senior Executives that are

ongoing and those that were concluded during the year, as well as remuneration structures and levels within XXL and the group. For each financial year going forward, the board of directors shall prepare a remuneration report and make this available to shareholders on XXL's website at least three weeks prior to the annual general meeting.

The duties of the compensation committee include preparing the board of directors' resolution on proposed guidelines for remuneration of Senior Executives. The board is to prepare proposed new guidelines at least every four years and submit the proposal for decision at the general meeting. The guidelines shall apply until new guidelines have been adopted by the general meeting.

Remuneration to the CEO shall be decided by the board of directors in line with approved policies following preparation and recommendation by the compensation committee. Remuneration to other Senior Executives shall be decided by the CEO in line with approved policies and after consultation with the compensation committee if deemed necessary.

The members of the compensation committee are independent in relation to the management. The CEO and other members of the management shall not participate in the board of directors' discussions on matters related to remuneration that concerns them.

8. Consideration of salary and terms of employment for other employees

In preparing the board of directors' proposal for these guidelines for remuneration, payment and employment conditions for employees in the group have been taken into account. The level of remuneration is assessed in light of information about the employee's total income, the components of the remuneration and increase and growth over time. Information on payment and employment conditions in the group forms part of the compensation committee's and the board of directors' basis for decision when assessing whether the guidelines and restrictions set out in these are reasonable.

9. Deviation from these guidelines

The principles in these guidelines are binding for XXL from the time they are adopted by the general meeting.

The board of directors may nevertheless decide to deviate from the guidelines in individual cases, provided that special circumstances are considered to make it necessary to deviate from the guidelines in order to satisfy XXL's long-term interests, including its sustainability, or to ensure XXL's financial viability. As an example, bonus criteria will as a principal rule not be changed by changes not included in the budget (like new stores, store closures, acquisitions etc). At the same time it may be needed in extraordinary cases, if the bonus effects from such changes have large unforeseen bonus effects (either up or down), to neutralize such bonus effects. Such neutralization may be carried out through shifting the internal weight of the described bonus criteria. Approval of any such neutralizations, and thus adjustments in the bonus calculations, can only be given by the CEO after approval by the compensation committee.

The compensation committee prepares the board of directors' assessments of matters concerning remuneration, including deviations from these guidelines.

10. Statement on executive pay policy and the consequences of agreements on remuneration in the previous financial year

It is XXL's policy to offer Senior Executives competitive remuneration based on current market standards as well as XXL's performance and individual performance. The agreements entered into with Senior Executives during

the fiscal year 2020 are in accordance with the principles for determining payment and remuneration for the Senior Executives as approved by the general meeting in 2020. Bonus pay-out for the members of the executive management in 2020 averaged to an amount of 75% of the maximum bonus.

Notwithstanding any proposed changes to the management remuneration structure, the board of directors has not identified any significant negative consequences resulting from agreements on pay and remuneration in 2020, and believes that the guidelines for share-based bonuses promote value creation for the group and that the impact they have on XXL and the shareholders is positive.

Oslo, 12 May 2021

The board of directors of XXL ASA