



XXL

XXL ASA – Q2 2024

**STRENGTHENED EBITDA AND EARLY SIGNS OF POTENTIAL MARKET RECOVERY,
BUT SOMEWHAT DISAPPOINTING SALES IN THE QUARTER HELD BACK FURTHER PROFITABILITY UPLIFT**

Presentation of Financial Results July 12th, 2024

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This presentation was prepared for the interim results presentation for the second quarter 2024, held on 12th July 2024. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

CEO agenda

1

Quarterly summary

2

Reset & Rethink progress

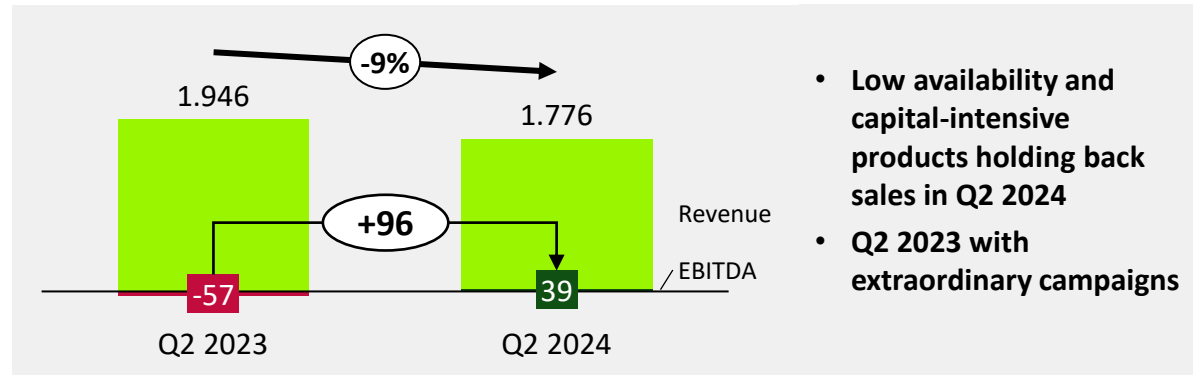
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Financial results



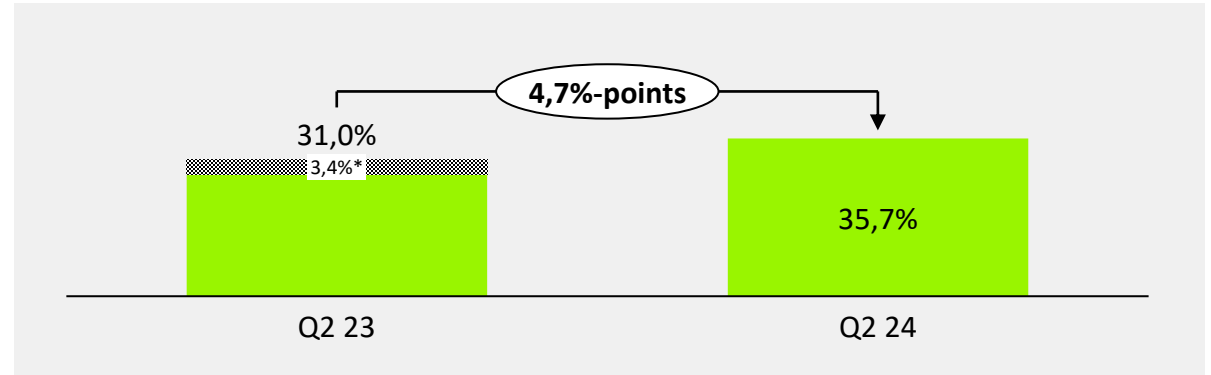
Strengthened gross margin driving improved EBITDA, while soft sales are being addressed

Soft sales and improved EBITDA (mNOK)



- Low availability and capital-intensive products holding back sales in Q2 2024
- Q2 2023 with extraordinary campaigns

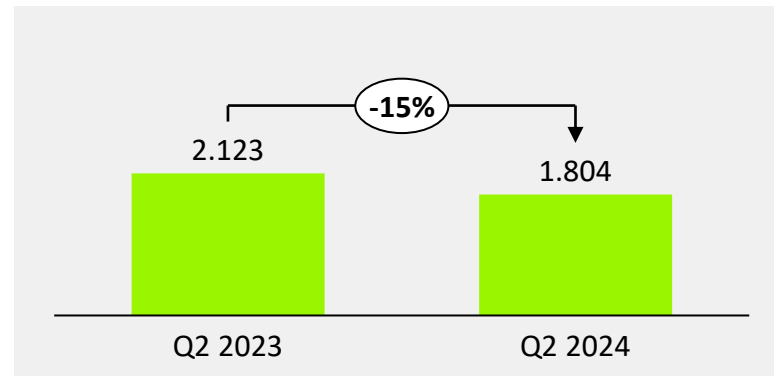
Gross margin positive trend (%)



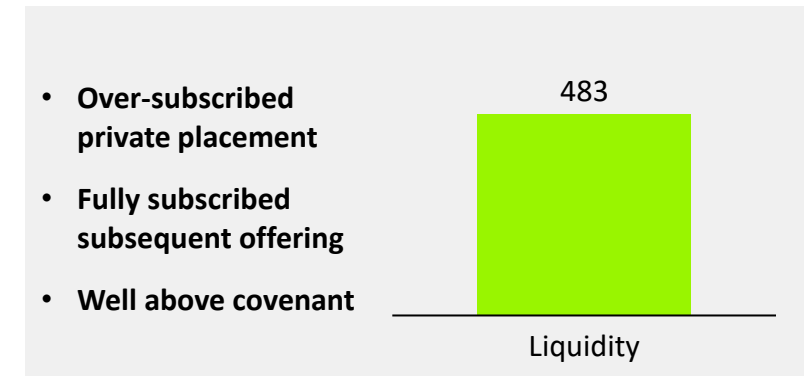
Reset progressing well, Rethink now starting!



Inventory record low (mNOK)



Liquidity (mNOK)



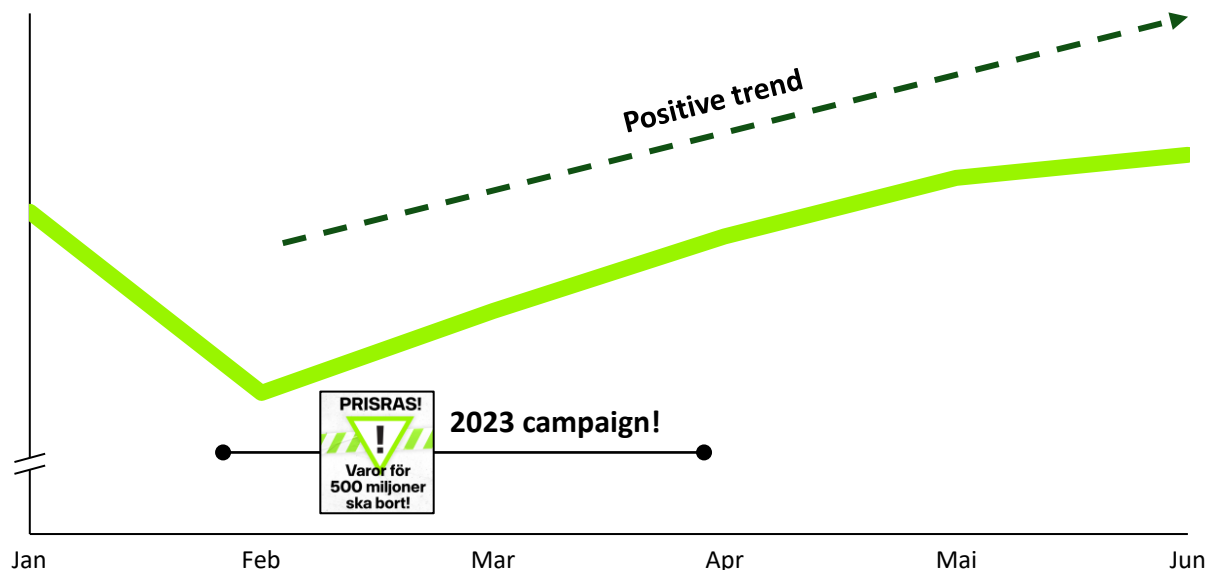
* Additional write down of inventory in Q2 2023

Soft top line driven by capital-intensive products, but signs of recovery in overall sales since March

SOFT TOP LINE CONTINUED IN Q2, BUT POSITIVE TREND SINCE MARCH

Monthly sales index YoY (Index)

Index 24 vs. 23

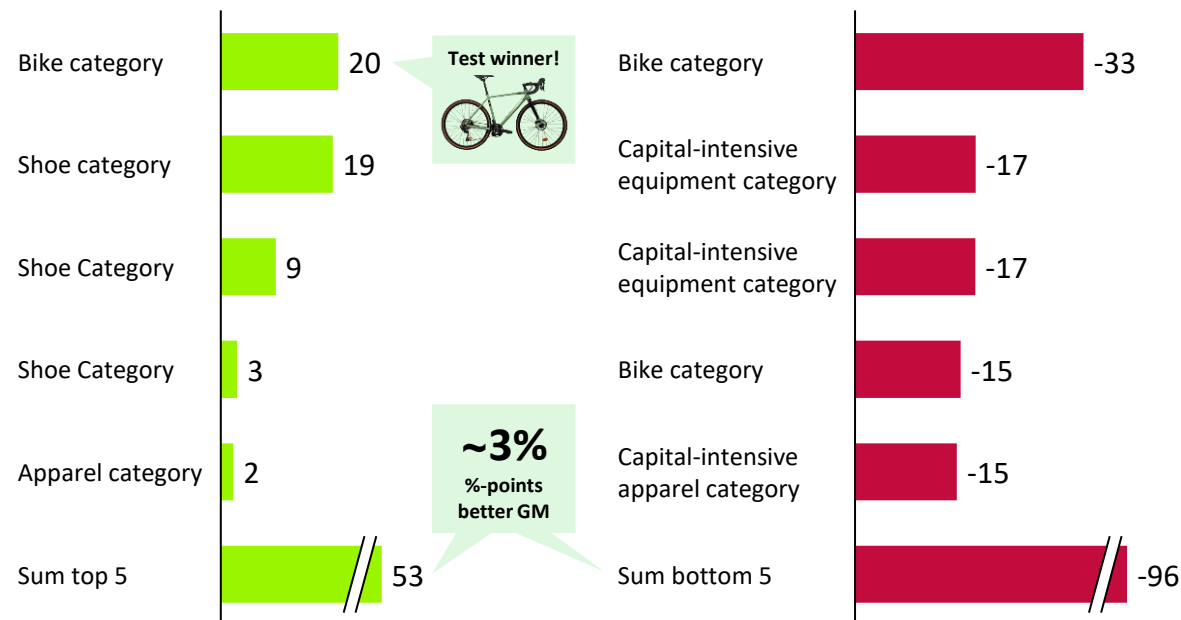


- Challenging year-over-year comparables with extraordinary strong Q2-2023 campaigns
- But positive trend since March

POSITIVE SOFT GOODS DEVELOPMENT, BUT CAPITAL-INTENSIVE PRODUCTS REMAIN CHALLENGING

Top 5 category sales vs. LY (mNOK)

Bottom 5 category sales vs. LY (mNOK)



- Capital intensive sub-categories, especially bikes, are holding back sales in the quarter
- However, shoes and apparel categories are driving growth

Intentions to enter into a strategic partnership with Frasers Group

- ✓ Sourcing & brand partnerships
- ✓ Store elevation
- ✓ Best practice sharing

***WILL ACCELERATE OUR
RESET & RETHINK JOURNEY!***

Other commercial milestones during the quarter

XXL Rewards

Now over 3.8 million members in the Nordics

XXL Reward - få bonuspoeng på alle kjøp!

Kundeklubben for deg som elsker sport, villmark og gode fordeler!

XXL Pay

Launched XXL Pay, a new payment solution to boost sales and loyalty



Everyday low price

Focusing on value for money entry price points, with Stormberg and Pilago leading the way

STORMBERG > PILAGO

Pilago Essential T-Shirt, t-skjorte, dame 79,-	Pilago Essential T-Shirt, t-skjorte, dame 79,-	Pilago Essential Shorts, junior 99,-	Pilago Essential Shorts, junior 99,-

Store elevations

First steps taken to be even more inspiring and relevant for our customers



Joshua King Football Camp - Zuccarellostiftelsen

Aligned with our purpose "Sports Unite All"



“Reset” progressing well, thus we have also begun with “Rethink”

RESET

Top line quick wins and cost control



RETHINK

Accelerate key top line levers

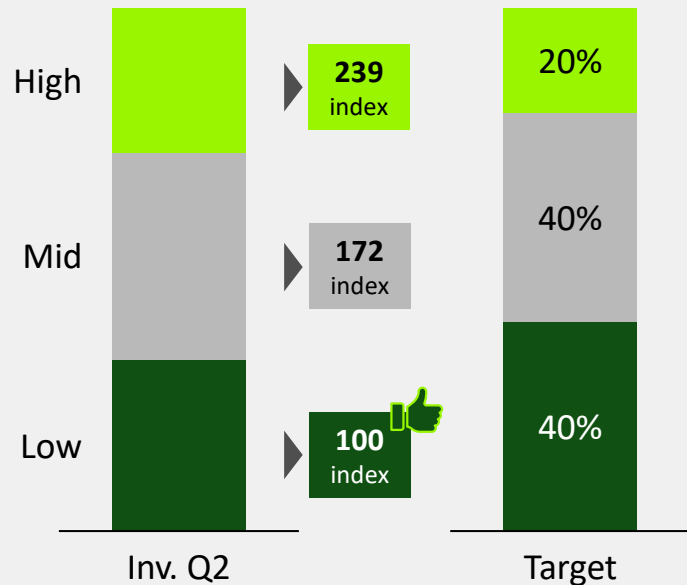


MWB indicators | Increased focus towards lower price points to improve sales and availability, with a continued positive gross margin trend

CATEGORY RESET

Moving toward our target and purchasing more lower price classes with significantly lower stock days

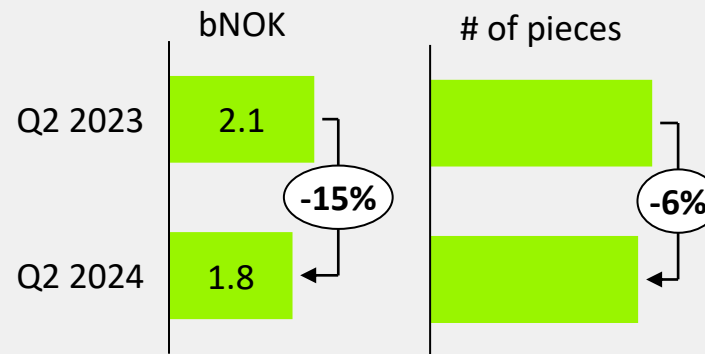
Price points dist. (%) & stock days (index)



AVAILABILITY

Significant decrease of inventory value, while # of pieces in stock less affected, however availability on top 1000 products still lagging behind

Development inventory



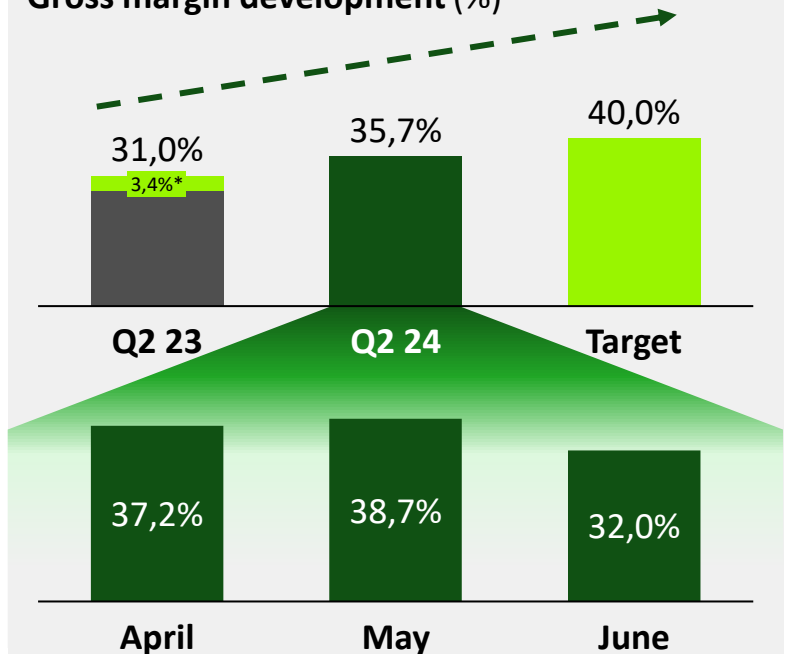
Availability top 1000 products (%)



PRICING

Year-over-year improvement, but June effected by heavy campaigns in the market

Gross margin development (%)



* Additional write down of inventory in Q2 2023

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

STORE OPERATIONS

Efficiency in store operations continuing to improve during the quarter

RPWH Q2 improvement vs. LY
(%-points)

XXL

+1,6pp



Store conversion rate Q2 improvement vs. LY
(%-points)

XXL

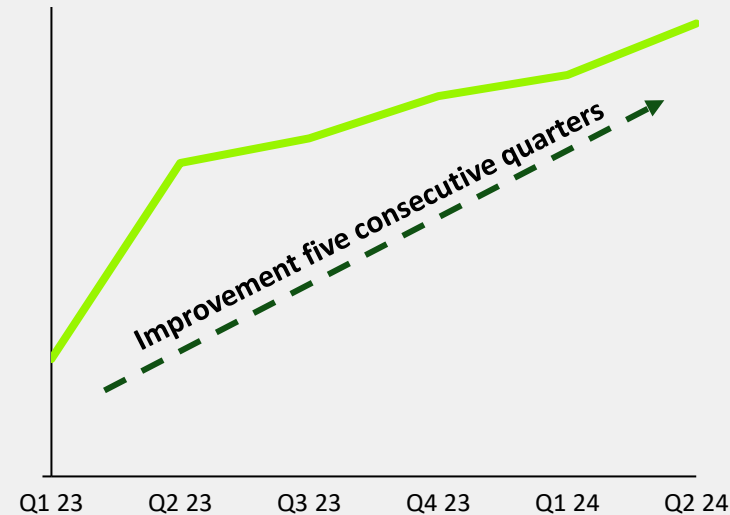
+0,2pp



E-COMMERCE PROFITABILITY

Continued e-commerce improvements driving positive shift in online profitability

Pct. point growth in E-commerce gross margins



RESTRUCTURING

Exited Denmark



Closed app



Realizing cost out program



Optimizing store footprint and SQM

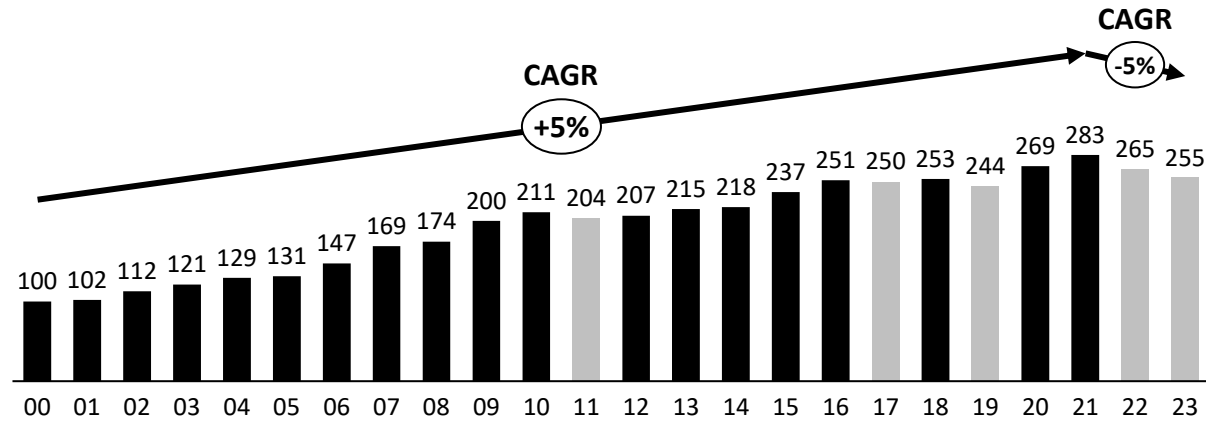


Reduced cost and complexity – increased focus on core business and core markets

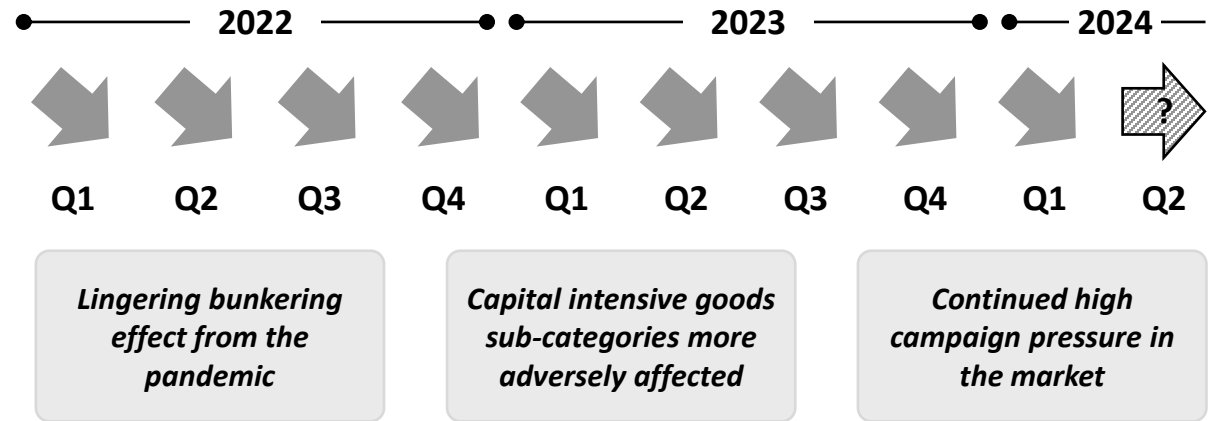
The sporting goods market continues to be challenging but a few positive developments are seen during the quarter

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

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

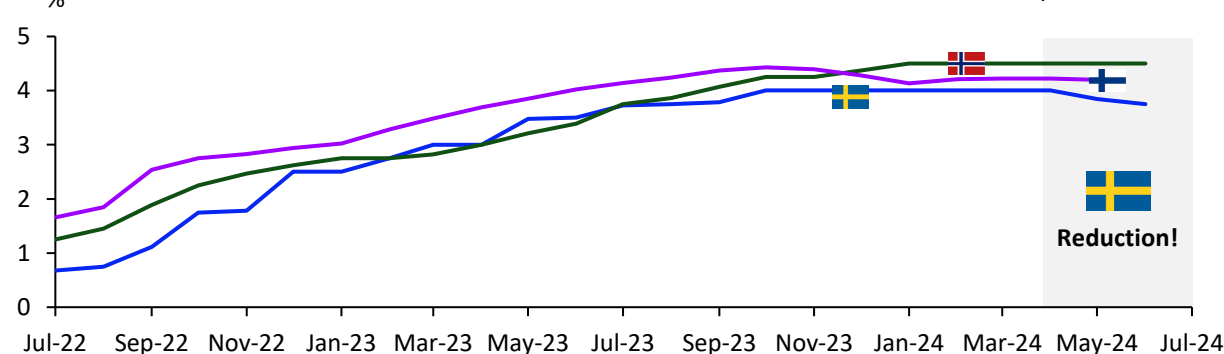


2 ..however, Nordic markets have experienced 9 consecutive quarters of negative growth



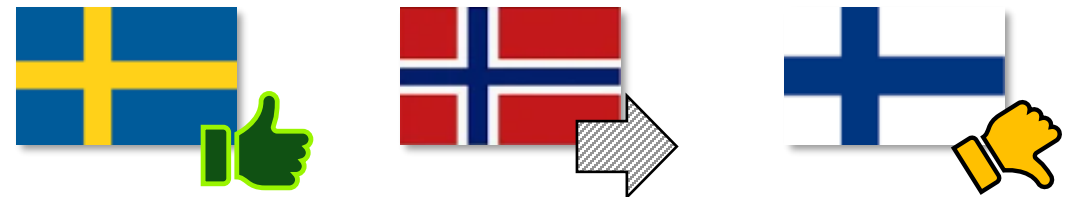
3 .. But with recent interest rate decrease in Sweden..

Development key policy rate since 2022



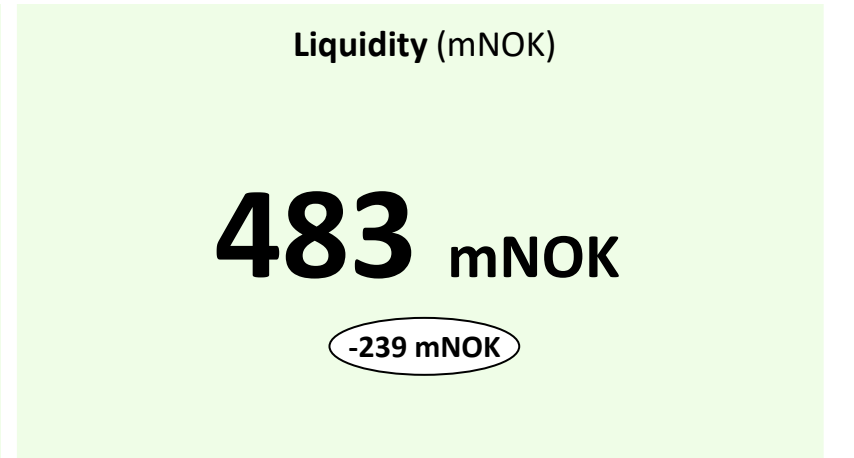
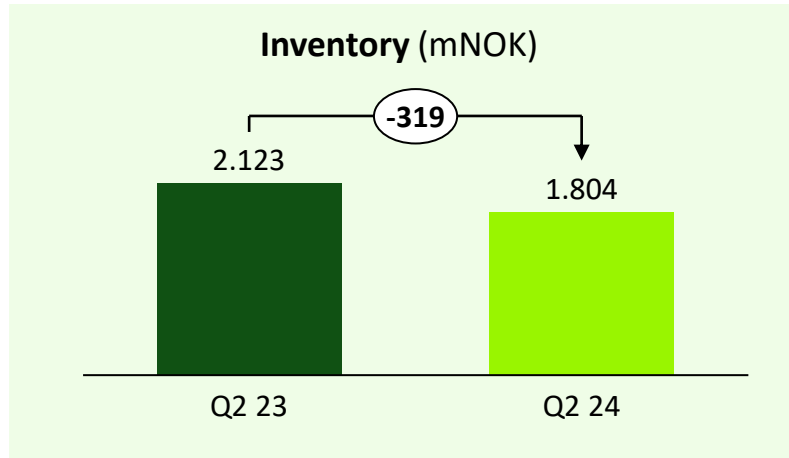
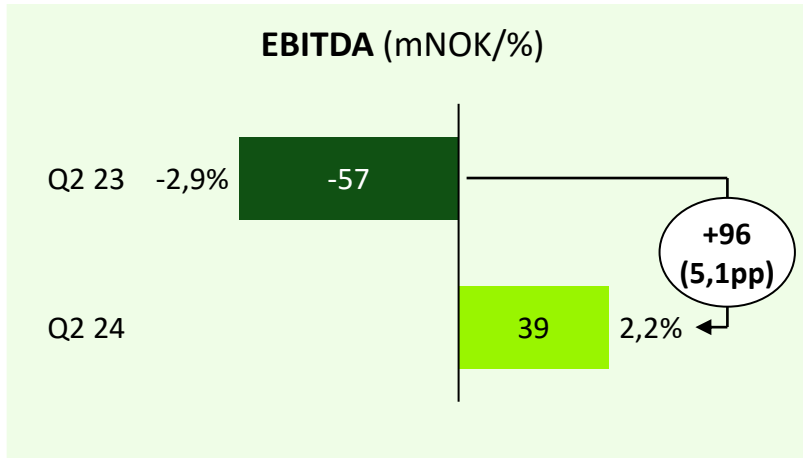
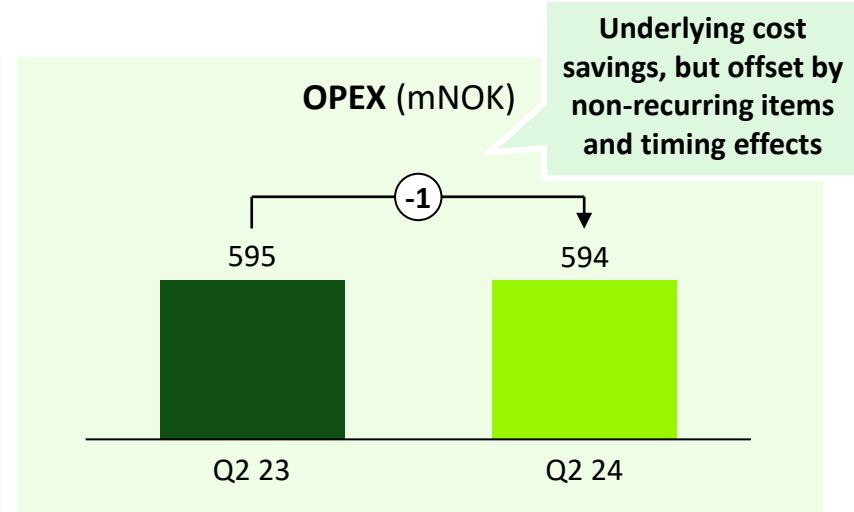
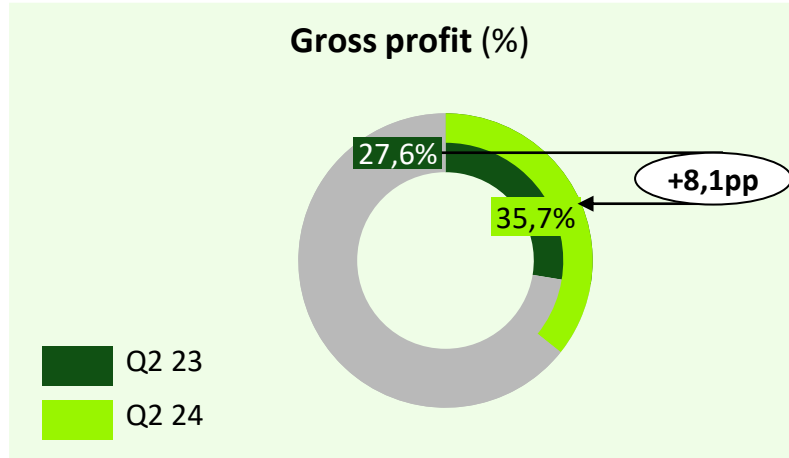
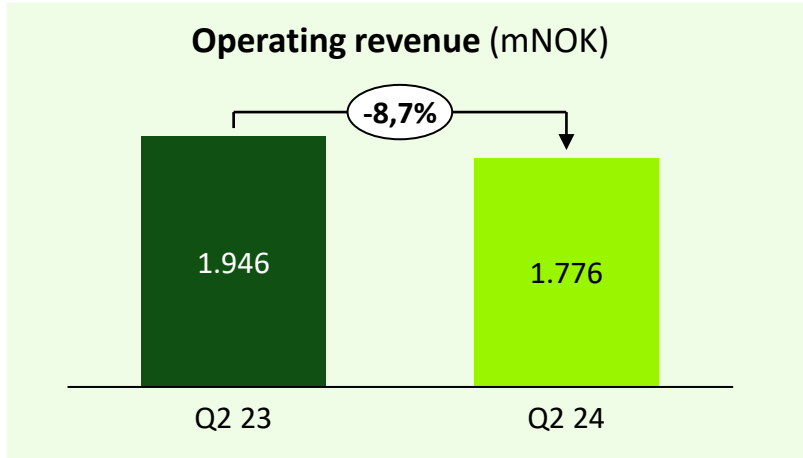
4 .. that shows immediate positive effect

XXL sales development Q2



* Finland Cost of borrowing for households for house purchase used for comparison

Q2 financial summary



Financial Review Q2 2024



Key Figures

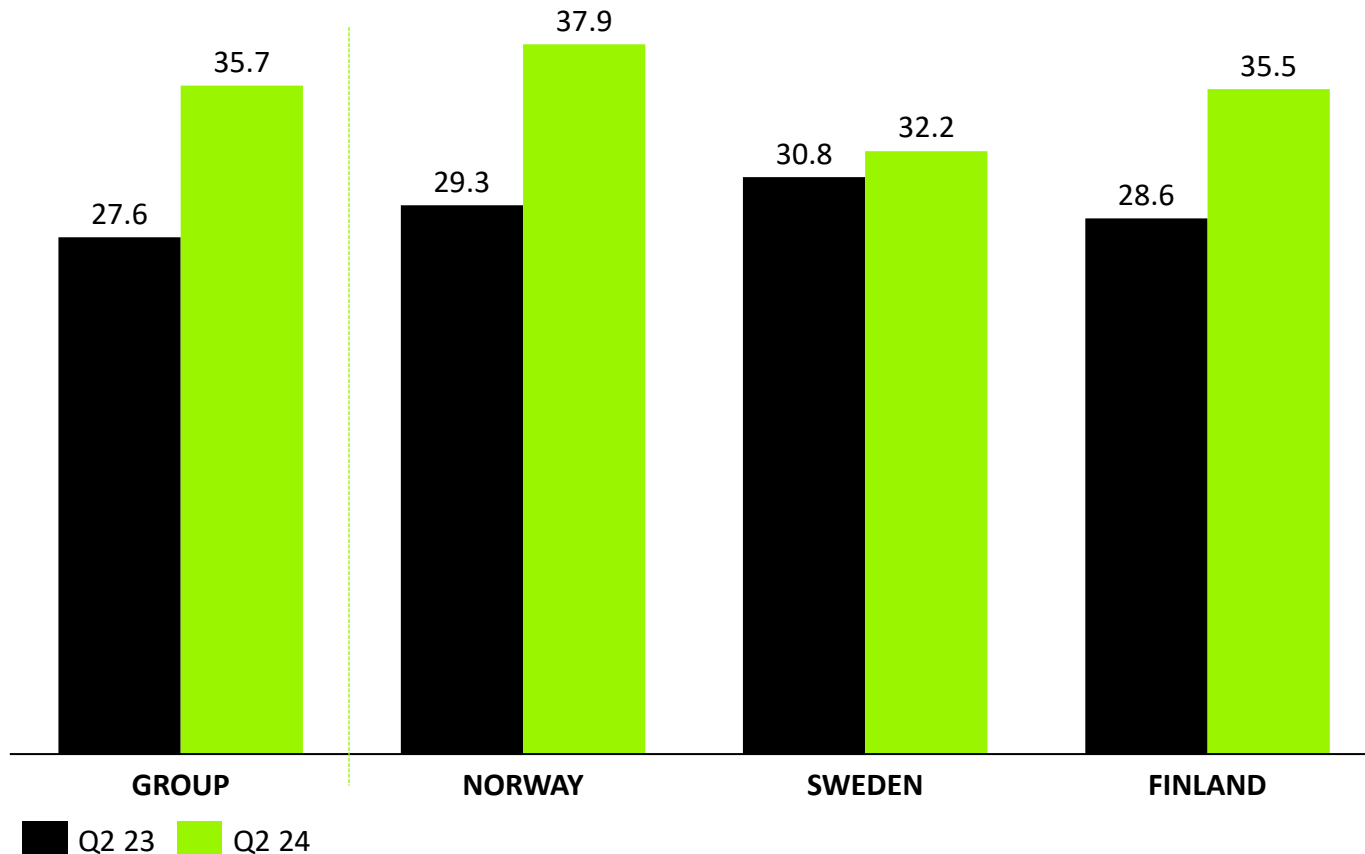
<i>(Amounts in NOK million)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
GROUP - Continuing Operations					
Operating revenue	1 776	1 946	3 334	3 930	7 961
Growth (%)	-8,7 %	-6,9 %	-15,2 %	-0,7 %	-5,5 %
Gross profit	633	538	1 238	1 159	2 509
Gross margin (%)	35,7 %	27,6 %	37,1 %	29,5 %	31,5 %
OPEX %	33,4 %	30,6 %	35,6 %	32,1 %	32,5 %
EBITDA	39	-57	51	-102	-80
EBITDA margin (%)	2,2 %	-2,9 %	1,5 %	-2,6 %	-1,0 %
EBIT	-151	-249	-339	-488	-1 409
EBIT margin (%)	-8,5 %	-12,8 %	-10,2 %	-12,4 %	-17,7 %
Impairment losses	-	-	-	-	576
EBIT adj.	-151	-249	-339	-488	-833
EBIT adj. margin (%)	-8,5 %	-12,8 %	-10,2 %	-12,4 %	-10,5 %
Net Income	-283	-246	-491	-472	-1 590
Net Income adj.	-283	-246	-491	-472	-1 014
**Basic Earnings per share (NOK)	-0,13	-0,63	-0,25	-1,37	-2,18

Comments

- Revenue down by NOK 170 million vs. last year
 - Low product availability
 - Capital-intensive goods, especially bikes, holding back sales
 - Challenging LY comparison due to extraordinary sales campaigns Q2 23
- Gross margin at 35.7%, up from 27.6% last year
- OPEX is 2.8 p.p higher than last year
 - Operating expenses as percentage of sales increased to 33.4% in Q2 24 (30.6% in Q2 23) impacted by the negative like for like growth hampering scale in the operations
- EBITDA NOK 39 million vs – NOK 57 million LY
- MAP/APA: NOK 72 million effect on tax provision and NOK 14 million on interest expense relate to the ongoing MAP-APA case which is expected to have limited net cash effect
- Net income of negative NOK 283 million in Q2 2024

Gross Margin Development

XXL ASA Q2 2024 - Gross margin per segment
(in %)

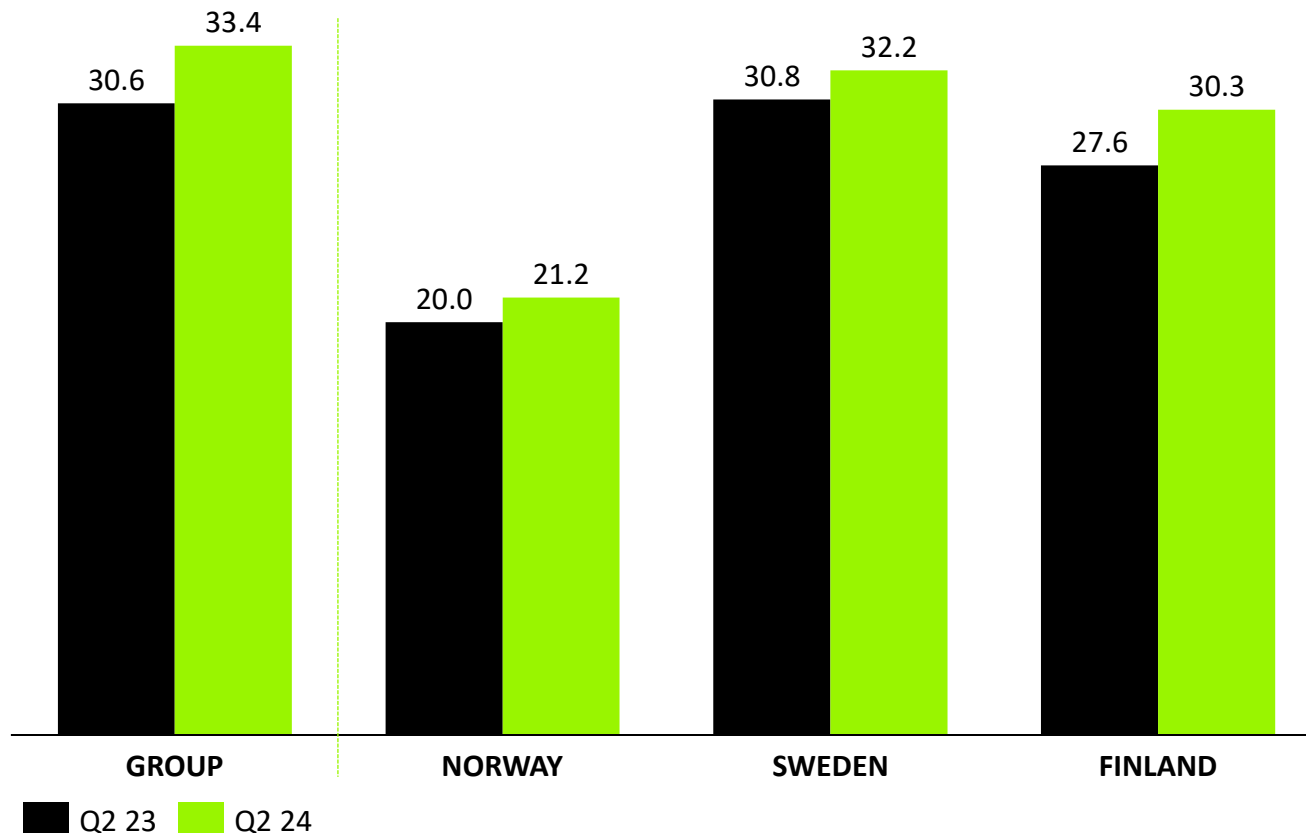


Comments

- Improved gross margin development in the quarter, up from 27.6% in Q2 2023 to 35.7% in Q2 2024. All segments posting positive development vs. last year
- The strengthened gross margin is explained by a healthier inventory level, as well as better pricing
- Also, in Q2 2023 XXL posted an additional write down of inventory explaining around 3.4 percentage points of the gross margin improvement
- A high share of sales is still on campaign products, impacting the margin negatively
- However, continued positive trend on gross margin

OPEX Development

XXL ASA Q2 2024 - OPEX per segment
(in %)



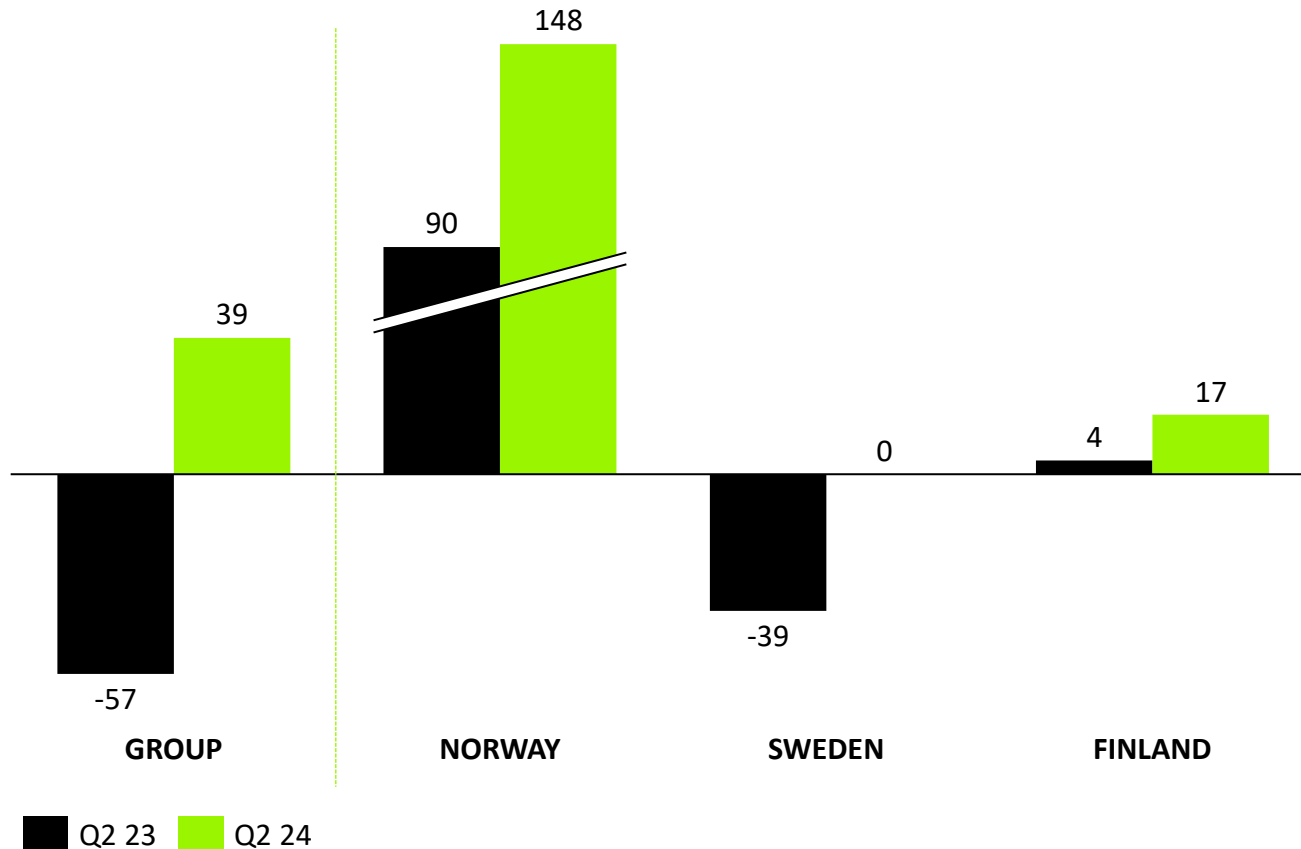
Comments

- Group OPEX% in Q2 increased to 33.4% (up 2.8 points vs Q2 23), impacted by the negative like for like growth hampering scale in the operations
- Operating expenses NOK 1 million lower in Q2 24 vs Q2 23
 - Personnel expenses reduced by NOK 30 million
 - Reduction in personnel expenses offset by several factors:
 - Adjustments in bonus accruals LY of approximately NOK 15 million
 - Increased marketing investments during the quarter, due to negative timing effects
 - Other OPEX negatively affected with approximately NOK 10 million in non-recurring cost elements

EBITDA Development

XXL ASA Q2
(in mNOK)

2024 Q2 - EBITDA per segment

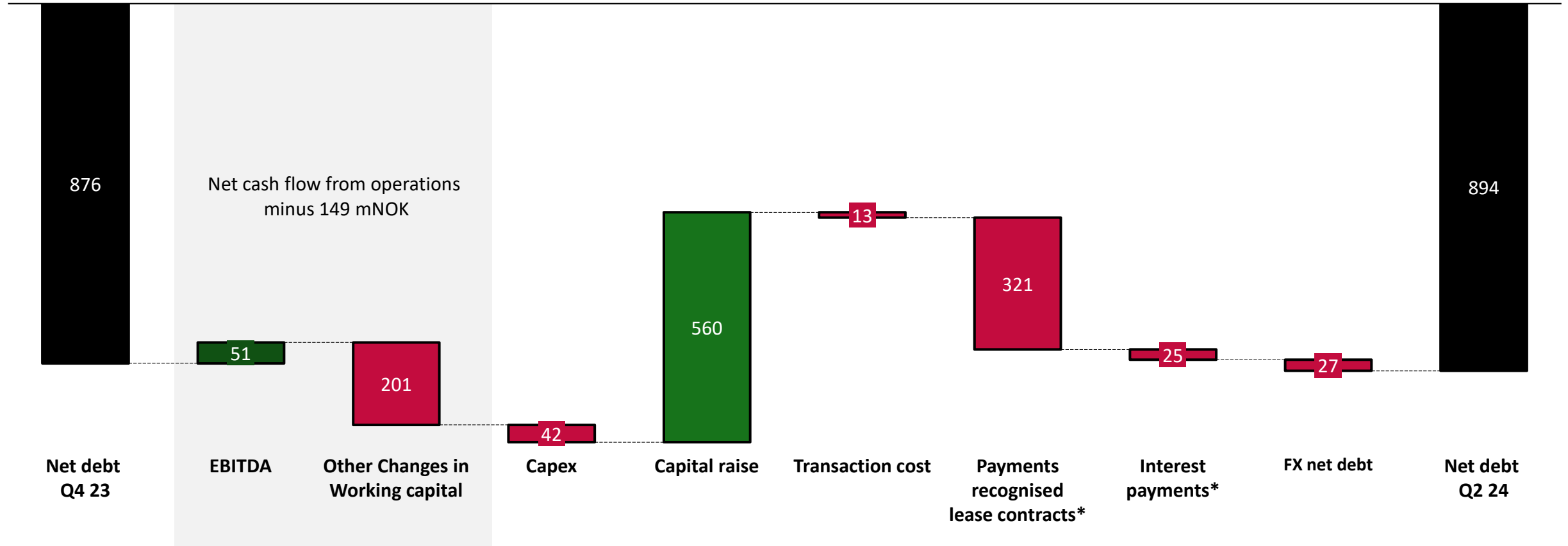


Comments

- Positive EBITDA development vs LY in all segments. The positive development in EBITDA in Q2 on group level is solely explained by the improved gross margin.
 - Norway segment improved EBITDA by NOK 58 million
 - Sweden improved EBITDA by NOK 39 million
 - Finland improved EBITDA by NOK 14 million
- XXL's HQ overhead cost increased by NOK 14 million, mainly due to non-recurring elements and timing effects
- EBITDA margin of 2.2% in Q2 2024 vs. - 2.9% in Q2 2023

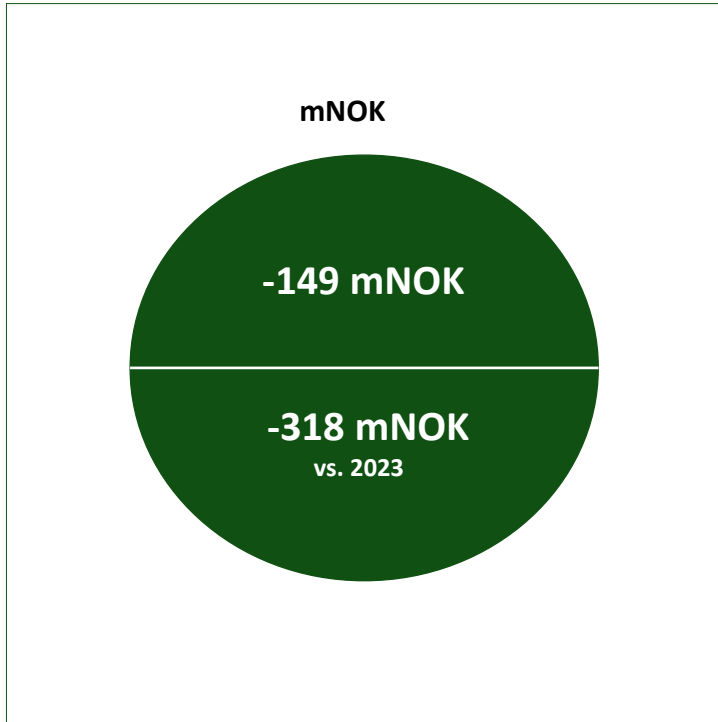
Net debt increased by NOK 18 million

Net debt development (mNOK)

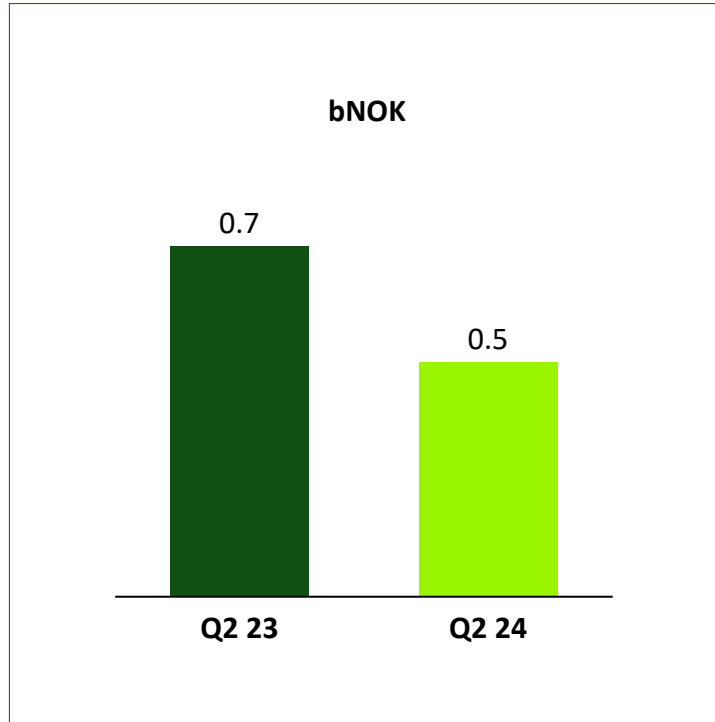


Financial position

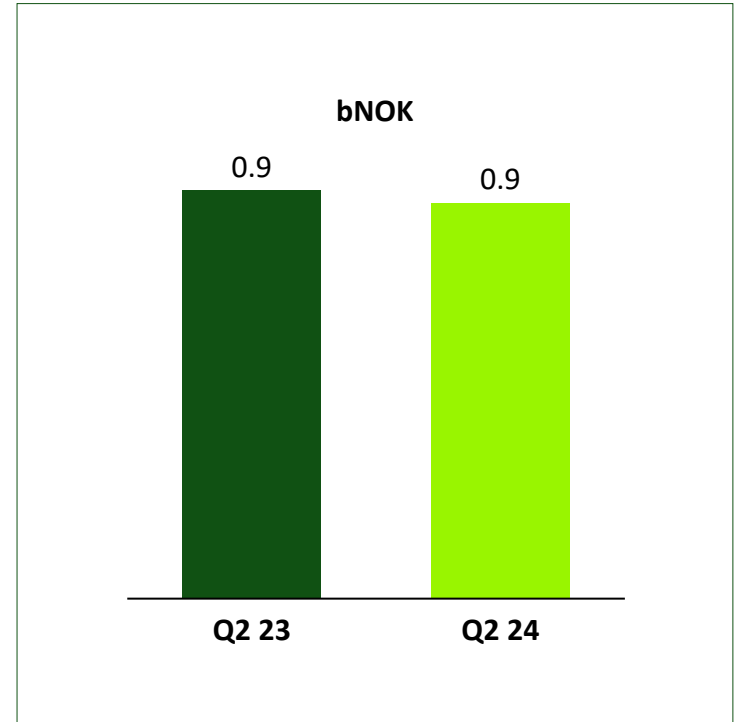
YTD Operational Cash Flow



Liquidity Reserves



Net Interest-Bearing Debt

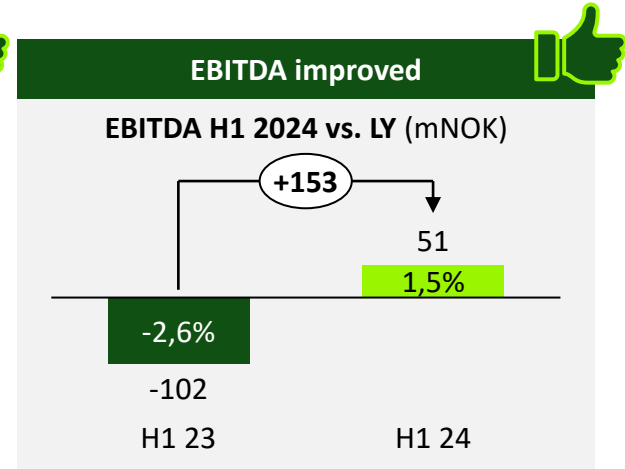
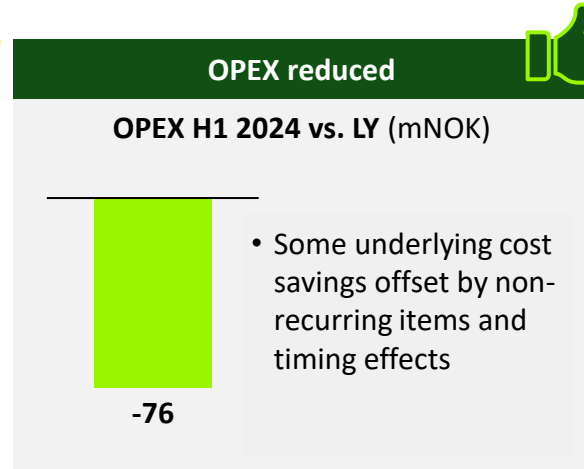
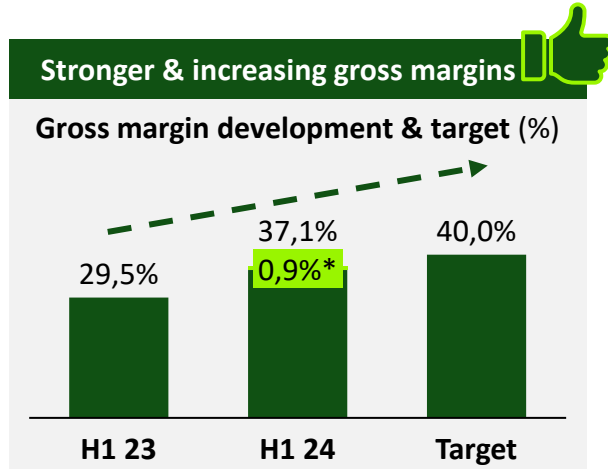


Summary and final remarks

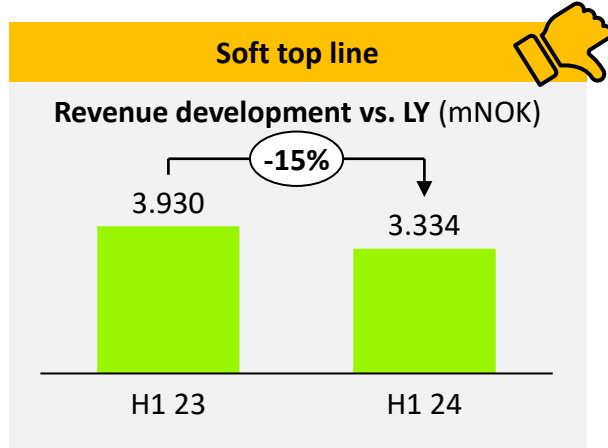


Turnaround progressing well with several commercial achievements, however we are now increasing our efforts on top line improvements even more

MWBs & restructuring as planned

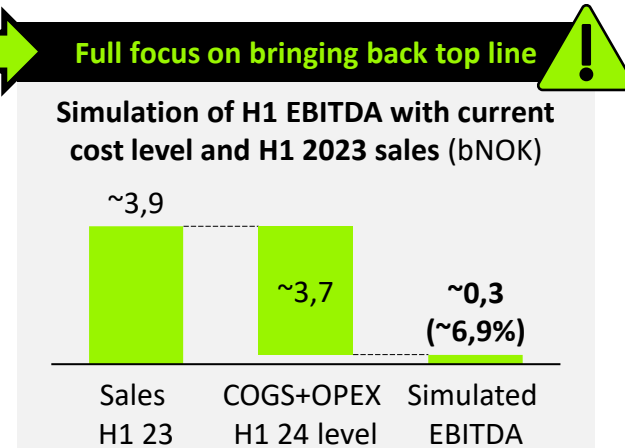


Low availability



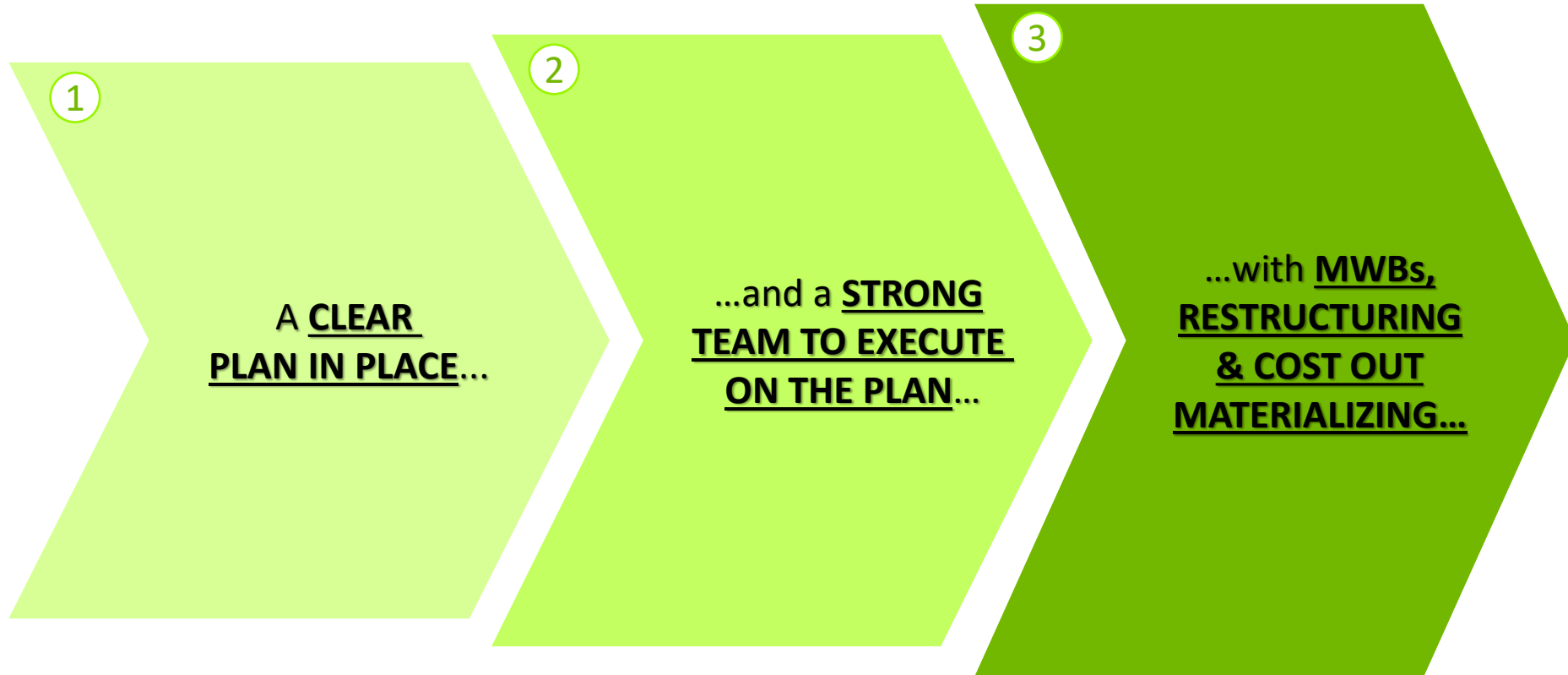
Several commercial achievements

- Intentions to enter into a strategic partnership with Frasers Group
- Sourcing & brand partnerships
- Store elevation
- Best practice sharing
- XXL Rewards (over 3.8 million members)
- XXL Pay (new payment solution)
- Everyday low price (value for money entry price points)
- Store elevations
- Aligned with our purpose 'Sports Drive us'



* Reversal of obsolete provisions in Q1 2024

Summary



Now full focus on SALES to get back on track on bottom line

THANK YOU!



Q&A



Sports unite all.