

STATEMENT FROM THE BOARD OF DIRECTORS OF XXL ASA IN CONNECTION WITH THE MANDATORY CASH OFFER MADE BY FRASERS GROUP PLC

This statement is made by the Board of Directors (the "**Board**") of XXL ASA ("**XXL**" or the "**Company**") in accordance with Section 6-16 of the Norwegian Securities Trading Act in connection with the unconditional mandatory cash offer (the "**Offer**") made by Frasers Group plc ("**Frasers**") for all ordinary class A shares ("**A Shares**") and non-voting class B shares ("**B Shares**", and together with the A Shares, the "**Shares**") in the Company not already owned by Frasers for a cash consideration of NOK 10 per Share (the "**Offer Price**"), pursuant to the terms set out in the offer document prepared by Frasers and dated 14 April 2025 (the "**Offer Document**"). The A Shares are listed on the Oslo Stock Exchange while the B Shares are unlisted.

BACKGROUND FOR THE OFFER

On 29 January 2025, the extraordinary general meeting of the Company resolved a fully underwritten rights issue of 60,000,000 new Shares (the "**Offer Shares**") at a subscription price of NOK 10 per Offer Share (the "**Rights Issue**"). The Rights Issue was underwritten by a consortium of existing shareholders consisting of Altor Invest 5 AS and Altor Invest 6 AS (jointly referred to as "**Altor**"), Frasers, Ferd AS and MP Pensjon.

Frasers used its right to over-subscribe for Offer Shares in the Rights Issue, and was allocated in total 21,637,943 A Shares. In addition, Frasers received 777,289 A Shares as consideration for its underwriting (the "**Underwriting Commission Shares**"). Upon delivery of the Offer Shares and the Underwriting Commission Shares, Frasers became the holder of a total of 28,776,451 A Shares, representing approximately 40.83% of the votes in the Company. Fraser hence crossed the 1/3 and 40% thresholds under Sections 6-1 and 6-6 of the Norwegian Securities Trading Act, respectively, which triggered the obligation to make a mandatory offer for the remaining Shares in the Company. The A Shares owned by Frasers represent 32.87% of the total number of Shares in the Company.

On 18 March 2025, Frasers announced its intention to make a mandatory offer for the remaining Shares in the Company as required by the Norwegian Securities Trading Act, and on 14 April 2025, Frasers made the Offer on the terms set out in the Offer Document.

While the Offer Price follows from the price of the Rights Issue, and as such could be interpreted as not necessarily being reflective of Frasers' view as to a reasonable offer price to obtain a significant level of acceptances, the Board notes that the Offer Price is at the same level as the intended voluntary offer announced by Frasers on 6 December 2024. The process relating to the intended offer was terminated by Frasers in February 2025 with a statement from Frasers that it had been informed that XXL's other large shareholders would not accept the intended offer, if made, and that the conditions for the intended offer would therefore not be satisfied.

The Offer Document has been approved by the Financial Supervisory Authority of Norway in accordance with Section 6-14 of the Norwegian Securities Trading Act and shall have been submitted to all shareholders of the Company with known residence, except for shareholders who reside in a jurisdiction where the Offer cannot be legally made.

DETAILS ON THE OFFER

Below is a short summary of the Offer based on the information in the Offer Document. Detailed information about the Offer is set out in the Offer Document and shareholders are urged to familiarise themselves with the Offer Document prior to making a decision on whether to accept the Offer or not. Certain other statements made by Frasers in the Offer Document are referred to in the Board's evaluation below.

Offer Price:	The Offer Price is NOK 10 per Share, which will be paid in cash.
Acceptance period:	The acceptance period for the Offer is from and including 15 April 2025 to 16:30 CEST on 13 May 2025. Frasers may, subject to approval by the Financial Supervisory Authority of Norway, extend the acceptance period, one or more times, so that the total acceptance period amount to up to six weeks (in which case it will expire on 27 May 2025). According to the Offer Document, settlement is expected to take place as soon as reasonably possible and at the latest within fourteen (14) calendar days after expiry of the acceptance period.
Conditions:	The Offer is not subject to any conditions.
Financing:	Frasers will finance the Offer with existing cash resources. Frasers has, in accordance with Section 6-10 (7) of the Norwegian Securities Trading Act, provided a bank guarantee, issued by Danske Bank A/S NUF, covering Frasers' obligation to pay for the Shares to be purchased pursuant to the Offer.

IMPLICATIONS OF THE OFFER

The Board notes that Frasers, with its current shareholding representing approximately 40.83% of the votes in the Company, has significant influence on the outcome of matters that are subject to the vote at the general meeting of the Company, including, inter alia, election of members to the Board. With its current shareholding, Frasers is also able to veto resolutions that require a qualified majority at the general meeting, including, for example, share capital increases and amendments to the articles of associations of the Company. If Frasers, through the Offer or otherwise, acquires A Shares representing more than 50% of the votes in the Company, it will be able to decide on all matters requiring a simple majority at the general meeting.

In the Offer Document, Frasers expresses its intention to carry out a compulsory acquisition of the remaining Shares if Frasers becomes the owner of Shares representing 90% or more of the total issued Shares and voting rights in the Company. According to the Offer Document, Frasers has currently no intention to propose for the general meeting to file for an application for a delisting of the Shares at the Oslo Stock Exchange following completion of the Offer. However, should Frasers decide to propose that the Company shall apply for a delisting, such a resolution will require the approval of at least 2/3 of the votes cast and share capital represented at the general meeting. In the event that the general meeting resolves that the Company shall apply for a delisting of the Shares, the Oslo Stock Exchange will make the final decision on whether or not the Shares shall be delisted pursuant to the provisions set out in the Oslo Stock Exchange Rule Book II Section 2.10.2 (2).

Frasers has in the Offer Document informed that it does not have any current plans to make any changes to XXL's workforce or senior management, or changes that would have legal, economic or work-related consequences for the employees, following completion of the Offer.

No separate statement from the employees of XXL has been made at the date of this statement.

THE BOARD'S EVALUATION OF THE OFFER

The Board has reviewed the Offer Document and evaluated factors that the Board considers material for the assessment of the Offer, including the implications of the Offer for the Company as set out above.

ABG Sundal Collier ASA ("**ABGSC**") and Advokatfirmaet Thommessen AS have been engaged to assist the Company in connection with the Offer. The Board has received an opinion dated 5 May 2025 from ABGSC, which is attached to this statement as Appendix 1.

The Board notes that the Offer Price is equal to subscription price in the Rights Issue and represents a discount to the recent trading levels of the Shares on the Oslo Stock Exchange prior to the Offer and during the acceptance period for the Offer. The Offer Price represents a discount of approximately 8.7% to the closing price of the XXL shares on 17 March 2025 (the last trading day before the announcement of Frasers' intention to make a mandatory offer) and a discount of 11.8% and 2.8% to the volume-weighted average price of the XXL shares during the last 30 trading days and the last 90 trading days, respectively, up to and including 17 March 2025. The Offer Price does accordingly not represent any premium to the recent trading price level.

As referred to above, the Offer Price is at the same level as the intended voluntary offer announced by Frasers last December, which when it was announced represented a 25.0% premium to the closing price for the XXL share the day prior to the announcement, but a significant discount to the undisturbed share price and volume weighted share prices, as further outlined in the Company's stock exchange announcement on 13 December 2024. The Board would like to underline that since this time, the Company has secured new funding with the support of its large shareholders, and has progressed further with its «Reset&Rethink» strategy.

The Board at the same time recognises that the low absolute and relative free float in the XXL shares could imply that the observed trading prices at any time may be a less robust expression of fair value.

As of the date of this statement, approximately 87.53% of the A Shares and approximately 88.81% of the total number of Shares in the Company are held by the four largest shareholders of the Company, and this ownership concentration will be increased by any Shares acquired by Frasers under the Offer from shareholders outside this group. This level of ownership concentration may result in reduced liquidity and increased volatility in the Shares. The Offer thus represents a liquidity event for shareholders looking to monetize their position in the Company, particularly for holders of size which could otherwise face limited trading volumes and/or pressure on clearing price in any future sale on the open market.

The Company has over the past years experienced challenging market conditions in all its markets, and it has been necessary for the Company to raise new equity and amend its loan facility agreements to secure satisfactory financing of its operations. It cannot be excluded that it may become necessary for the Company to raise new equity to secure satisfactory financing. Any issuance of new shares will dilute the shareholding of shareholders who do not participate on a pro rata basis.

Any resolution by the Company's general meeting to issue new shares or other equity instruments will require the support from at least two-thirds of the votes cast and the shares represented. Any such resolution could accordingly be blocked by shareholders holding more than one-third of the votes represented at the general meeting even if the Board should be of the view that the capital raise would be necessary and in the best interest of the Company and its shareholders. In November 2024, Frasers blocked a rights issue proposed by the Board,

and it cannot be ruled out that Frasers at future general meetings may vote against resolutions proposed by the Board.

The Company has worked on several short-term actions and a longer-term strategic plan ("Reset&Rethink", as also referred to above), aimed at improving the profitability and liquidity of the Company. The Board fully supports this strategy and believes that the continued implementation of the "Reset&Rethink" plan is both necessary and essential for the Company to enhance its position as the Nordic market leader in the outdoor and sporting goods market. In the Board's opinion, a successful implementation and execution of the strategy, together with more favourable market conditions, will significantly improve the profitability of XXL and the value of the Share. However, subject to market developments, it is likely that investors would need to take a longer-term perspective to see the full realisation of the Company's earnings potential, and associated repricing of the Share, from a successful implementation of the ongoing operational initiatives, and it cannot be excluded that the Company will need to raise additional equity in the period of implementing these operational initiatives.

According to the Offer Document, Frasers is of the view that the Company needs to be put on a stable footing and that the best way to achieve this is for Frasers to obtain operational control. When considering whether to accept the Offer, shareholders should take into consideration Frasers' ambition to obtain operational control. Prior to obtaining operational control of the Company, Frasers intends to work with the Board to develop and implement a new plan and strategy for the Company and Frasers expects to appoint one or more nominees to the Board who will seek to support the development and implementation of a new plan and strategy. Whether Frasers will obtain operational control will depend on Frasers' and other shareholders future shareholding in the Company. The Board does not have any information about how operational control by Frasers would be exercised or whether such control would be in the best interest of other shareholders.

The Board has been informed that Altor has decided not to accept the Offer.

The Board notes that Altor holds 23,491,568 A Shares (33.33% of the A Shares) and 17,051,037 B Shares (100% of the B Shares), in total 40,542,605 Shares, corresponding to 46.32% of the total number of Shares. Pursuant to the articles of association of the Company, Altor has the right to request that any or all of its B Shares be exchanged into A Shares, provided that such exchange of B Shares into A Shares does not result in Altor exceeding a shareholding of 1/3 of the total number of outstanding A Shares. Should Altor decide to acquire A Shares and thereby trigger the obligation to make a mandatory offer, Altor may exchange its B Shares into A Shares, which will result in Altor holding a minimum of 40,542,606 A Shares, corresponding to approximately 46.32% of the votes and share capital of the Company.

THE BOARD'S RECOMMENDATION

Based on the factors and assessment set out above, the Board recommends that XXL shareholders with a long-term view on their investment do not accept the Offer. It is the Board's view that the Offer does not adequately reflect the Company's long-term earnings potential, and that it does not entail a sufficient premium relative to the Board's evaluation of a reasonable, current value range of the XXL share.

At the same time, the Board recognises that the Offer is a significant liquidity event, and that the Offer Price may represent a reasonable proposal from a financial point of view for XXL shareholders with a shorter investment horizon. For such shareholders, the Board does not recommend non-acceptance. The Board further notes that for shareholders contemplating to accept the Offer, an alternative would be to sell shares in the market during the remainder of the offer period should the XXL share price remain above the current value of the Offer.

The Board advises shareholders to carefully review their options in light of the factors set out herein and any other available information, and, taking into account the shareholder's investment outlooks and the reduced liquidity of the Shares, to make an independent evaluation regarding whether or not to accept the Offer.

The Board is strongly committed to continue its work to improve the operations, financial performance and shareholder value in XXL.

The recommendation is unanimous.

Three of the Board members and one of the deputy members of the Board own shares in the Company, directly or indirectly. Board members Kine Skjønberg Ludvigsen (employee representative) and Tor Andrin Jacobsen (employee representative) have decided not to accept the Offer, while Board member Ronny Blomset has not yet decided whether to accept the Offer. Deputy Board member Thomas Brandsdal (employee representative) has decided not to accept the Offer.

The members of the Company's management team who directly or indirectly own shares in the Company, i.e. Simen Helly-Hansen (EVP Category, Buying and Supply Chain), Peter Jansson (EVP IT & Tech) and Tolle Grøterud (EVP Human Resources, Communications, Strategy and Sustainability) have decided not to accept the Offer.

5 May 2025

The Board of Directors of XXL ASA